UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2021
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
001-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
001-01839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street 49th Floor Chicago, Illinois 60603-2300 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
001-01910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068-0001 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068-0001 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	21-0398280

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION:		
Common stock, without par value	EXC	The Nasdaq Stock Market LLC
PECO ENERGY COMPANY:		
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	EXC/28	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Exelon Corporation	Large Accelerated Filer x	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Exelon Generation Company, LLC	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Commonwealth Edison Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
PECO Energy Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Baltimore Gas and Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Pepco Holdings LLC	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Potomac Electric Power Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Delmarva Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Atlantic City Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

The number of shares outstanding of each registrant’s common stock as of September 30, 2021 was:

Exelon Corporation Common Stock, without par value	978,317,787
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,383
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL, and ACE, collectively
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
Antelope Valley	Antelope Valley Solar Ranch One
BSC	Exelon Business Services Company, LLC
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
EGR IV	ExGen Renewables IV, LLC
EGRP	ExGen Renewables Partners, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
FitzPatrick	James A. FitzPatrick nuclear generating station
NER	NewEnergy Receivables LLC
PCI	Potomac Capital Investment Corporation and its subsidiaries
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
Pepco Energy Services	Pepco Energy Services, Inc. and its subsidiaries
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
RPG	Renewable Power Generation
SolGen	SolGen, LLC
TMI	Three Mile Island nuclear facility

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note - of the 2020 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2020 Annual Report on Form 10-K
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
CAISO	California Independent System Operator
CBA	Collective Bargaining Agreement
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended
CES	Clean Energy Standard
Clean Energy Law	Illinois Public Act 102-0662 signed into law on September 15, 2021
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
CMC	Carbon Mitigation Credit
CODM	Chief Operating Decision Maker(s)
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	Public Service Commission of the District of Columbia
DOE	United States Department of Energy
DOEE	District of Columbia Department of Energy & Environment
DOJ	United States Department of Justice
DPP	Deferred Purchase Price
DPSC	Delaware Public Service Commission
EDF	Electricite de France SA and its subsidiaries
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FRR	Fixed Resource Requirement
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
LIBOR	London Interbank Offered Rate
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
MOPR	Minimum Offer Price Rule
MPSC	Missouri Public Service Commission
MW	Megawatt
MWh	Megawatt hour
NAV	Net Asset Value
N/A	Not applicable
NDT	Nuclear Decommissioning Trust
NERC	North American Electric Reliability Corporation
NGX	Natural Gas Exchange
NJBPU	New Jersey Board of Public Utilities
Non-Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPNS	Normal Purchase Normal Sale scope exception
NPS	National Park Service
NRC	Nuclear Regulatory Commission
NYISO	New York Independent System Operator Inc.
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PG&E	Pacific Gas and Electric Company
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSDAR	Post-Shutdown Decommissioning Activities Report
PSEG	Public Service Enterprise Group Incorporated
PUCT	Public Utility Commission of Texas
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RFP	Request for Proposal

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Rider	Reconcilable Surcharge Recovery Mechanism
RMC	Risk Management Committee
ROE	Return on Equity
RPS	Renewable Energy Portfolio Standards
RTO	Regional Transmission Organization
S&P	Standard & Poor’s Ratings Services
SEC	United States Securities and Exchange Commission
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
STRIDE	Maryland Strategic Infrastructure Development and Enhancement Program
TCJA	Tax Cuts and Jobs Act
Transition Bonds	Transition Bonds issued by ACE Funding
UGSOA	United Government Security Officers of America
U.S. Court of Appeals for the D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit or Zero Emission Certificate
ZES	Zero Emission Standard

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties including, among others, those related to the timing, manner, tax-free nature, and expected benefits associated with the potential separation of Exelon's competitive power generation and customer-facing energy business from its six regulated electric and gas utilities. Words such as "could," "may," "expects," "anticipates," "will," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "predicts," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2020 Annual Report on Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 19, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. Risk Factors, (b) Part I, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part I, ITEM 1. Financial Statements: Note 15, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that the Registrants file electronically with the SEC. These documents are also available to the public from commercial document retrieval services and the Registrants' website at www.exeloncorp.com. Information contained on the Registrants' website shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	2021	2020	2021	2020
Operating revenues				
Competitive businesses revenues	$ 4,084	$ 4,331	$ 13,250	$ 12,348
Rate-regulated utility revenues	4,873	4,533	13,336	12,643
Revenues from alternative revenue programs	(47)	(11)	129	(66)
Total operating revenues	8,910	8,853	26,715	24,925
Operating expenses				
Competitive businesses purchased power and fuel	1,541	2,311	8,103	6,967
Rate-regulated utility purchased power and fuel	1,492	1,303	3,914	3,439
Operating and maintenance	1,992	2,732	6,416	7,370
Depreciation and amortization	1,624	1,289	4,988	3,312
Taxes other than income taxes	468	452	1,337	1,299
Total operating expenses	7,117	8,087	24,758	22,387
Gain on sales of assets and businesses	65	3	147	16
Operating income	1,858	769	2,104	2,554
Other income and (deductions)				
Interest expense, net	(391)	(398)	(1,161)	(1,222)
Interest expense to affiliates	(6)	(6)	(19)	(19)
Other, net	(55)	421	751	352
Total other income and (deductions)	(452)	17	(429)	(889)
Income before income taxes	1,406	786	1,675	1,665
Income taxes	174	216	229	141
Equity in losses of unconsolidated affiliates	(3)	(1)	(5)	(5)
Net income	1,229	569	1,441	1,519
Net income (loss) attributable to noncontrolling interests	26	68	126	(85)
Net income attributable to common shareholders	$ 1,203	$ 501	$ 1,315	$ 1,604
Comprehensive income, net of income taxes				
Net income	$ 1,229	$ 569	$ 1,441	$ 1,519
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(1)	(10)	(4)	(30)
Actuarial loss reclassified to periodic benefit cost	56	49	167	142
Pension and non-pension postretirement benefit plan valuation adjustment	14	(13)	15	(17)
Unrealized loss on cash flow hedges	—	(1)	(1)	(2)
Unrealized (loss) gain on foreign currency translation	(3)	3	—	(3)
Other comprehensive income	66	28	177	90
Comprehensive income	1,295	597	1,618	1,609
Comprehensive income (loss) attributable to noncontrolling interests	26	68	126	(85)
Comprehensive income attributable to common shareholders	$ 1,269	$ 529	$ 1,492	$ 1,694
Average shares of common stock outstanding:				
Basic	979	976	978	976
Assumed exercise and/or distributions of stock-based awards	1	1	1	—
Diluted[(a)]	980	977	979	976
Earnings per average common share				
Basic	$ 1.23	$ 0.51	$ 1.34	$ 1.64
Diluted	$ 1.23	$ 0.51	$ 1.34	$ 1.64

(a) The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was zero for the three and nine months ended September 30, 2021 and approximately 1 million for the three and nine months ended September 30, 2020, respectively.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities		
Net income	$ 1,441	$ 1,519
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	6,204	4,419
Asset impairments	541	567
Gain on sales of assets and businesses	(147)	(16)
Deferred income taxes and amortization of investment tax credits	(45)	164
Net fair value changes related to derivatives	(1,244)	(448)
Net realized and unrealized gains on NDT funds	(383)	(59)
Net unrealized losses on equity investments	83	—
Other non-cash operating activities	(293)	988
Changes in assets and liabilities:		
Accounts receivable	(254)	1,195
Inventories	(101)	(67)
Accounts payable and accrued expenses	354	(519)
Option premiums paid, net	(186)	(131)
Collateral received, net	2,111	644
Income taxes	250	(31)
Pension and non-pension postretirement benefit contributions	(602)	(580)
Other assets and liabilities	(3,588)	(3,423)
Net cash flows provided by operating activities	4,141	4,222
Cash flows from investing activities		
Capital expenditures	(5,970)	(5,606)
Proceeds from NDT fund sales	5,766	3,370
Investment in NDT funds	(5,900)	(3,438)
Collection of DPP	3,052	2,518
Proceeds from sales of assets and businesses	801	46
Other investing activities	40	(2)
Net cash flows used in investing activities	(2,211)	(3,112)
Cash flows from financing activities		
Changes in short-term borrowings	(744)	(689)
Proceeds from short-term borrowings with maturities greater than 90 days	1,380	500
Issuance of long-term debt	3,406	6,756
Retirement of long-term debt	(1,618)	(5,158)
Dividends paid on common stock	(1,121)	(1,119)
Acquisition of CENG noncontrolling interest	(885)	—
Proceeds from employee stock plans	63	62
Other financing activities	(93)	(104)
Net cash flows provided by financing activities	388	248
Increase in cash, restricted cash, and cash equivalents	2,318	1,358
Cash, restricted cash, and cash equivalents at beginning of period	1,166	1,122
Cash, restricted cash, and cash equivalents at end of period	$ 3,484	$ 2,480
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (334)	$ (11)
Increase in DPP	2,933	3,275
Increase in PP&E related to ARO update	574	775

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	2,957	$	663
Restricted cash and cash equivalents		473		438
Accounts receivable				
Customer accounts receivable	3,530		3,597	
Customer allowance for credit losses	(409)		(366)	
Customer accounts receivable, net		3,121		3,231
Other accounts receivable	1,616		1,469	
Other allowance for credit losses	(77)		(71)	
Other accounts receivable, net		1,539		1,398
Mark-to-market derivative assets		1,507		644
Unamortized energy contract assets		36		38
Inventories, net				
Fossil fuel and emission allowances		343		297
Materials and supplies		1,475		1,425
Regulatory assets		1,258		1,228
Renewable energy credits		492		633
Assets held for sale		11		958
Other		1,665		1,609
Total current assets		14,877		12,562
Property, plant, and equipment (net of accumulated depreciation and amortization of $30,049 and $26,727 as of September 30, 2021 and December 31, 2020, respectively)		82,852		82,584
Deferred debits and other assets				
Regulatory assets		8,628		8,759
Nuclear decommissioning trust funds		15,404		14,464
Investments		435		440
Goodwill		6,677		6,677
Mark-to-market derivative assets		665		555
Unamortized energy contract assets		265		294
Other		2,818		2,982
Total deferred debits and other assets		34,892		34,171
Total assets[(a)]	$	132,621	$	129,317

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 2,667	$ 2,031
Long-term debt due within one year	3,375	1,819
Accounts payable	3,694	3,562
Accrued expenses	1,949	2,078
Payables to affiliates	5	5
Regulatory liabilities	460	581
Mark-to-market derivative liabilities	1,717	295
Unamortized energy contract liabilities	92	100
Renewable energy credit obligation	684	661
Liabilities held for sale	3	375
Other	1,180	1,264
Total current liabilities	15,826	12,771
Long-term debt	35,269	35,093
Long-term debt to financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	13,816	13,035
Asset retirement obligations	12,907	12,300
Pension obligations	3,777	4,503
Non-pension postretirement benefit obligations	1,980	2,011
Spent nuclear fuel obligation	1,209	1,208
Regulatory liabilities	9,448	9,485
Mark-to-market derivative liabilities	721	473
Unamortized energy contract liabilities	169	238
Other	2,850	2,942
Total deferred credits and other liabilities	46,877	46,195
Total liabilities[(a)]	98,362	94,449
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 978 shares and 976 shares outstanding at September 30, 2021 and December 31, 2020, respectively)	20,271	19,373
Treasury stock, at cost (2 shares at September 30, 2021 and December 31, 2020)	(123)	(123)
Retained earnings	16,926	16,735
Accumulated other comprehensive loss, net	(3,223)	(3,400)
Total shareholders' equity	33,851	32,585
Noncontrolling interests	408	2,283
Total equity	34,259	34,868
Total liabilities and shareholders' equity	$ 132,621	$ 129,317

(a) Exelon's consolidated assets include $2,722 million and $10,200 million at September 30, 2021 and December 31, 2020, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $1,088 million and $3,598 million at September 30, 2021 and December 31, 2020, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 17 — Variable Interest Entities for additional information.

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2020	977,466	$ 19,373	$ (123)	$ 16,735	$ (3,400)	$ 2,283	$ 34,868
Net (loss) income	—	—	—	(289)	—	25	(264)
Long-term incentive plan activity	640	5	—	—	—	—	5
Employee stock purchase plan issuances	902	34	—	—	—	—	34
Changes in equity of noncontrolling interests	—	—	—	—	—	(10)	(10)
Common stock dividends ($0.38/common share)	—	—	—	(374)	—	—	(374)
Other comprehensive income, net of income taxes	—	—	—	—	54	—	54
Balance, March 31, 2021	979,008	$ 19,412	$ (123)	$ 16,072	$ (3,346)	$ 2,298	$ 34,313
Net income	—	—	—	401	—	75	476
Long-term incentive plan activity	237	24	—	—	—	—	24
Employee stock purchase plan issuances	420	18	—	—	—	—	18
Changes in equity of noncontrolling interests	—	—	—	—	—	(13)	(13)
Common stock dividends ($0.38/common share)	—	—	—	(375)	—	—	(375)
Other comprehensive income, net of income taxes	—	—	—	—	57	—	57
Balance, June 30, 2021	979,665	$ 19,454	$ (123)	$ 16,098	$ (3,289)	$ 2,360	$ 34,500
Net income	—	—	—	1,203	—	26	1,229
Long-term incentive plan activity	94	9	—	—	—	—	9
Employee stock purchase plan issuances	391	18	—	—	—	—	18
Changes in equity of noncontrolling interests	—	—	—	—	—	(13)	(13)
Acquisition of CENG noncontrolling interest	—	1,080	—	—	—	(1,965)	(885)
Deferred tax adjustment related to acquisition of CENG noncontrolling interest	—	(290)	—	—	—	—	(290)
Common stock dividends ($0.38/common share)	—	—	—	(375)	—	—	(375)
Other comprehensive income net of income taxes	—	—	—	—	66	—	66
Balance, September 30, 2021	980,150	$ 20,271	$ (123)	$ 16,926	$ (3,223)	$ 408	$ 34,259

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Nine Months Ended September 30, 2020						
	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2019	974,416	$ 19,274	$ (123)	$ 16,267	$ (3,194)	$ 2,349	$ 34,573
Net income (loss)	—	—	—	582	—	(206)	376
Long-term incentive plan activity	1,354	(4)	—	—	—	—	(4)
Employee stock purchase plan issuances	470	31	—	—	—	—	31
Changes in equity of noncontrolling interests	—	—	—	—	—	(9)	(9)
Sale of noncontrolling interests	—	2	—	—	—	—	2
Common stock dividends ($0.38/common share)	—	—	—	(374)	—	—	(374)
Other comprehensive income, net of income taxes	—	—	—	—	21	—	21
Balance, March 31, 2020	976,240	$ 19,303	$ (123)	$ 16,475	$ (3,173)	$ 2,134	$ 34,616
Net income	—	—	—	521	—	53	574
Long-term incentive plan activity	148	17	—	—	—	—	17
Employee stock purchase plan issuances	(51)	15	—	—	—	—	15
Changes in equity of noncontrolling interests	—	—	—	—	—	(19)	(19)
Sale of noncontrolling interests	—	1	—	—	—	—	1
Common stock dividends ($0.38/common share)	—	—	—	(374)	—	—	(374)
Other comprehensive income, net of income taxes	—	—	—	—	41	—	41
Balance, June 30, 2020	976,337	$ 19,336	$ (123)	$ 16,622	$ (3,132)	$ 2,168	$ 34,871
Net Income	—	—	—	501	—	68	569
Long-term incentive plan activity	68	10	—	—	—	—	10
Employee stock purchase plan issuances	1,000	16	—	—	—	—	16
Changes in equity of noncontrolling interests	—	—	—	—	—	(17)	(17)
Common stock dividends ($0.38/common share)	—	—	—	(374)	—	—	(374)
Other comprehensive income, net of income taxes	—	—	—	—	28	—	28
Balance, September 30, 2020	977,405	$ 19,362	$ (123)	$ 16,749	$ (3,104)	$ 2,219	$ 35,103

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Operating revenues	$ 4,082	$ 4,328	$ 13,245	$ 12,340
Operating revenues from affiliates	324	331	872	932
Total operating revenues	4,406	4,659	14,117	13,272
Operating expenses				
Purchased power and fuel	1,542	2,311	8,103	6,967
Purchased power and fuel from affiliates	4	3	—	(6)
Operating and maintenance	761	1,605	2,955	3,779
Operating and maintenance from affiliates	177	132	458	409
Depreciation and amortization	866	558	2,735	1,161
Taxes other than income taxes	115	118	354	364
Total operating expenses	3,465	4,727	14,605	12,674
Gain on sales of assets and businesses	65	—	144	12
Operating income (loss)	1,006	(68)	(344)	610
Other income and (deductions)				
Interest expense, net	(73)	(72)	(214)	(251)
Interest expense to affiliates	(4)	(8)	(11)	(26)
Other, net	(115)	367	561	199
Total other income and (deductions)	(192)	287	336	(78)
Income (loss) before income taxes	814	219	(8)	532
Income taxes	177	100	108	41
Equity in losses of unconsolidated affiliates	(4)	(2)	(6)	(6)
Net income (loss)	633	117	(122)	485
Net income (loss) attributable to noncontrolling interests	26	68	125	(85)
Net income (loss) attributable to membership interest	$ 607	$ 49	$ (247)	$ 570
Comprehensive income (loss), net of income taxes				
Net income (loss)	$ 633	$ 117	$ (122)	$ 485
Other comprehensive (loss) income, net of income taxes				
Unrealized loss on cash flow hedges	—	—	(1)	(1)
Unrealized (loss) gain on foreign currency translation	(4)	3	—	(3)
Other comprehensive (loss) income, net of income taxes	(4)	3	(1)	(4)
Comprehensive income (loss)	629	120	(123)	481
Comprehensive income (loss) attributable to noncontrolling interests	26	68	125	(85)
Comprehensive income (loss) attributable to membership interest	$ 603	$ 52	$ (248)	$ 566

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	2020
Cash flows from operating activities		
Net (loss) income	$ (122)	$ 485
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	3,951	2,266
Asset impairments	537	552
Gain on sales of assets and businesses	(144)	(12)
Deferred income taxes and amortization of investment tax credits	(204)	(51)
Net fair value changes related to derivatives	(1,244)	(448)
Net realized and unrealized gains on NDT funds	(383)	(59)
Net unrealized losses on equity investments	83	—
Other non-cash operating activities	(582)	293
Changes in assets and liabilities:		
Accounts receivable	(207)	1,463
Receivables from and payables to affiliates, net	82	75
Inventories	(29)	(65)
Accounts payable and accrued expenses	357	(619)
Option premiums paid, net	(186)	(131)
Collateral received, net	1,974	640
Income taxes	177	112
Pension and non-pension postretirement benefit contributions	(237)	(249)
Other assets and liabilities	(2,849)	(2,889)
Net cash flows provided by operating activities	974	1,363
Cash flows from investing activities		
Capital expenditures	(1,086)	(1,212)
Proceeds from NDT fund sales	5,766	3,370
Investment in NDT funds	(5,900)	(3,438)
Collection of DPP	3,052	2,518
Proceeds from sales of assets and businesses	802	46
Other investing activities	5	5
Net cash flows provided by investing activities	2,639	1,289
Cash flows from financing activities		
Changes in short-term borrowings	(340)	(280)
Proceeds from short-term borrowings with maturities greater than 90 days	880	500
Issuance of long-term debt	152	2,405
Retirement of long-term debt	(89)	(3,613)
Changes in Exelon intercompany money pool	(285)	—
Acquisition of CENG noncontrolling interest	(885)	—
Distributions to member	(1,373)	(1,406)
Contributions from member	64	64
Other financing activities	(45)	(48)
Net cash flows used in financing activities	(1,921)	(2,378)
Increase in cash, restricted cash, and cash equivalents	1,692	274
Cash, restricted cash, and cash equivalents at beginning of period	327	449
Cash, restricted cash, and cash equivalents at end of period	$ 2,019	$ 723
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (77)	$ (77)
Increase in DPP	2,933	3,275
Increase in PP&E related to ARO update	550	775

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	1,957	$	226
Restricted cash and cash equivalents		62		89
Accounts receivable				
Customer accounts receivable	1,412		1,330	
Customer allowance for credit losses	(84)		(32)	
Customer accounts receivable, net		1,328		1,298
Other accounts receivable	465		352	
Other allowance for credit losses	(4)		—	
Other accounts receivable, net		461		352
Mark-to-market derivative assets		1,505		644
Receivables from affiliates		184		153
Unamortized energy contract assets		36		38
Inventories, net				
Fossil fuel and emission allowances		240		233
Materials and supplies		998		978
Renewable energy credits		486		621
Assets held for sale		11		958
Other		1,319		1,357
Total current assets		8,587		6,947
Property, plant, and equipment (net of accumulated depreciation and amortization of $15,966 and $13,370 as of September 30, 2021 and December 31, 2020, respectively)		19,574		22,214
Deferred debits and other assets				
Nuclear decommissioning trust funds		15,404		14,464
Investments		165		184
Goodwill		47		47
Mark-to-market derivative assets		664		555
Prepaid pension asset		1,702		1,558
Unamortized energy contract assets		265		293
Deferred income taxes		13		6
Other		1,589		1,826
Total deferred debits and other assets		19,849		18,933
Total assets[(a)]	$	48,010	$	48,094

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 1,380	$ 840
Long-term debt due within one year	1,216	197
Accounts payable	1,612	1,253
Accrued expenses	691	788
Payables to affiliates	154	107
Borrowings from Exelon intercompany money pool	—	285
Mark-to-market derivative liabilities	1,709	262
Unamortized energy contract liabilities	2	7
Renewable energy credit obligation	682	661
Liabilities held for sale	3	375
Other	347	444
Total current liabilities	7,796	5,219
Long-term debt	4,593	5,566
Long-term debt to affiliates	321	324
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,685	3,656
Asset retirement obligations	12,635	12,054
Non-pension postretirement benefit obligations	857	858
Spent nuclear fuel obligation	1,209	1,208
Payables to affiliates	3,143	3,017
Mark-to-market derivative liabilities	511	205
Unamortized energy contract liabilities	1	3
Other	1,224	1,308
Total deferred credits and other liabilities	23,265	22,309
Total liabilities[a]	35,975	33,418
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	10,480	9,624
Undistributed earnings	1,185	2,805
Accumulated other comprehensive loss, net	(31)	(30)
Total member's equity	11,634	12,399
Noncontrolling interests	401	2,277
Total equity	12,035	14,676
Total liabilities and equity	$ 48,010	$ 48,094

(a) Generation's consolidated assets include $2,704 million and $10,182 million at September 30, 2021 and December 31, 2020, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $1,078 million and $3,572 million at September 30, 2021 and December 31, 2020, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 17 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021				
	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2020	$ 9,624	$ 2,805	$ (30)	$ 2,277	$ 14,676
Net (loss) income	—	(793)	—	24	(769)
Changes in equity of noncontrolling interests	—	—	—	(10)	(10)
Distributions to member	—	(458)	—	—	(458)
Other comprehensive income, net of income taxes	—	—	1	—	1
Balance, March 31, 2021	$ 9,624	$ 1,554	$ (29)	$ 2,291	$ 13,440
Net (loss) income	—	(61)	—	74	13
Changes in equity of noncontrolling interests	—	—	—	(12)	(12)
Distributions to member	—	(458)	—	—	(458)
Other comprehensive income, net of income taxes	—	—	2	—	2
Balance, June 30, 2021	$ 9,624	$ 1,035	$ (27)	$ 2,353	$ 12,985
Net income	—	607	—	26	633
Changes in equity of noncontrolling interests	—	—	—	(13)	(13)
Acquisition of CENG noncontrolling interest	1,080	—	—	(1,965)	(885)
Deferred tax adjustment related to acquisition of CENG noncontrolling interest	(288)	—	—	—	(288)
Contribution from member	64	—	—	—	64
Distributions to member	—	(457)	—	—	(457)
Other comprehensive loss, net of income taxes	—	—	(4)	—	(4)
Balance, September 30, 2021	$ 10,480	$ 1,185	$ (31)	$ 401	$ 12,035

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Nine Months Ended September 30, 2020				
	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2019	$ 9,566	$ 3,950	$ (32)	$ 2,346	$ 15,830
Net income (loss)	—	45	—	(206)	(161)
Changes in equity of noncontrolling interests	—	—	—	(11)	(11)
Sale of noncontrolling interests	2	—	—	—	2
Distributions to member	—	(468)	—	—	(468)
Other comprehensive loss, net of income taxes	—	—	(9)	—	(9)
Balance, March 31, 2020	$ 9,568	$ 3,527	$ (41)	$ 2,129	$ 15,183
Net income	—	476	—	53	529
Changes in equity of noncontrolling interests	—	—	—	(19)	(19)
Sale of noncontrolling interests	1	—	—	—	1
Distributions to member	—	(469)	—	—	(469)
Other comprehensive income, net of income taxes	—	—	2	—	2
Balance, June 30, 2020	$ 9,569	$ 3,534	$ (39)	$ 2,163	$ 15,227
Net income	—	49	—	68	117
Changes in equity of noncontrolling interests	—	—	—	(18)	(18)
Contribution from member	64	—	—	—	64
Distributions to member	—	(469)	—	—	(469)
Other comprehensive income, net of income taxes	—	—	3	—	3
Balance, September 30, 2020	$ 9,633	$ 3,114	$ (36)	$ 2,213	$ 14,924

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 1,812	$ 1,666	$ 4,789	$ 4,519
Revenues from alternative revenue programs	(32)	(38)	32	(51)
Operating revenues from affiliates	9	15	19	31
Total operating revenues	1,789	1,643	4,840	4,499
Operating expenses				
Purchased power	610	535	1,472	1,305
Purchased power from affiliate	93	71	256	252
Operating and maintenance	257	252	752	964
Operating and maintenance from affiliates	73	69	217	209
Depreciation and amortization	304	294	893	841
Taxes other than income taxes	91	81	243	227
Total operating expenses	1,428	1,302	3,833	3,798
Operating income	361	341	1,007	701
Other income and (deductions)				
Interest expense, net	(95)	(92)	(282)	(277)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	13	10	35	32
Total other deductions	(85)	(85)	(257)	(255)
Income before income taxes	276	256	750	446
Income taxes	56	60	141	142
Net income	$ 220	$ 196	$ 609	$ 304
Comprehensive income	$ 220	$ 196	$ 609	$ 304

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	2020
Cash flows from operating activities		
Net income	$ 609	$ 304
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	893	841
Asset impairments	—	15
Deferred income taxes and amortization of investment tax credits	211	205
Other non-cash operating activities	95	354
Changes in assets and liabilities:		
Accounts receivable	(72)	(104)
Receivables from and payables to affiliates, net	(16)	(13)
Inventories	(6)	(2)
Accounts payable and accrued expenses	(36)	21
Collateral received, net	68	3
Income taxes	(9)	(22)
Pension and non-pension postretirement benefit contributions	(176)	(145)
Other assets and liabilities	(376)	(380)
Net cash flows provided by operating activities	1,185	1,077
Cash flows from investing activities		
Capital expenditures	(1,723)	(1,583)
Other investing activities	20	—
Net cash flows used in investing activities	(1,703)	(1,583)
Cash flows from financing activities		
Changes in short-term borrowings	(323)	11
Issuance of long-term debt	1,150	1,000
Retirement of long-term debt	(350)	(500)
Dividends paid on common stock	(380)	(374)
Contributions from parent	593	488
Other financing activities	(16)	(14)
Net cash flows provided by financing activities	674	611
Increase in cash, restricted cash, and cash equivalents	156	105
Cash, restricted cash, and cash equivalents at beginning of period	405	403
Cash, restricted cash, and cash equivalents at end of period	$ 561	$ 508
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (118)	$ 49

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)		September 30, 2021			December 31, 2020	
ASSETS						
Current assets						
Cash and cash equivalents	$		241	$		83
Restricted cash and cash equivalents			276			279
Accounts receivable						
Customer accounts receivable		685			656	
Customer allowance for credit losses		(88)			(97)	
Customer accounts receivable, net			597			559
Other accounts receivable		252			239	
Other allowance for credit losses		(19)			(21)	
Other accounts receivable, net			233			218
Receivables from affiliates			41			22
Inventories, net			174			170
Regulatory assets			287			279
Other			77			49
Total current assets			1,926			1,659
Property, plant, and equipment (net of accumulated depreciation and amortization of $5,995 and $5,672 as of September 30, 2021 and December 31, 2020, respectively)			25,496			24,557
Deferred debits and other assets						
Regulatory assets			1,834			1,749
Investments			6			6
Goodwill			2,625			2,625
Receivables from affiliates			2,597			2,541
Prepaid pension asset			1,111			1,022
Other			407			307
Total deferred debits and other assets			8,580			8,250
Total assets	$		36,002	$		34,466

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 323
Long-term debt due within one year	—	350
Accounts payable	596	683
Accrued expenses	311	390
Payables to affiliates	131	96
Customer deposits	97	86
Regulatory liabilities	197	289
Mark-to-market derivative liabilities	5	33
Other	165	143
Total current liabilities	1,502	2,393
Long-term debt	9,772	8,633
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,629	4,341
Asset retirement obligations	144	126
Non-pension postretirement benefits obligations	183	173
Regulatory liabilities	6,604	6,403
Mark-to-market derivative liabilities	209	268
Other	603	595
Total deferred credits and other liabilities	12,372	11,906
Total liabilities	23,851	23,137
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	8,878	8,285
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	3,324	3,095
Total shareholders' equity	12,151	11,329
Total liabilities and shareholders' equity	$ 36,002	$ 34,466

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021				
	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2020	$ 1,588	$ 8,285	$ (1,639)	$ 3,095	$ 11,329
Net income	—	—	197	—	197
Appropriation of retained earnings for future dividends	—	—	(197)	197	—
Common stock dividends	—	—	—	(127)	(127)
Contributions from parent	—	198	—	—	198
Balance, March 31, 2021	$ 1,588	$ 8,483	$ (1,639)	$ 3,165	$ 11,597
Net income	—	—	192	—	192
Appropriation of retained earnings for future dividends	—	—	(192)	192	—
Common stock dividends	—	—	—	(126)	(126)
Contributions from parent	—	197	—	—	197
Balance, June 30, 2021	$ 1,588	$ 8,680	$ (1,639)	$ 3,231	$ 11,860
Net income	—	—	220	—	220
Appropriation of retained earnings for future dividends	—	—	(220)	220	—
Common stock dividends	—	—	—	(127)	(127)
Contributions from parent	—	198	—	—	198
Balance, September 30, 2021	$ 1,588	$ 8,878	$ (1,639)	$ 3,324	$ 12,151

(In millions)	Nine Months Ended September 30, 2020				
	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2019	$ 1,588	$ 7,572	$ (1,639)	$ 3,156	$ 10,677
Net income	—	—	168	—	168
Appropriation of retained earnings for future dividends	—	—	(168)	168	—
Common stock dividends	—	—	—	(125)	(125)
Contributions from parent	—	125	—	—	125
Balance, March 31, 2020	$ 1,588	$ 7,697	$ (1,639)	$ 3,199	$ 10,845
Net loss	—	—	(61)	—	(61)
Common stock dividends	—	—	—	(124)	(124)
Contributions from parent	—	124	—	—	124
Balance, June 30, 2020	$ 1,588	$ 7,821	$ (1,700)	$ 3,075	$ 10,784
Net income	—	—	196	—	196
Appropriation of retained earnings for future dividends	—	—	(196)	196	—
Common stock dividends	—	—	—	(124)	(124)
Contributions from parent	—	239	—	—	239
Balance, September 30, 2020	$ 1,588	$ 8,060	$ (1,700)	$ 3,147	$ 11,095

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 757	$ 751	$ 2,008	$ 1,931
Natural gas operating revenues	56	54	365	358
Revenues from alternative revenue programs	3	5	20	10
Operating revenues from affiliates	2	3	6	7
Total operating revenues	818	813	2,399	2,306
Operating expenses				
Purchased power	206	190	540	495
Purchased fuel	11	12	119	129
Purchased power from affiliate	60	67	141	144
Operating and maintenance	220	214	580	628
Operating and maintenance from affiliates	43	37	126	114
Depreciation and amortization	86	85	259	259
Taxes other than income taxes	51	53	143	131
Total operating expenses	677	658	1,908	1,900
Operating income	141	155	491	406
Other income and (deductions)				
Interest expense, net	(37)	(36)	(110)	(100)
Interest expense to affiliates	(3)	(3)	(9)	(8)
Other, net	7	6	20	12
Total other income and (deductions)	(33)	(33)	(99)	(96)
Income before income taxes	108	122	392	310
Income taxes	(3)	(16)	9	(7)
Net income	$ 111	$ 138	$ 383	$ 317
Comprehensive income	$ 111	$ 138	$ 383	$ 317

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	2020
Cash flows from operating activities		
Net income	$ 383	$ 317
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	259	259
Deferred income taxes and amortization of investment tax credits	19	(5)
Other non-cash operating activities	4	27
Changes in assets and liabilities:		
Accounts receivable	47	(2)
Receivables from and payables to affiliates, net	16	(7)
Inventories	(21)	(3)
Accounts payable and accrued expenses	(23)	32
Income taxes	55	48
Pension and non-pension postretirement benefit contributions	(15)	(18)
Other assets and liabilities	(87)	(13)
Net cash flows provided by operating activities	637	635
Cash flows from investing activities		
Capital expenditures	(878)	(824)
Changes in Exelon intercompany money pool	—	68
Other investing activities	5	4
Net cash flows used in investing activities	(873)	(752)
Cash flows from financing activities		
Issuance of long-term debt	750	350
Retirement of long-term debt	(300)	—
Changes in Exelon intercompany money pool	(40)	—
Dividends paid on common stock	(254)	(255)
Contributions from parent	414	248
Other financing activities	(8)	(4)
Net cash flows provided by financing activities	562	339
Increase in cash, restricted cash, and cash equivalents	326	222
Cash, restricted cash, and cash equivalents at beginning of period	26	27
Cash, restricted cash, and cash equivalents at end of period	$ 352	$ 249
Supplemental cash flow information		
Increase in capital expenditures not paid	$ 25	$ 28

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	344	$	19
Restricted cash and cash equivalents		8		7
Accounts receivable				
Customer accounts receivable	411		511	
Customer allowance for credit losses	(101)		(116)	
Customer accounts receivable, net		310		395
Other accounts receivable	124		130	
Other allowance for credit losses	(7)		(8)	
Other accounts receivable, net		117		122
Receivables from affiliates		9		2
Inventories, net				
Fossil fuel		47		33
Materials and supplies		45		38
Prepaid utility taxes		34		—
Regulatory assets		35		25
Other		29		21
Total current assets		978		662
Property, plant, and equipment (net of accumulated depreciation and amortization of $3,921 and $3,843 as of September 30, 2021 and December 31, 2020, respectively)		10,841		10,181
Deferred debits and other assets				
Regulatory assets		901		776
Investments		34		30
Receivables from affiliates		546		475
Prepaid pension asset		386		375
Other		47		32
Total deferred debits and other assets		1,914		1,688
Total assets	$	13,733	$	12,531

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 350	$ 300
Accounts payable	487	479
Accrued expenses	168	129
Payables to affiliates	60	50
Borrowings from Exelon intercompany money pool	—	40
Customer deposits	48	59
Regulatory liabilities	102	121
Other	31	30
Total current liabilities	1,246	1,208
Long-term debt	3,846	3,453
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,385	2,242
Asset retirement obligations	29	29
Non-pension postretirement benefits obligations	288	286
Regulatory liabilities	588	503
Other	92	93
Total deferred credits and other liabilities	3,382	3,153
Total liabilities	8,658	7,998
Commitments and contingencies		
Shareholder’s equity		
Common stock	3,428	3,014
Retained earnings	1,647	1,519
Total shareholder’s equity	5,075	4,533
Total liabilities and shareholder's equity	$ 13,733	$ 12,531

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2020	$ 3,014	$ 1,519	$ 4,533
Net income	—	167	167
Common stock dividends	—	(85)	(85)
Balance, March 31, 2021	$ 3,014	$ 1,601	$ 4,615
Net income	—	104	104
Common stock dividends	—	(84)	(84)
Contributions from parent	395	—	395
Balance, June 30, 2021	$ 3,409	$ 1,621	$ 5,030
Net income	—	111	111
Common stock dividends	—	(85)	(85)
Contributions from parent	19	—	19
Balance, September 30, 2021	$ 3,428	$ 1,647	$ 5,075

	Nine Months Ended September 30, 2020		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	$ 2,766	$ 1,412	$ 4,178
Net income	—	140	140
Common stock dividends	—	(85)	(85)
Contributions from parent	231	—	231
Balance, March 31, 2020	$ 2,997	$ 1,467	$ 4,464
Net income	—	39	39
Common stock dividends	—	(85)	(85)
Balance, June 30, 2020	$ 2,997	$ 1,421	$ 4,418
Net income	—	138	138
Common stock dividends	—	(85)	(85)
Contributions from parent	17	—	17
Balance, September 30, 2020	$ 3,014	$ 1,474	$ 4,488

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 694	$ 649	$ 1,874	$ 1,775
Natural gas operating revenues	93	85	549	503
Revenues from alternative revenue programs	(24)	(9)	(17)	(10)
Operating revenues from affiliates	7	6	20	16
Total operating revenues	770	731	2,426	2,284
Operating expenses				
Purchased power	206	155	501	376
Purchased fuel	20	12	146	106
Purchased power and fuel from affiliate	64	83	193	249
Operating and maintenance	159	152	458	445
Operating and maintenance from affiliates	46	39	137	122
Depreciation and amortization	142	133	434	405
Taxes other than income taxes	72	68	211	200
Total operating expenses	709	642	2,080	1,903
Operating income	61	89	346	381
Other income and (deductions)				
Interest expense, net	(36)	(34)	(103)	(99)
Other, net	7	6	23	17
Total other income and (deductions)	(29)	(28)	(80)	(82)
Income before income taxes	32	61	266	299
Income taxes	(4)	8	(24)	26
Net income	$ 36	$ 53	$ 290	$ 273
Comprehensive income	$ 36	$ 53	$ 290	$ 273

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	2020
Cash flows from operating activities		
Net income	$ 290	$ 273
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	434	405
Deferred income taxes and amortization of investment tax credits	7	35
Other non-cash operating activities	77	82
Changes in assets and liabilities:		
Accounts receivable	92	(19)
Receivables from and payables to affiliates, net	(13)	(27)
Inventories	(30)	2
Accounts payable and accrued expenses	14	53
Income taxes	3	46
Pension and non-pension postretirement benefit contributions	(76)	(74)
Other assets and liabilities	(129)	(50)
Net cash flows provided by operating activities	669	726
Cash flows from investing activities		
Capital expenditures	(907)	(838)
Other investing activities	13	—
Net cash flows used in investing activities	(894)	(838)
Cash flows from financing activities		
Changes in short-term borrowings	—	(76)
Issuance of long-term debt	600	400
Retirement of long-term debt	(300)	—
Dividends paid on common stock	(219)	(186)
Contributions from parent	257	284
Other financing activities	(6)	(8)
Net cash flows provided by financing activities	332	414
Increase in cash, restricted cash, and cash equivalents	107	302
Cash, restricted cash, and cash equivalents at beginning of period	145	25
Cash, restricted cash, and cash equivalents at end of period	$ 252	$ 327
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (70)	$ 7

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	225	$	144
Restricted cash and cash equivalents		27		1
Accounts receivable				
Customer accounts receivable	351		487	
Customer allowance for credit losses	(31)		(35)	
Customer accounts receivable, net		320		452
Other accounts receivable	149		117	
Other allowance for credit losses	(8)		(9)	
Other accounts receivable, net		141		108
Receivables from affiliates		2		3
Inventories, net				
Fossil fuel		46		25
Materials and supplies		50		41
Regulatory assets		185		168
Other		8		6
Total current assets		1,004		948
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,212 and $4,034 as of September 30, 2021 and December 31, 2020, respectively)		10,374		9,872
Deferred debits and other assets				
Regulatory assets		468		481
Investments		15		10
Prepaid pension asset		289		270
Other		47		69
Total deferred debits and other assets		819		830
Total assets	$	12,197	$	11,650

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 250	$ 300
Accounts payable	291	346
Accrued expenses	204	205
Payables to affiliates	49	61
Customer deposits	98	110
Regulatory liabilities	34	30
Other	81	91
Total current liabilities	1,007	1,143
Long-term debt	3,710	3,364
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,656	1,521
Asset retirement obligations	26	23
Non-pension postretirement benefits obligations	177	189
Regulatory liabilities	989	1,109
Other	107	104
Total deferred credits and other liabilities	2,955	2,946
Total liabilities	7,672	7,453
Commitments and contingencies		
Shareholder's equity		
Common stock	2,575	2,318
Retained earnings	1,950	1,879
Total shareholder's equity	4,525	4,197
Total liabilities and shareholder's equity	$ 12,197	$ 11,650

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2020	$ 2,318	$ 1,879	$ 4,197
Net income	—	209	209
Common stock dividends	—	(74)	(74)
Balance, March 31, 2021	$ 2,318	$ 2,014	$ 4,332
Net income	—	45	45
Common stock dividends	—	(72)	(72)
Balance, June 30, 2021	$ 2,318	$ 1,987	$ 4,305
Net income	—	36	36
Common stock dividends	—	(73)	(73)
Contributions from parent	257	—	257
Balance, September 30, 2021	$ 2,575	$ 1,950	$ 4,525

	Nine Months Ended September 30, 2020		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	$ 1,907	$ 1,776	$ 3,683
Net income	—	181	181
Common stock dividends	—	(62)	(62)
Balance, March 31, 2020	$ 1,907	$ 1,895	$ 3,802
Net income	—	39	39
Common stock dividends	—	(62)	(62)
Contributions from parent	26	—	26
Balance, June 30, 2020	$ 1,933	$ 1,872	$ 3,805
Net income	—	53	53
Common stock dividends	—	(62)	(62)
Contributions from parent	258	—	258
Balance, September 30, 2020	$ 2,191	$ 1,863	$ 4,054

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2021	2020	2021	2020
Operating revenues				
Electric operating revenues	$ 1,438	$ 1,308	$ 3,632	$ 3,440
Natural gas operating revenues	23	23	118	116
Revenues from alternative revenue programs	6	31	94	(15)
Operating revenues from affiliates	3	6	10	13
Total operating revenues	1,470	1,368	3,854	3,554
Operating expenses				
Purchased power	431	393	1,087	979
Purchased fuel	9	7	50	49
Purchased power from affiliates	100	106	277	288
Operating and maintenance	235	237	668	702
Operating and maintenance from affiliates	43	38	122	111
Depreciation and amortization	210	200	614	585
Taxes other than income taxes	127	121	349	343
Total operating expenses	1,155	1,102	3,167	3,057
Gain on sales of assets	—	—	—	2
Operating income	315	266	687	499
Other income and (deductions)				
Interest expense, net	(67)	(67)	(201)	(201)
Other, net	16	16	52	42
Total other income and (deductions)	(51)	(51)	(149)	(159)
Income before income taxes	264	215	538	340
Income taxes	(2)	(1)	3	(77)
Equity in earnings of unconsolidated affiliate	—	—	—	1
Net income	$ 266	$ 216	$ 535	$ 418
Comprehensive income	$ 266	$ 216	$ 535	$ 418

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	2020
Cash flows from operating activities		
Net income	$ 535	$ 418
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	614	585
Deferred income taxes and amortization of investment tax credits	—	(99)
Other non-cash operating activities	(35)	115
Changes in assets and liabilities:		
Accounts receivable	(112)	(121)
Receivables from and payables to affiliates, net	(19)	(26)
Inventories	(13)	(2)
Accounts payable and accrued expenses	19	57
Income taxes	17	(14)
Pension and non-pension postretirement benefit contributions	(43)	(35)
Other assets and liabilities	(120)	(61)
Net cash flows provided by operating activities	843	817
Cash flows from investing activities		
Capital expenditures	(1,299)	(1,072)
Other investing activities	(1)	3
Net cash flows used in investing activities	(1,300)	(1,069)
Cash flows from financing activities		
Changes in short-term borrowings	(81)	(208)
Issuance of long-term debt	750	601
Retirement of long-term debt	(255)	(119)
Changes in Exelon intercompany money pool	(5)	9
Distributions to member	(605)	(451)
Contributions from member	667	493
Other financing activities	(12)	(10)
Net cash flows provided by financing activities	459	315
Increase in cash, restricted cash, and cash equivalents	2	63
Cash, restricted cash, and cash equivalents at beginning of period	160	181
Cash, restricted cash, and cash equivalents at end of period	$ 162	$ 244
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (74)	$ (5)

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	82	$	111
Restricted cash and cash equivalents		71		39
Accounts receivable				
Customer accounts receivable	671		611	
Customer allowance for credit losses	(105)		(86)	
Customer accounts receivable, net		566		525
Other accounts receivable	300		260	
Other allowance for credit losses	(40)		(33)	
Other accounts receivable, net		260		227
Receivables from affiliates		3		8
Inventories, net				
Fossil fuel		10		6
Materials and supplies		207		198
Regulatory assets		434		440
Other		57		45
Total current assets		1,690		1,599
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,995 and $1,811 as of September 30, 2021 and December 31, 2020, respectively)		16,163		15,377
Deferred debits and other assets				
Regulatory assets		1,848		1,933
Investments		146		140
Goodwill		4,005		4,005
Prepaid pension asset		357		365
Deferred income taxes		10		10
Other		283		307
Total deferred debits and other assets		6,649		6,760
Total assets[(a)]	$	24,502	$	23,736

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 287	$ 368
Long-term debt due within one year	405	347
Accounts payable	479	539
Accrued expenses	300	299
Payables to affiliates	80	104
Borrowings from Exelon intercompany money pool	16	21
Customer deposits	82	106
Regulatory liabilities	122	137
Unamortized energy contract liabilities	90	92
Other	154	141
Total current liabilities	2,015	2,154
Long-term debt	7,077	6,659
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,635	2,439
Asset retirement obligations	69	59
Non-pension postretirement benefit obligations	71	86
Regulatory liabilities	1,237	1,438
Unamortized energy contract liabilities	168	235
Other	589	622
Total deferred credits and other liabilities	4,769	4,879
Total liabilities[(a)]	13,861	13,692
Commitments and contingencies		
Member's equity		
Membership interest	10,779	10,112
Undistributed losses	(138)	(68)
Total member's equity	10,641	10,044
Total liabilities and member's equity	$ 24,502	$ 23,736

(a) PHI's consolidated total assets include $18 million at both September 30, 2021 and December 31, 2020 of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $10 million and $26 million at September 30, 2021 and December 31, 2020, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 17 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Membership Interest	Undistributed (Losses)/Earnings	Total Member's Equity
Balance, December 31, 2020	$ 10,112	$ (68)	$ 10,044
Net income	—	128	128
Distributions to member	—	(81)	(81)
Contributions from member	560	—	560
Balance, March 31, 2021	$ 10,672	$ (21)	$ 10,651
Net income	—	141	141
Distributions to member	—	(333)	(333)
Balance, June 30, 2021	$ 10,672	$ (213)	$ 10,459
Net income	—	266	266
Distributions to member	—	(191)	(191)
Contributions from member	107	—	107
Balance, September 30, 2021	$ 10,779	$ (138)	$ 10,641

	Nine Months Ended September 30, 2020		
(In millions)	Membership Interest	Undistributed (Losses)/Earnings	Total Member's Equity
Balance, December 31, 2019	$ 9,618	$ (10)	$ 9,608
Net income	—	108	108
Distributions to member	—	(134)	(134)
Contributions from member	144	—	144
Balance, March 31, 2020	$ 9,762	$ (36)	$ 9,726
Net income	—	94	94
Distributions to member	—	(134)	(134)
Contributions from member	215	—	215
Balance, June 30, 2020	$ 9,977	$ (76)	$ 9,901
Net income	—	216	216
Distributions to member	—	(183)	(183)
Contribution from member	135	—	135
Balance, September 30, 2020	$ 10,112	$ (43)	$ 10,069

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 649	$ 590	$ 1,678	$ 1,624
Revenues from alternative revenue programs	9	18	54	20
Operating revenues from affiliates	2	3	4	6
Total operating revenues	660	611	1,736	1,650
Operating expenses				
Purchased power	103	83	271	248
Purchased power from affiliate	69	80	200	219
Operating and maintenance	68	57	186	184
Operating and maintenance from affiliates	52	49	155	152
Depreciation and amortization	104	96	302	282
Taxes other than income taxes	105	100	282	279
Total operating expenses	501	465	1,396	1,364
Operating income	159	146	340	286
Other income and (deductions)				
Interest expense, net	(35)	(35)	(104)	(103)
Other, net	12	10	37	28
Total other income and (deductions)	(23)	(25)	(67)	(75)
Income before income taxes	136	121	273	211
Income taxes	6	3	9	(16)
Net income	$ 130	$ 118	$ 264	$ 227
Comprehensive income	$ 130	$ 118	$ 264	$ 227

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities		
Net income	$ 264	$ 227
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	302	282
Deferred income taxes and amortization of investment tax credits	12	(36)
Other non-cash operating activities	(54)	6
Changes in assets and liabilities:		
Accounts receivable	(57)	(61)
Receivables from and payables to affiliates, net	(2)	(23)
Inventories	(6)	2
Accounts payable and accrued expenses	14	36
Income taxes	(10)	(11)
Pension and non-pension postretirement benefit contributions	(9)	(8)
Other assets and liabilities	(114)	15
Net cash flows provided by operating activities	340	429
Cash flows from investing activities		
Capital expenditures	(641)	(512)
Changes in PHI intercompany money pool	—	(117)
Other investing activities	(2)	(3)
Net cash flows used in investing activities	(643)	(632)
Cash flows from financing activities		
Changes in short-term borrowings	5	(82)
Issuance of long-term debt	275	300
Retirement of long-term debt	(1)	(2)
Dividends paid on common stock	(221)	(174)
Contributions from parent	244	262
Other financing activities	(4)	(6)
Net cash flows provided by financing activities	298	298
(Decrease) increase in cash, restricted cash, and cash equivalents	(5)	95
Cash, restricted cash, and cash equivalents at beginning of period	65	63
Cash, restricted cash, and cash equivalents at end of period	$ 60	$ 158
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (16)	$ (23)

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	19	$	30
Restricted cash and cash equivalents		41		35
Accounts receivable				
Customer accounts receivable	306		279	
Customer allowance for credit losses	(41)		(32)	
Customer accounts receivable, net		265		247
Other accounts receivable	166		131	
Other allowance for credit losses	(17)		(13)	
Other accounts receivable, net		149		118
Receivables from affiliates		—		2
Inventories, net		117		111
Regulatory assets		215		214
Other		12		13
Total current assets		818		770
Property, plant, and equipment (net of accumulated depreciation and amortization of $3,831 and $3,697 as of September 30, 2021 and December 31, 2020, respectively)		7,919		7,456
Deferred debits and other assets				
Regulatory assets		548		570
Investments		120		115
Prepaid pension asset		280		284
Other		63		69
Total deferred debits and other assets		1,011		1,038
Total assets	$	9,748	$	9,264

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 40	$ 35
Long-term debt due within one year	313	3
Accounts payable	218	226
Accrued expenses	149	164
Payables to affiliates	51	55
Customer deposits	37	51
Regulatory liabilities	27	46
Merger related obligation	29	33
Current portion of DC PLUG obligation	30	30
Other	22	31
Total current liabilities	916	674
Long-term debt	3,128	3,162
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,289	1,189
Asset retirement obligations	45	39
Non-pension postretirement benefit obligations	5	13
Regulatory liabilities	555	644
Other	320	340
Total deferred credits and other liabilities	2,214	2,225
Total liabilities	6,258	6,061
Commitments and contingencies		
Shareholder's equity		
Common stock	2,302	2,058
Retained earnings	1,188	1,145
Total shareholder's equity	3,490	3,203
Total liabilities and shareholder's equity	$ 9,748	$ 9,264

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2020	$ 2,058	$ 1,145	$ 3,203
Net income	—	59	59
Common stock dividends	—	(28)	(28)
Contributions from parent	138	—	138
Balance, March 31, 2021	$ 2,196	$ 1,176	$ 3,372
Net income	—	75	75
Common stock dividends	—	(95)	(95)
Balance, June 30, 2021	$ 2,196	$ 1,156	$ 3,352
Net income	—	130	130
Common stock dividends	—	(98)	(98)
Contributions from parent	106	—	106
Balance, September 30, 2021	$ 2,302	$ 1,188	$ 3,490

	Nine Months Ended September 30, 2020		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	$ 1,796	$ 1,111	$ 2,907
Net income	—	52	52
Common stock dividends	—	(28)	(28)
Contributions from parent	137	—	137
Balance, March 31, 2020	$ 1,933	$ 1,135	$ 3,068
Net income	—	57	57
Common stock dividends	—	(73)	(73)
Balance, June 30, 2020	$ 1,933	$ 1,119	$ 3,052
Net income	—	118	118
Common stock dividends	—	(73)	(73)
Contributions from parent	125	—	125
Balance, September 30, 2020	$ 2,058	$ 1,164	$ 3,222

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 337	$ 303	$ 899	$ 846
Natural gas operating revenues	23	23	118	116
Revenues from alternative revenue programs	(2)	8	17	(15)
Operating revenues from affiliates	2	3	6	7
Total operating revenues	360	337	1,040	954
Operating expenses				
Purchased power	103	103	289	270
Purchased fuel	9	7	50	49
Purchased power from affiliates	26	21	63	60
Operating and maintenance	47	64	132	160
Operating and maintenance from affiliates	40	37	117	112
Depreciation and amortization	53	48	157	143
Taxes other than income taxes	17	16	50	49
Total operating expenses	295	296	858	843
Operating income	65	41	182	111
Other income and (deductions)				
Interest expense, net	(15)	(15)	(47)	(47)
Other, net	3	2	9	7
Total other income and (deductions)	(12)	(13)	(38)	(40)
Income (loss) before income taxes	53	28	144	71
Income taxes	3	1	9	(20)
Net income	$ 50	$ 27	$ 135	$ 91
Comprehensive income	$ 50	$ 27	$ 135	$ 91

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities		
Net income	$ 135	$ 91
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	157	143
Deferred income taxes and amortization of investment tax credits	5	(20)
Other non-cash operating activities	(2)	47
Changes in assets and liabilities:		
Accounts receivable	26	3
Receivables from and payables to affiliates, net	(12)	(5)
Inventories	(5)	(3)
Accounts payable and accrued expenses	17	21
Income taxes	19	(12)
Pension and non-pension postretirement benefit contributions	(1)	(1)
Other assets and liabilities	(7)	(25)
Net cash flows provided by operating activities	332	239
Cash flows from investing activities		
Capital expenditures	(320)	(278)
Other investing activities	1	(3)
Net cash flows used in investing activities	(319)	(281)
Cash flows from financing activities		
Changes in short-term borrowings	(124)	(56)
Issuance of long-term debt	125	178
Retirement of long-term debt	—	(79)
Dividends paid on common stock	(106)	(99)
Contributions from parent	120	112
Other financing activities	(4)	(1)
Net cash flows provided by financing activities	11	55
Increase in cash, restricted cash, and cash equivalents	24	13
Cash, restricted cash, and cash equivalents at beginning of period	15	13
Cash, restricted cash, and cash equivalents at end of period	$ 39	$ 26
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (24)	$ 8

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	13	$	15
Restricted cash and cash equivalents		26		—
Accounts receivable				
Customer accounts receivable	135		176	
Customer allowance for credit losses	(18)		(22)	
Customer accounts receivable, net		117		154
Other accounts receivable	59		68	
Other allowance for credit losses	(8)		(9)	
Other accounts receivable, net		51		59
Receivables from affiliates		1		1
Inventories, net				
Fossil fuel		10		6
Materials and supplies		52		51
Prepaid utility taxes		16		11
Regulatory assets		72		58
Renewable energy credits		3		10
Other		4		3
Total current assets		365		368
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,608 and $1,533 as of September 30, 2021 and December 31, 2020, respectively)		4,485		4,314
Deferred debits and other assets				
Regulatory assets		219		222
Goodwill		8		8
Prepaid pension asset		158		162
Other		60		66
Total deferred debits and other assets		445		458
Total assets	$	5,295	$	5,140

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 22	$ 146
Long-term debt due within one year	83	82
Accounts payable	107	126
Accrued expenses	61	46
Payables to affiliates	24	36
Customer deposits	27	32
Regulatory liabilities	49	47
Other	41	20
Total current liabilities	414	535
Long-term debt	1,725	1,595
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	761	715
Asset retirement obligations	16	14
Non-pension postretirement benefits obligations	12	15
Regulatory liabilities	446	493
Other	95	97
Total deferred credits and other liabilities	1,330	1,334
Total liabilities	3,469	3,464
Commitments and contingencies		
Shareholder's equity		
Common stock	1,209	1,089
Retained earnings	617	587
Total shareholder's equity	1,826	1,676
Total liabilities and shareholder's equity	$ 5,295	$ 5,140

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2020	$ 1,089	$ 587	$ 1,676
Net income	—	56	56
Common stock dividends	—	(40)	(40)
Contributions from parent	120	—	120
Balance, March 31, 2021	$ 1,209	$ 603	$ 1,812
Net income	—	30	30
Common stock dividends	—	(23)	(23)
Balance, June 30, 2021	$ 1,209	$ 610	$ 1,819
Net income	—	50	50
Common stock dividends	—	(43)	(43)
Balance, September 30, 2021	$ 1,209	$ 617	$ 1,826

	Nine Months Ended September 30, 2020		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	$ 977	$ 603	$ 1,580
Net income	—	45	45
Common stock dividends	—	(52)	(52)
Contributions from parent	6	—	6
Balance, March 31, 2020	$ 983	$ 596	$ 1,579
Net income	—	19	19
Common stock dividends	—	(14)	(14)
Contributions from parent	100	—	100
Balance, June 30, 2020	$ 1,083	$ 601	$ 1,684
Net income	—	27	27
Common stock dividends	—	(33)	(33)
Contributions from parent	6	—	6
Balance, September 30, 2020	$ 1,089	$ 595	$ 1,684

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenues				
Electric operating revenues	$ 450	$ 414	$ 1,055	$ 969
Revenues from alternative revenue programs	—	5	23	(20)
Operating revenues from affiliates	1	1	2	3
Total operating revenues	451	420	1,080	952
Operating expenses				
Purchased power	225	207	527	460
Purchased power from affiliate	5	4	14	9
Operating and maintenance	46	45	128	140
Operating and maintenance from affiliates	35	32	103	98
Depreciation and amortization	46	48	133	134
Taxes other than income taxes	2	2	6	6
Total operating expenses	359	338	911	847
Gain on sales of assets	—	—	—	2
Operating income	92	82	169	107
Other income and (deductions)				
Interest expense, net	(14)	(15)	(43)	(45)
Other, net	1	1	3	5
Total other income and (deductions)	(13)	(14)	(40)	(40)
Income before income taxes	79	68	129	67
Income taxes	(11)	(7)	(12)	(39)
Net income	$ 90	$ 75	$ 141	$ 106
Comprehensive income	$ 90	$ 75	$ 141	$ 106

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities		
Net income	$ 141	$ 106
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	133	134
Deferred income taxes and amortization of investment tax credits	(20)	(40)
Other non-cash operating activities	(8)	34
Changes in assets and liabilities:		
Accounts receivable	(81)	(62)
Receivables from and payables to affiliates, net	—	2
Inventories	(1)	—
Accounts payable and accrued expenses	(3)	16
Income taxes	10	4
Pension and non-pension postretirement benefit contributions	(3)	(3)
Other assets and liabilities	15	(53)
Net cash flows provided by operating activities	183	138
Cash flows from investing activities		
Capital expenditures	(336)	(281)
Other investing activities	1	5
Net cash flows used in investing activities	(335)	(276)
Cash flows from financing activities		
Changes in short-term borrowings	38	(70)
Issuance of long-term debt	350	123
Retirement of long-term debt	(254)	(38)
Changes in PHI intercompany money pool	—	117
Dividends paid on common stock	(280)	(111)
Contributions from parent	303	117
Other financing activities	(5)	(1)
Net cash flows provided by financing activities	152	137
Decrease in cash, restricted cash, and cash equivalents	—	(1)
Cash, restricted cash, and cash equivalents at beginning of period	30	28
Cash, restricted cash, and cash equivalents at end of period	$ 30	$ 27
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (34)	$ 9

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021		December 31, 2020	
ASSETS				
Current assets				
Cash and cash equivalents	$	16	$	17
Restricted cash and cash equivalents		5		3
Accounts receivable				
Customer accounts receivable	230		156	
Customer allowance for credit losses	(46)		(32)	
Customer accounts receivable, net		184		124
Other accounts receivable	75		72	
Other allowance for credit losses	(15)		(11)	
Other accounts receivable, net		60		61
Receivables from affiliates		1		6
Inventories, net		38		37
Prepaid utility taxes		10		—
Regulatory assets		57		75
Other		5		3
Total current assets		376		326
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,390 and $1,303 as of September 30, 2021 and December 31, 2020, respectively)		3,649		3,475
Deferred debits and other assets				
Regulatory assets		428		395
Prepaid pension asset		31		40
Other		48		50
Total deferred debits and other assets		507		485
Total assets[(a)]	$	4,532	$	4,286

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 225	$ 187
Long-term debt due within one year	8	261
Accounts payable	146	177
Accrued expenses	43	46
Payables to affiliates	26	31
Customer deposits	19	23
Regulatory liabilities	46	44
Other	15	11
Total current liabilities	528	780
Long-term debt	1,502	1,152
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	671	624
Non-pension postretirement benefit obligations	13	17
Regulatory liabilities	211	274
Other	52	48
Total deferred credits and other liabilities	947	963
Total liabilities[(a)]	2,977	2,895
Commitments and contingencies		
Shareholder's equity		
Common stock	1,574	1,271
Retained (deficit) earnings	(19)	120
Total shareholder's equity	1,555	1,391
Total liabilities and shareholder's equity	$ 4,532	$ 4,286

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(a) ACE's consolidated total assets include $14 million and $13 million at September 30, 2021 and December 31, 2020, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $6 million and $21 million at September 30, 2021 and December 31, 2020, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 17 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2021		
(In millions)	Common Stock	Retained Earnings (Deficit)	Total Shareholder's Equity
Balance, December 31, 2020	$ 1,271	$ 120	$ 1,391
Net income	—	14	14
Common stock dividends	—	(14)	(14)
Contributions from parent	303	—	303
Balance, March 31, 2021	$ 1,574	$ 120	$ 1,694
Net income	—	37	37
Common stock dividends	—	(215)	(215)
Balance, June 30, 2021	$ 1,574	$ (58)	$ 1,516
Net income	—	90	90
Common stock dividends	—	(51)	(51)
Balance, September 30, 2021	$ 1,574	$ (19)	$ 1,555

	Nine Months Ended September 30, 2020		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	$ 1,154	$ 122	$ 1,276
Net income	—	13	13
Common stock dividends	—	(23)	(23)
Contributions from parent	1	—	1
Balance, March 31, 2020	$ 1,155	$ 112	$ 1,267
Net income	—	18	18
Common stock dividends	—	(12)	(12)
Contributions from parent	115	—	115
Balance, June 30, 2020	$ 1,270	$ 118	$ 1,388
Net income	—	75	75
Common stock dividends	—	(76)	(76)
Contributions from parent	1	—	1
Balance, September 30, 2020	$ 1,271	$ 117	$ 1,388

See the Combined Notes to Consolidated Financial Statements

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged in the generation, delivery and marketing of energy through Generation and the energy distribution and transmission businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

Name of Registrant	Business	Service Territories
Exelon Generation Company, LLC	Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity to both wholesale and retail customers. Generation also sells natural gas, renewable energy, and other energy-related products and services.	Five reportable segments: Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions
Commonwealth Edison Company	Purchase and regulated retail sale of electricity	Northern Illinois, including the City of Chicago
	Transmission and distribution of electricity to retail customers	
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas	Southeastern Pennsylvania, including the City of Philadelphia (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas	Central Maryland, including the City of Baltimore (electricity and natural gas)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL, and ACE	Service Territories of Pepco, DPL, and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
	Transmission and distribution of electricity to retail customers	
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas	Portions of Delaware and Maryland (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity	Portions of Southern New Jersey
	Transmission and distribution of electricity to retail customers	

Basis of Presentation (All Registrants)

This is a combined quarterly report of all Registrants. The Notes to the Consolidated Financial Statements apply to the Registrants as indicated parenthetically next to each corresponding disclosure. When appropriate, the Registrants are named specifically for their related activities and disclosures. Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

Through its business services subsidiary, BSC, Exelon provides its subsidiaries with a variety of support services at cost, including legal, human resources, financial, information technology, and supply management services. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services at cost, including legal, accounting, engineering, customer operations, distribution and transmission planning, asset management, system operations, and power procurement, to PHI operating companies. The costs of BSC and PHISCO are directly charged or allocated to the applicable subsidiaries. The results of Exelon's corporate operations are presented as "Other" in the consolidated financial statements and include intercompany eliminations unless otherwise disclosed.

The accompanying consolidated financial statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2020 Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2021. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

2. Mergers, Acquisitions, and Dispositions (Exelon and Generation)

CENG Put Option (Exelon and Generation)

Prior to August 6, 2021, Generation owned a 50.01% membership interest in CENG, a joint venture with EDF, which wholly owns the Calvert Cliffs and Ginna nuclear stations and Nine Mile Point Unit 1, in addition to an 82% undivided ownership interest in Nine Mile Point Unit 2. CENG is 100% consolidated in Exelon's and Generation's financial statements. See Note 17 — Variable Interest Entities for additional information.

On April 1, 2014, Generation and EDF entered into various agreements including a NOSA, an amended LLC Operating Agreement, an Employee Matters Agreement, and a Put Option Agreement, among others. Under the amended LLC Operating Agreement, CENG made a $400 million special distribution to EDF and committed to make preferred distributions to Generation until Generation has received aggregate distributions of $400 million plus a return of 8.50% per annum.

Under the terms of the Put Option Agreement, EDF had the option to sell its 49.99% equity interest in CENG to Generation exercisable beginning on January 1, 2016 and thereafter until June 30, 2022.

On November 20, 2019, Generation received notice of EDF's intention to exercise the put option to sell its interest in CENG to Generation, and the put automatically exercised on January 19, 2020 at the end of the sixty-day advance notice period. The transaction required approval by FERC and the NYPSC, which approvals were received on July 30, 2020 and April 15, 2021, respectively. On August 6, 2021, Generation and EDF entered into a settlement agreement pursuant to which Generation purchased EDF's equity interest in CENG for a net purchase price of $885 million, which includes, among other things, an adjustment for EDF's share of the balance of the preferred distribution payable by CENG to Generation. The difference between the net purchase price and EDF's Noncontrolling Interest as of August 6, 2021 was recorded in Common Stock in Exelon's Consolidated Balance Sheet and Membership Interest in Generation's Consolidated Balance Sheet. As a result of the transaction, Exelon and Generation recorded deferred tax liabilities of $290 million and $288 million, respectively, in Common Stock in Exelon's Consolidated Balance Sheet and Membership Interest in Generation's Consolidated Balance Sheet. See Note 10 — Income Taxes for additional information.

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

The following tables summarize the effects of the changes in Generation's ownership interest in CENG in Exelon's Shareholders' Equity and Generation's Member's Equity:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Net income attributable to Exelon's common shareholders	$ 1,203	$ 1,315
Pre-tax increase in Exelon's common stock for purchase of EDF's 49.99% equity interest[(a)]	1,080	1,080
Decrease in Exelon's common stock due to deferred tax liabilities resulting from purchase of EDF's 49.99% equity interest[(a)]	(290)	(290)
Change from net income attributable to common stock and transfers from noncontrolling interest	$ 1,993	$ 2,105

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Net income (loss) attributable to Generation's membership interest	$ 607	$ (247)
Pre-tax increase in Generation's membership interest for purchase of EDF's 49.99% equity interest[(a)]	1,080	1,080
Decrease in Generation's membership interest due to deferred tax liabilities resulting from purchase of EDF's 49.99% equity interest[(a)]	(288)	(288)
Change from net income (loss) attributable to membership interest and transfers from noncontrolling interest	$ 1,399	$ 545

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(a) Represents non-cash activity in Exelon's and Generation's consolidated financial statements.

Agreement for Sale of Generation's Solar Business (Exelon and Generation)

On December 8, 2020, Generation entered into an agreement with an affiliate of Brookfield Renewable, for the sale of a significant portion of Generation's solar business, including 360 MW of generation in operation or under construction across more than 600 sites across the United States. Generation will retain certain solar assets not included in this agreement, primarily Antelope Valley.

Completion of the transaction contemplated by the sale agreement was subject to the satisfaction of several closing conditions which were satisfied in the first quarter of 2021. The sale was completed on March 31, 2021 for a purchase price of $810 million. Generation received cash proceeds of $675 million, net of $125 million long-term debt assumed by the buyer and certain working capital and other post-closing adjustments. Exelon and Generation recognized a pre-tax gain of $68 million which is included in Gain on sales of assets and businesses in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on the SolGen nonrecourse debt included as part of the transaction.

Agreement for the Sale of a Generation Biomass Facility (Exelon and Generation)

On April 28, 2021, Generation and ReGenerate Energy Holdings, LLC ("ReGenerate") entered into a purchase agreement, under which ReGenerate agreed to purchase Generation's interest in the Albany Green Energy biomass facility. As a result, in the second quarter of 2021, Exelon and Generation recorded a pre-tax impairment charge of $140 million in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Completion of the transaction was subject to the satisfaction of various customary closing conditions which were satisfied in the second quarter of 2021. The sale was completed on June 30, 2021 for a net purchase price of $36 million.

3. Regulatory Matters (All Registrants)

As discussed in Note 3 — Regulatory Matters of the Exelon 2020 Form 10-K, the Registrants are involved in rate and regulatory proceedings at FERC and their state commissions. The following discusses developments in 2021 and updates to the 2020 Form 10-K.

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

Utility Regulatory Matters (Exelon, PHI, and the Utility Registrants)

Distribution Base Rate Case Proceedings

The following tables show the completed and pending distribution base rate case proceedings in 2021.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement (Decrease) Increase	Approved Revenue Requirement (Decrease) Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois[a]	April 16, 2020	Electric	$ (11)	$ (14)	8.38 %	December 9, 2020	January 1, 2021
PECO - Pennsylvania	September 30, 2020	Natural Gas	69	29	10.24 %	June 22, 2021	July 1, 2021
BGE - Maryland[b]	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - District of Columbia[c]	May 30, 2019 (amended June 1, 2020)	Electric	136	109	9.275 %	June 8, 2021	July 1, 2021
Pepco - Maryland[d]	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Delaware	March 6, 2020 (amended February 2, 2021)	Electric	23	14	9.60 %	September 15, 2021	October 6, 2020
ACE - New Jersey[e]	December 9, 2020 (amended February 26, 2021)	Electric	67	41	9.60 %	July 14, 2021	January 1, 2022

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(a) ComEd's 2021 approved revenue requirement reflects an increase of $50 million for the initial year revenue requirement for 2021 and a decrease of $64 million related to the annual reconciliation for 2019. The revenue requirement for 2021 and the revenue requirement for 2019 provide for a weighted average debt and equity return on distribution rate base of 6.28%, inclusive of an allowed ROE of 8.38%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points.
(b) Reflects a three-year cumulative multi-year plan for 2021 through 2023. The MDPSC awarded BGE electric revenue requirement increases of $59 million, $39 million, and $42 million, before offsets, in 2021, 2022, and 2023, respectively, and natural gas revenue requirement increases of $53 million, $11 million, and $10 million, before offsets, in 2021, 2022, and 2023, respectively. BGE proposed to use certain tax benefits to fully offset the increases in 2021 and 2022 and partially offset the increase in 2023. However, the MDPSC only utilized the tax benefits to fully offset the increases in 2021 such that customer rates will remain unchanged from 2020 to 2021. The MDPSC has deferred a decision on whether to use certain tax benefits to offset the customer rate increases in 2022 and 2023 and BGE cannot predict the outcome.
(c) Reflects a cumulative multi-year plan with 18-months remaining in 2021 through 2022. The DCPSC awarded Pepco electric incremental revenue requirement increases of $42 million and $67 million, before offsets, for the remainder of 2021 and 2022, respectively. However, the DCPSC utilized the acceleration of refunds for certain tax benefits along with other rate relief to partially offset the customer rate increases by $22 million and $40 million for the remainder of 2021 and 2022, respectively.
(d) Reflects a three-year cumulative multi-year plan for April 1, 2021 through March 31, 2024. The MDPSC awarded Pepco electric incremental revenue requirement increases of $21 million, $16 million, and $15 million, before offsets, for the 12-month periods ending March 31, 2022, 2023, and 2024, respectively. Pepco proposed to utilize certain tax benefits to fully offset the increase through 2023 and partially offset customer rate increases in 2024. However, the MDPSC only utilized the acceleration of refunds for certain tax benefits to fully offset the increases such that customer rates remain unchanged through March 31, 2022. The MDPSC has deferred decision on whether to use additional tax benefits to offset customer rate increases for periods after March 31, 2022 and Pepco cannot predict the outcome.
(e) Requested and approved increases are before New Jersey sales and use tax. The order allows ACE to retain approximately $11 million of certain tax benefits which resulted in a decrease to income tax expense in Exelon's, PHI's, and ACE's Consolidated Statements of Operations and Comprehensive Income in the third quarter of 2021.

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

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois[(a)]	April 16, 2021	Electric	$ 51	7.36 %	Fourth quarter of 2021
PECO - Pennsylvania[(b)]	March 30, 2021	Electric	246	10.95 %	Fourth quarter of 2021
DPL - Maryland	September 1, 2021	Electric	29	10.10 %	First quarter of 2022

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(a) ComEd's 2022 requested revenue requirement reflects an increase of $40 million for the initial year revenue requirement for 2022 and an increase of $11 million related to the annual reconciliation for 2020. The revenue requirement for 2022 provides for a weighted average debt and equity return on distribution rate base of 5.72%, inclusive of an allowed ROE of 7.36%, reflecting the average monthly yields for 30-year treasury bonds plus 580 basis points. The reconciliation revenue requirement for 2020 provides for a weighted average debt and equity return on distribution rate base of 5.69%, inclusive of an allowed ROE of 7.29%, reflecting the average monthly yields for 30-year treasury bonds plus 580 basis points less a performance metrics penalty of 7 basis points.
(b) The Joint Petition for Settlement was filed on September 15, 2021 and recommended for approval by the administrative law judge on October 6, 2021. PAPUC approval is expected in the fourth quarter of 2021.

Transmission Formula Rates

The Utility Registrants' transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, and PECO is required to file on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update for ComEd is based on prior year actual costs and current year projected capital additions (initial year revenue requirement). The annual update for PECO is based on prior year actual costs and current year projected capital additions, accumulated depreciation, and accumulated deferred income taxes. The annual update for BGE, Pepco, DPL, and ACE is based on prior year actual costs and current year projected capital additions, accumulated depreciation, depreciation and amortization expense, and accumulated deferred income taxes. The update for ComEd also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year (annual reconciliation). The update for PECO, BGE, Pepco, DPL, and ACE also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2021, the following total increases/(decreases) were included in the Utility Registrants’ electric transmission formula rate updates:

Registrant[(a)]	Initial Revenue Requirement Increase (Decrease)	Annual Reconciliation Increase	Total Revenue Requirement Increase[(b)]	Allowed Return on Rate Base[(c)]	Allowed ROE[(d)]
ComEd	$ 33	$ 12	$ 45	8.20 %	11.50 %
PECO	(2)	26	24	7.37 %	10.35 %
BGE	38	27	65	7.35 %	10.50 %
Pepco	(9)	21	12	7.68 %	10.50 %
DPL	19	33	52	7.20 %	10.50 %
ACE	27	24	51	7.45 %	10.50 %

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(a) All rates are effective June 1, 2021 - May 31, 2022, subject to review by interested parties pursuant to review protocols of each Utility Registrants' tariff.
(b) In 2020, ComEd, BGE, Pepco, DPL, and ACE's transmission revenue requirement included a one-time decrease in accordance with the April 24, 2020 settlement agreement related to excess deferred income taxes which now completed has resulted in an increase to the 2021 transmission revenue requirement. In 2020, PECO's transmission revenue requirement included a one-time decrease in accordance with the December 5, 2019 settlement agreement related to refunds which now completed has resulted in an increase to the 2021 transmission revenue requirement.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlements of ComEd’s 2007 and PECO's 2017 rate cases, the rate of return on common equity is 11.50% and 10.35%, respectively, inclusive of a 50-basis-point incentive adder for being a member of a RTO, and the common equity component of the ratio used to calculate the weighted average debt and equity return for the

transmission formula rate is currently capped at 55% and 55.75%, respectively. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL, and ACE, the rate of return on common equity is 10.50%, inclusive of a 50-basis-point incentive adder for being a member of a RTO.

Other State Regulatory Matters

Illinois Regulatory Matters

Clean Energy Law (Exelon and ComEd). On September 15, 2021, the Illinois Public Act 102-0662 was signed into law by the Governor of Illinois ("Clean Energy Law"). The Clean Energy Law includes, among other features, (1) procurement of carbon mitigation credits (CMCs) from qualifying nuclear-powered generating facilities, (2) a requirement to file a general rate case or a new four-year multi-year plan no later than January 20, 2023 to establish rates effective after ComEd's existing performance-based distribution formula rate sunsets, (3) an extension of and certain adjustments to ComEd's energy efficiency MWh savings goals, (4) revisions to the Illinois RPS requirements, including expanded charges for the procurement of RECs from wind and solar generation, (5) a requirement to accelerate amortization of ComEd's unprotected excess deferred income taxes that ComEd was previously directed by the ICC to amortize using the average rate assumption method which equates to approximately 39.5 years, and (6) requirements that the ICC initiate and conduct various regulatory proceedings on subjects including ethics, spending, grid investments, and performance metrics. Regulatory or legal challenges regarding the validity or implementation of the Clean Energy Law are possible and Exelon, Generation, and ComEd cannot reasonably predict the outcome of any such challenges.

Carbon Mitigation Credit

The Clean Energy Law establishes decarbonization requirements for Illinois as well as programs to support the retention and development of emissions-free sources of electricity. Among other things, the Clean Energy Law authorizes the IPA to procure up to 54.5 million CMCs from qualifying nuclear plants for a five-year period beginning on June 1, 2022 through May 31, 2027. CMCs are credits for the carbon-free attributes of eligible nuclear power plants in PJM. The Byron, Dresden, and Braidwood nuclear plants located in Illinois will be eligible to participate in the CMC procurement process and, if awarded contracts, would be committed to operate through May 31, 2027. Selected generators will by December 3, 2021 contract directly with ComEd for the procurement of the CMCs based upon the number of MWhs produced annually by the eligible facilities, subject to specified caps and minimum performance requirements. The price to be paid for each CMC will be determined through a competitive bidding process that includes consumer-protection measures that cap the maximum acceptable bid amount and a formula that reduces CMC prices by an energy price index, the base residual auction capacity price in the ComEd zone of PJM, and the monetized value of any federal tax credit or other subsidy if applicable. The consumer protection measures contained in the new law will result in net payments to ComEd ratepayers if the energy index, the capacity price and applicable federal tax credits or subsidy exceed the maximum bid cap.

ComEd is required to purchase CMCs from eligible nuclear facilities and all its costs of doing so will be recovered through a new rider. That rider will provide for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase CMCs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods.

See Note 7 – Early Plant Retirements for the impacts of the provisions above on the Illinois nuclear plants and Generation's consolidated financial statements. The provisions do not impact ComEd's consolidated financial statements until 2022.

ComEd Electric Distribution Rates

The Clean Energy Law contains requirements associated with ComEd's transition away from the performance-based electric distribution formula rate. The law authorizing that rate setting process sunsets at the end of 2022. The Clean Energy Law, and tariffs adopted under it, governs both the remaining reconciliations of rates set under that formula process and requires ComEd to file in 2023 its choice of either a general rate case or a four-year multi-year plan to set rates that take effect in 2024.

If ComEd elects to file a multi-year plan, that plan would set rates for 2024 – 2027, based on forecasted revenue requirements and an ICC determined rate of return on rate base, including the cost of common equity. Each year of the multi-year plan is subject to after the fact ICC review and reconciliation of the plan's revenue requirement for that year with the actual costs that the ICC determines are prudently and reasonably incurred for that year.

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

That reconciliation is subject to adjustment for certain uncontrollable expenses and, unless the plan is modified, to a 5% cap on increases over the previously approved multi-year rate plan revenue requirement. ComEd would make its initial reconciliation filing in 2025, and the rate adjustments necessary to reconcile 2024 revenues to ComEd's actual 2024 costs incurred would take effect in January 2026 after the ICC's review. The ICC must also approve certain annual performance metrics, which can impose symmetrical performance adjustments in the total range of 20 to 60 basis points to ComEd's rate of return on common equity based on the extent to which ComEd achieved the annual performance goals. ComEd will recover from retail customers, subject to certain exceptions, the costs it incurs pursuant to the Clean Energy Law either through its electric distribution rate or other recovery mechanisms.

The Clean Energy Law, among other things, also requires ComEd's rates to include a decoupling mechanism to eliminate any impacts of weather or load from ComEd's electric distribution rate revenues. The Clean Energy Law also requires the ICC to initiate a docket to accelerate and fully credit to customers unprotected property related TCJA excess deferred income taxes no later than December 31, 2025.

Energy Efficiency

The Clean Energy Law extends ComEd's current cumulative annual energy efficiency MWh savings goals through 2040, adds expanded electrification measures to those goals, increases low-income commitments and adds a new performance adjustment to the energy efficiency formula rate. ComEd expects its annual spend to increase in 2022 through 2040 to achieve these energy efficiency MWh savings goals, which will be deferred as a separate regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life, as approved by the ICC, of the related energy efficiency measures.

Energy Efficiency Formula Rate (Exelon and ComEd). ComEd filed its annual energy efficiency formula rate update with the ICC on June 1, 2021. The filing establishes the revenue requirement used to set the rates that will take effect in January 2022 after the ICC's review and approval. The requested revenue requirement update is based on a reconciliation of the 2020 actual costs plus projected 2022 expenditures.

Initial Revenue Requirement Increase	Annual Reconciliation Decrease	Total Revenue Requirement Increase	Requested Return on Rate Base[(a)]	Requested ROE
$ 55	$ (1)	$ 54	5.72 %	7.36 %

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(a) The requested revenue requirement increase provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 5.72% inclusive of an allowed ROE of 7.36%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. For the 2020 reconciliation year, the requested revenue requirement provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 6.26% inclusive of an allowed ROE of 8.46%, which includes an upward performance adjustment that increased the ROE. The performance adjustment can either increase or decrease the ROE based upon the achievement of energy efficiency savings goals.

Maryland Regulatory Matters

Maryland Order Directing the Distribution of Energy Assistance Funds (Exelon, BGE, PHI, Pepco, and DPL). On June 15, 2021, the MDPSC issued an order authorizing the disbursal of funds to utilities in accordance with Maryland COVID-19 relief legislation. Under this order, BGE, Pepco, and DPL received funds of $50 million, $12 million, and $8 million, respectively, in July 2021. The funds have been used to reduce or eliminate certain qualifying past-due residential customer receivables.

New Jersey Regulatory Matters

Conservation Incentive Program (CIP) (Exelon, PHI, and ACE). On September 25, 2020, ACE filed an application with the NJBPU as was required seeking approval to implement a portfolio of energy efficiency programs pursuant to New Jersey's clean energy legislation. The filing included a request to implement a CIP that would eliminate the favorable and unfavorable impacts of weather and customer usage patterns on distribution revenues for most customers. The CIP compares current distribution revenues by customer class to approved target revenues established in ACE's most recent distribution base rate case. The CIP is calculated annually and recovery is subject to certain conditions, including an earnings test and ceilings on customer rate increases.

On April 27, 2021, the NJBPU approved the settlement filed by ACE and the third parties to the proceeding. The approved settlement addresses all material aspects of ACE’s filing, including ACE’s ability to implement the CIP prospectively effective July 1, 2021. As a result of this decoupling mechanism, operating revenues will no longer be impacted by abnormal weather or usage for most customers. Starting in third quarter of 2021, ACE will record alternative revenue program revenues for its best estimate of the distribution revenue impacts resulting from future changes in CIP rates that it believes are probable of approval by the NJBPU in accordance with this mechanism.

Advanced Metering Infrastructure Filing (Exelon, PHI, and ACE). On August 26, 2020, ACE filed an application with the NJBPU as was required seeking approval to deploy a smart energy network in alignment with New Jersey’s Energy Master Plan and Clean Energy Act. The proposal consisted of estimated costs totaling $220 million with deployment taking place over a 3-year implementation period from approximately 2021 to 2024 that involves the installation of an integrated system of smart meters for all customers accompanied by the requisite communications facilities and data management systems.

On July 14, 2021, the NJBPU approved the settlement filed by ACE and the third parties to the proceeding. The approved settlement addresses all material aspects of ACE's smart energy network deployment plan, including cost recovery of the investment costs, incremental O&M expenses, and the unrecovered balance of existing infrastructure through future distribution rates.

Regulatory Assets and Liabilities

The Utility Registrants' regulatory assets and liabilities have not changed materially since December 31, 2020, unless noted below. See Note 3 — Regulatory Matters of the Exelon 2020 Form 10-K for additional information on the specific regulatory assets and liabilities.

ComEd. Regulatory assets increased $93 million primarily due to an increase of $47 million in the Electric Distribution Formula Rate Annual Reconciliations regulatory asset and $127 million in the Energy Efficiency Costs regulatory asset, partially offset by a decrease of $87 million in the renewable energy regulatory asset.

PECO. Regulatory assets increased $135 million primarily due to an increase of $123 million in the Deferred Income Taxes regulatory asset and $14 million in the Vacation Accrual regulatory asset. Regulatory liabilities increased by $66 million primarily due to an increase of $71 million in the Nuclear Decommissioning regulatory liability partially offset by a $18 million decrease in the Electric Energy and Natural Gas Costs regulatory liability.

BGE. Regulatory liabilities decreased $116 million primarily due to a decrease of $128 million in the Deferred Income Taxes regulatory liability offset by an increase of $12 million in Other regulatory liabilities.

Pepco. Regulatory liabilities decreased $108 million primarily due to a decrease of $89 million in the Deferred Income Taxes regulatory liability and $19 million in the Transmission Formula Rate regulatory liability.

DPL. Regulatory liabilities decreased $45 million primarily due to a decrease of $41 million in the Deferred Income Taxes regulatory liability.

ACE. Regulatory liabilities decreased $61 million primarily due to a decrease of $67 million in the Deferred Income Taxes regulatory liability partially offset by an increase of $14 million in the Stranded Costs regulatory liability.

Capitalized Ratemaking Amounts Not Recognized

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders’ investment that are not recognized for financial reporting purposes in Exelon's and the Utility Registrant's Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to the Utility Registrants' customers.

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

	Exelon	ComEd[(a)]	PECO	BGE[(b)]	PHI	Pepco[(c)]	DPL[(c)]	ACE
September 30, 2021	$ 44	$ —	$ —	$ 39	$ 5	$ 3	$ 2	$ —
December 31, 2020	51	(1)	—	45	7	4	3	—

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(a) Reflects ComEd's unrecognized equity returns/(losses) earned/(incurred) for ratemaking purposes on its electric distribution formula rate regulatory assets.
(b) BGE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholders' investment on its AMI programs.
(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Generation Regulatory Matters (Exelon and Generation)

Impacts of the February 2021 Extreme Cold Weather Event and Texas-based Generating Assets Outages

Beginning on February 15, 2021, Generation’s Texas-based generating assets within the ERCOT market, specifically Colorado Bend II, Wolf Hollow II, and Handley, experienced outages as a result of extreme cold weather conditions. In addition, those weather conditions drove increased demand for service, dramatically increased wholesale power prices, and also increased gas prices in certain regions. In response to the high demand and significantly reduced total generation on the system, the PUCT directed ERCOT to use an administrative price cap of $9,000 per MWh during firm load shedding events.

The estimated impact to Exelon’s and Generation’s Net income for the nine months ended September 30, 2021 arising from these market and weather conditions was a reduction of approximately $880 million. The estimated impact to Exelon's and Generation's Net income for the three months ended September 30, 2021 was not material. The ultimate impact to Exelon’s and Generation’s consolidated financial statements for the full year 2021 may be affected by a number of factors, including the impacts of customer and counterparty credit losses, any state or federal solutions to address the financial challenges caused by the event, and related litigation and contract disputes.

During February and March 2021, various parties with differing interests, including generators and retail providers, filed requests with the PUCT to void the PUCT’s orders setting prices at $9,000 per MWh during firm load shedding events. Other requests were made for the PUCT to enforce its order and reduce prices for 33 hours between February 18 and February 19 after firm load shedding ceased, and to cap ancillary services at $9,000 per MWh. On March 2, 2021, a third party filed a notice of appeal in the Court of Appeals for the Third District of Texas challenging the validity of the PUCT’s actions. Generation intervened in that appeal and filed its initial brief on June 2, 2021. On April 19, 2021, Generation filed a declaratory action and request for judicial review of the PUCT’s orders setting prices at $9,000 per MWh in District Court of Travis County, Texas. Generation subsequently requested that the District Court of Travis County, Texas stay its proceeding pending action by the Court of Appeals in the third party proceeding. On May 17, 2021, Generation amended its petition for declaratory action and request for judicial review pending in the District Court of Travis County, Texas. Exelon and Generation cannot predict the outcome of these proceedings or the financial statement impact.

Due to these events, a number of ERCOT market participants experienced bankruptcies or defaulted on payments to ERCOT, resulting in approximately a $3.0 billion payment shortfall in collections, which is allocated to the remaining ERCOT market participants. As of September 30, 2021, Generation has recorded its estimated portion of this obligation of approximately $17 million on a discounted basis, which is to be paid over a term of 83 years. ERCOT rules historically have limited recovery of default from market participants to $2.5 million per month market-wide. In February 2021, the PUCT gave ERCOT discretion to disregard those rules, but ERCOT has declined to exercise that discretion thus far. On March 8, 2021, a third party filed a notice of appeal in the Court of Appeals for the Third District of Texas challenging the validity of the PUCT's order to ERCOT in February 2021. Generation intervened in that appeal and filed its initial brief on July 7, 2021. On May 7, 2021, Generation filed a declaratory action and request for judicial review of the PUCT's order in the District Court of Travis County, Texas. Generation subsequently requested that the District Court of Travis County, Texas stay its proceeding pending action by the Court of Appeals in the third party proceeding. Exelon and Generation cannot predict the outcome of these proceedings or the financial statement impact.

Additionally, several legislative proposals were introduced in the Texas legislature during February and March 2021 concerning the amount, timing and allocation of recovery of the $3.0 billion shortfall, as well as recovery of other costs associated with the PUCT's directive to set prices at $9,000 per MWh. Two of these proposals were enacted into law in June 2021 and establish financing mechanisms that ERCOT and certain market participants can utilize to fund amounts owed to ERCOT. Generation participated in proceedings before the PUCT addressing the proposed allocation of the $2.1 billion in securitized funds for reliability and ancillary service charges over $9,000/MWh. In September 2021, Generation entered into a settlement agreement and stipulation to resolve the allocation issues. The PUCT approved the settlement agreement and stipulation on October 13, 2021.

In addition, other legislative proposals were introduced in the Texas legislature during February and March 2021 addressing cold-weather preparation for power plants and natural gas production and transportation infrastructure and the market structure for reliability services. The Texas legislature addressed these proposals by enacting a bill with a broad set of market reforms that, among other things, directed the PUCT to establish weatherization standards for electric generators within six months of enactment and gave the PUCT authority to impose administrative penalties if the new proposed standards, once adopted, are not met. On October 21, 2021, the PUCT adopted rule change requiring generators by December 1, 2021 to complete a number of specified winter readiness preparations and to submit to ERCOT a report describing and certifying the completion of those preparations. The PUCT described these requirements as the first phase of its actions with respect to winter preparedness, to be followed by a second phase consisting of a year-round set of weather preparedness standards to be informed by a weather study that is being conducted by ERCOT.

The legislation also directs the PUCT to evaluate whether additional ancillary services are needed for reliability in the ERCOT power region to provide adequate incentives for dispatchable generation. Exelon and others have submitted various proposals to the PUCT with respect to a range of potential market reforms, including the implementation of additional ancillary service products as well as changes to the high system-wide offer cap and operating reserve demand curve, which remain pending. On September 23, 2021, the PUCT solicited comments regarding whether it should set ERCOT’s high system-wide offer cap at $4,500/MWh if the PUCT takes action to amend its rules with respect to that cap. Exelon and others submitted comments to the PUCT, which remain pending. The PUCT is expected to address potential changes to ERCOT’s market rules later in 2021.

In February 2021, more than 70 local distribution companies (LDCs) and natural gas pipelines in multiple states throughout the mid-continent region, where Generation serves natural gas customers, issued operational flow orders (OFOs), curtailments or other limitations on natural gas transportation or use to manage the operational integrity of the applicable LDC or pipeline system. When in effect, gas transportation or use above these limitations is subject to significant penalties according to the applicable LDCs’ and natural gas pipelines’ tariffs. Gas transportation and supply in many states became restricted due to wells freezing and pipeline compression disruption, while demand was increasing due to the extreme cold temperatures, resulting in extremely high natural gas prices. Due to the extraordinary circumstances, many LDCs and natural gas pipelines have either voluntarily waived or have sought applicable regulatory approvals to waive the tariff penalties associated with the extreme weather event. During March 2021, three natural gas pipelines filed individual petitions with FERC requesting approval to waive OFO penalties. Generation also filed motions in March 2021 to intervene and filed comments in support of these FERC waiver requests. On March 25, 2021, FERC issued an order on one of the petitions approving a pipeline’s request for a limited waiver of penalties for February 15, 2021. On April 23, 2021, Generation and several other entities filed a request at FERC for rehearing of this order which was denied on May 24, 2021. Generation and the other entities filed an appeal of the rehearing of the order with the U.S. Court of Appeals for the D.C. Circuit on July 21, 2021. Additionally, Generation and the other entities filed a complaint requesting that FERC expand the order to include additional days of the weather event in February, from February 16 through February 19, 2021. On October 21, 2021, FERC denied the complaint finding that a pipeline has the discretion whether to waive penalties under its tariff. Generation is evaluating whether to seek rehearing and appeal of the FERC order. During April 2021, FERC issued orders on the remaining petitions approving the requests to waive the penalties. During May 2021, an LDC filed a motion with the Kansas Corporation Commission (KCC) requesting the KCC to grant a waiver from the tariff and allow the LDC to reduce the amounts assessed by permitting the removal of a multiplier from the penalty calculation. On October 8, 2021, a settlement was filed with the KCC that, if approved, would resolve this matter. Exelon and Generation cannot predict the outcome of the pending FERC complaint proceeding, the KCC proceeding, or the determinations made by the LDCs and natural gas pipelines.

Illinois Regulatory Matters

Clean Energy Law. See Clean Energy Law above for additional information related to Generation. See Note 7 – Early Plant Retirements for additional information on Generation's Illinois nuclear plants.

New Jersey Regulatory Matters

New Jersey Clean Energy Legislation. On May 23, 2018, New Jersey enacted legislation that established a ZEC program that provides compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. Under the legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. On April 18, 2019, the NJBPU approved the award of ZECs to Salem 1 and Salem 2. Upon approval, Generation began recognizing revenue for the sale of New Jersey ZECs in the month they are generated. On March 19, 2021, a three-judge panel of the Superior Court of New Jersey Appellate Division unanimously affirmed the NJBPU's April 2019 order awarding ZECs for the first eligibility period. On April 8, 2021, New Jersey Rate Counsel filed a notice asking the New Jersey Supreme Court to hear the appeal of the Superior Court's order. On July 9, 2021, the New Jersey Supreme Court declined to hear the appeal. On October 1, 2020, PSEG and Generation filed applications seeking ZECs for the second eligibility period (June 2022 through May 2025). On April 27, 2021, the NJBPU approved the award of ZECs to Salem 1 and Salem 2 for the second eligibility period. On May 11, 2021, the New Jersey Rate Counsel appealed the April 27, 2021 decision to the Superior Court of New Jersey Appellate Division. Briefing on the appeal is expected to conclude in the fourth quarter of 2021 or first quarter of 2022. Exelon and Generation cannot predict the outcome of this proceeding.

New England Regulatory Matters

Mystic Units 8 and 9 and Everett Marine Terminal Cost of Service Agreement. On March 29, 2018, Generation notified grid operator ISO-NE of its plans to early retire Mystic Units 8 and 9 absent regulatory reforms on June 1, 2022. On May 16, 2018, Generation made a filing with FERC to establish cost-of-service compensation and terms and conditions of service for Mystic Units 8 & 9 for the period between June 1, 2022 - May 31, 2024. On December 20, 2018, FERC issued an order accepting the cost of service compensation, reflecting a number of adjustments to the annual fixed revenue requirement and allowing for recovery of a substantial portion of the costs associated with the adjacent Everett Marine Terminal acquired by Generation in October 2018. Those adjustments were reflected in a compliance filing made on March 1, 2019. In the December 20, 2018 order, FERC also directed a paper hearing on ROE using a new methodology. On January 22, 2019, Exelon and several other parties filed requests for rehearing of certain findings in the order. On July 15, 2021, FERC issued an order establishing the ROE to be used in the cost of service agreement for Mystic 8 and 9 at 9.33%. On August 16, 2021, Exelon and several other parties filed requests for rehearing of certain aspects of the July 15, 2021 order. These requests were denied by operation of law; however, FERC indicated it would address the issues raised in the request in a future order.

On July 17, 2020, FERC issued three orders, which together affirmed the recovery of key elements of Mystic's cost of service compensation, including recovery of costs associated with the operation of the Everett Marine Terminal. FERC directed a downward adjustment to the rate base for Mystic Units 8 and 9, the effect of which will be partially offset by elimination of a crediting mechanism for third party gas sales during the term of the cost of service agreement. In addition, several parties filed protests to a compliance filing by Generation on September 15, 2020, taking issue with how gross plant in-service was calculated, and Generation filed an answer to the protests on October 21, 2020. On December 21, 2020, FERC issued an order on rehearing of the three July 17, 2020 orders, clarifying several cost of service provisions. Several parties appealed the December 21, 2020 order to the U.S. Court of Appeals for the D.C. Circuit and that appeal was consolidated with appeals of orders issued December 20, 2018 and July 17, 2020 in the Mystic proceeding. Briefs in support of their petitions for review were filed by Exelon and several other parties on September 7, 2021. Briefing is expected to conclude in February 2022.

On February 25, 2021, Mystic made its filing to comply with the December 21, 2020 order. On April 26, 2021, FERC rejected Mystic's language and directed another compliance filing relating to the claw back provision language, which only applies if Mystic 8 and 9 were to continue operation after the conclusion of the cost-of-service period. FERC's April 26, 2021 order also accepted in part and rejected in part Mystic's September 15, 2020 compliance filing. It directed a further compliance filing in 60 days consistent with the information provided in Mystic's October 21, 2020 answer to protests, which Mystic filed on June 2, 2021 and FERC accepted on July 29, 2021. On August 16, 2021, Mystic made a compliance filing, reflecting changes to the cost of service agreement to comply with the July 15, 2021 order on ROE.

On August 25, 2020, a group of New England generators filed a complaint against Generation seeking to extend the scope of the claw back provision in the cost-of-service agreement, whereby Generation would refund certain amounts recovered during the term of the cost of service if it returns to market afterwards. On April 15, 2021 FERC dismissed the complaint.

On February 16, 2021, Generation filed an unopposed motion to voluntarily dismiss an appeal filed with the U.S. Court of Appeals for the D.C. Circuit stemming from a June 2020 complaint filed with FERC against ISO-NE over failures to follow its tariff in evaluating Mystic for transmission security for the 2024 to 2025 Capacity Commitment Period, which was granted on February 18, 2021.

See Note 7 — Early Plant Retirements for additional information on the impacts of Generation's August 2020 decision to retire Mystic Units 8 and 9 upon expiration of the cost of service agreement.

Federal Regulatory Matters

PJM and NYISO MOPR Proceedings. PJM and NYISO capacity markets include a MOPR. If a resource is subjected to a MOPR, its offer is adjusted to effectively remove the revenues it receives through a state government-provided financial support program - resulting in a higher offer that may not clear the capacity market. Prior to December 19, 2019, the MOPR in PJM applied only to certain new gas-fired resources. Currently, the MOPR in NYISO applies only to certain resources in downstate New York.

For Generation's nuclear facilities in PJM and NYISO that are currently receiving state-supported compensation for carbon-free attributes, an expanded MOPR would require exclusion of such compensation when bidding into future capacity auctions, resulting in an increased risk of these facilities not receiving capacity revenues in future auctions.

On December 19, 2019, FERC required PJM to broadly apply the MOPR to all new and existing resources including nuclear, renewables, demand response, energy efficiency, storage, and all resources owned by vertically-integrated utilities. This greatly expanded the breadth and scope of PJM's MOPR, which became effective as of PJM's capacity auction for the 2022-23 planning year. While FERC included some limited exemptions, no exemptions were available to state-supported nuclear resources.

FERC provided no new mechanism for accommodating state-supported resources other than the existing FRR mechanism (under which an entire utility zone would be removed from PJM's capacity auction along with sufficient resources to support the load in such zone). In response to FERC's order, PJM submitted a compliance filing on March 18, 2020 wherein PJM proposed tariff language interpreting and implementing FERC's directives, and proposed a schedule for resuming capacity auctions that is contingent on the timing of FERC's action on the compliance filing.

On April 16, 2020, FERC issued an order largely denying most requests for rehearing of FERC's December 2019 order but granting a few clarifications that required an additional PJM compliance filing which PJM submitted on June 1, 2020.

A number of parties, including Exelon, have filed petitions for review of FERC's orders in this proceeding, which remain pending before the Court of Appeals for the District of Columbia Circuit.

As a result, the MOPR applied in the capacity auction for the 2022-23 planning year to Generation's owned or jointly owned nuclear plants in those states receiving a benefit under the Illinois ZES and the New Jersey ZEC program. The MOPR prevented Quad Cities from clearing in that capacity auction.

At the direction of the PJM Board of Managers, PJM and its stakeholders developed further MOPR reforms to ensure that the capacity market rules respect and accommodate state resource preferences such as the ZEC programs. PJM filed related tariff revisions at FERC on July 30, 2021 and, on September 29, 2021, PJM's proposed MOPR reforms became effective by operation of law. Under the new tariff provisions, the MOPR will no longer apply to any of Generation's owned or jointly owned nuclear plants. A request for rehearing of FERC's notice establishing the effective date for PJM's proposed market reforms was filed on October 5, 2021 and remains pending.

On February 20, 2020, FERC issued an order rejecting requests to expand NYISO's version of the MOPR (referred to as buyer-side mitigation rules) beyond its current limited applicability to certain resources in downstate. However, on October 14, 2020, two natural gas-fired generators in New York filed a complaint at FERC seeking to expand the MOPR in NYISO to apply to all resources, new and existing, across the entire NYISO market. Exelon is strenuously opposing expansion of FERC's MOPR policies in the NYISO market. While it is too early in the proceeding to predict its outcome and there are significant differences between the NYISO and PJM markets that would justify a different result, if FERC applies the MOPR in NYISO broadly as requested in the complaint, Generation's facilities in NYISO that are receiving ZEC compensation may be at increased risk of not clearing the capacity auction.

If Generation's state-supported nuclear plants in PJM or NYISO are subjected to the MOPR or equivalent without compensation under an FRR or similar program, it could have a material adverse impact on Exelon's and Generation's financial statements, which Exelon and Generation cannot reasonably estimate at this time.

Operating License Renewals

Conowingo Hydroelectric Project. On August 29, 2012, Generation submitted an application to FERC for a new license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act (401 Certification) from MDE for Conowingo, Generation had been working with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment.

On April 27, 2018, MDE issued its 401 Certification for Conowingo. On October 29, 2019, Generation and MDE filed with FERC a Joint Offer of Settlement (Offer of Settlement) that would resolve all outstanding issues relating to the 401 Certification. Pursuant to the Offer of Settlement, the parties submitted Proposed License Articles to FERC to be incorporated by FERC into the new license in accordance with FERC's discretionary authority under the Federal Power Act.

On March 19, 2021, FERC issued a new 50-year license for Conowingo, effective March 1, 2021. FERC adopted the Proposed License Articles into the new license only making modifications it deemed necessary to allow FERC to enforce the Proposed License Articles. Consistent with the Offer of Settlement, FERC found that MDE waived its 401 Certification. On April 19, 2021, a few environmental groups filed with FERC a petition for rehearing requesting that FERC reconsider the issuance of the new Conowingo license, which was denied by operation of law on May 20, 2021. On June 17, 2021, the petitioners appealed FERC's ruling to the United States Court of Appeals. On July 15, 2021, FERC issued an order addressing the arguments raised on rehearing, affirming the determinations of its March 19, 2021 order. Generation cannot predict the outcome of this proceeding.

4. Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and gas tariff sales, distribution, and transmission services.

See Note 4 — Revenue from Contracts with Customers of the Exelon 2020 Form 10-K for additional information regarding the primary sources of revenue for the Registrants.

Contract Balances (All Registrants)

Contract Assets

Generation records contract assets for the revenue recognized on the construction and installation of energy efficiency assets and new power generating facilities before Generation has an unconditional right to bill for and receive the consideration from the customer. These contract assets are subsequently reclassified to receivables when the right to payment becomes unconditional. Generation records contract assets and contract receivables in Other current assets and Customer accounts receivable, net, respectively, in Exelon's and Generation's Consolidated Balance Sheets.

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

The following table provides a rollforward of the contract assets reflected in Exelon's and Generation's Consolidated Balance Sheets for the three and nine months ended September 30, 2021 and 2020. The Utility Registrants do not have any contract assets.

	Exelon	Generation
Balance as of December 31, 2020	$ 144	$ 144
Amounts reclassified to receivables	(16)	(16)
Revenues recognized	13	13
Amounts previously held-for-sale	12	12
Balance as of March 31, 2021	153	153
Amounts reclassified to receivables	(12)	(12)
Revenues recognized	9	9
Balance as of June 30, 2021	150	150
Amounts reclassified to receivables	(15)	(15)
Revenues recognized	14	14
Balance as of September 30, 2021	$ 149	$ 149

	Exelon	Generation
Balance as of December 31, 2019	$ 174	$ 174
Amounts reclassified to receivables	(19)	(19)
Revenues recognized	17	17
Balance as of March 31, 2020	172	172
Amounts reclassified to receivables	(26)	(26)
Revenues recognized	13	13
Balance as of June 30, 2020	159	159
Amounts reclassified to receivables	(18)	(18)
Revenues recognized	19	19
Balance as of September 30, 2020	$ 160	$ 160

Contract Liabilities

The Registrants record contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. The Registrants record contract liabilities in Other current liabilities and Other noncurrent liabilities in the Registrants' Consolidated Balance Sheets.

For Generation, these contract liabilities primarily relate to upfront consideration received or due for equipment service plans and the Illinois ZEC program that introduces a cap on the total consideration to be received by Generation.

For PHI, Pepco, DPL, and ACE these contract liabilities primarily relate to upfront consideration received in the third quarter of 2020 for a collaborative arrangement with an unrelated owner and manager of communication infrastructure. The revenue attributable to this arrangement will be recognized as operating revenue over the 35 years under the collaborative arrangement.

The following table provides a rollforward of the contract liabilities reflected in Exelon's, Generation's, PHI's, Pepco's, DPL's, and ACE's Consolidated Balance Sheets for the three and nine months ended September 30, 2021 and 2020. As of September 30, 2021 and December 31, 2020, ComEd's, PECO's, and BGE's contract liabilities were immaterial.

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

	Exelon	Generation	PHI	Pepco	DPL	ACE
Balance as of December 31, 2020	$ 151	$ 84	$ 118	$ 94	$ 12	$ 12
Consideration received or due	20	31	—	—	—	—
Revenues recognized	(27)	(64)	(2)	(2)	—	—
Amounts previously held-for-sale	3	3	—	—	—	—
Balance as of March 31, 2021	147	54	116	92	12	12
Consideration received or due	17	39	—	—	—	—
Revenues recognized	(32)	(68)	(3)	(1)	(1)	(1)
Balance as of June 30, 2021	132	25	113	91	11	11
Consideration received or due	31	93	—	—	—	—
Revenues recognized	(26)	(65)	(2)	(2)	—	—
Balance as of September 30, 2021	$ 137	$ 53	$ 111	$ 89	$ 11	$ 11

	Exelon	Generation	PHI	Pepco	DPL	ACE
Balance as of December 31, 2019	$ 33	$ 71	$ —	$ —	$ —	$ —
Consideration received or due	20	55	—	—	—	—
Revenues recognized	(24)	(70)	—	—	—	—
Balance as of March 31, 2020	29	56	—	—	—	—
Consideration received or due	13	34	—	—	—	—
Revenues recognized	(22)	(63)	—	—	—	—
Balance as of June 30, 2020	20	27	—	—	—	—
Consideration received or due	154	94	124	98	13	13
Revenues recognized	(25)	(65)	(2)	(2)	—	—
Balance as of September 30, 2020	$ 149	$ 56	$ 122	$ 96	$ 13	$ 13

The following table reflects revenues recognized in the three and nine months ended September 30, 2021 and 2020, which were included in contract liabilities at December 31, 2020 and 2019, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Exelon	$ 4	$ 2	$ 38	$ 25
Generation	2	2	81	63
PHI	2	—	7	—
Pepco	2	—	5	—
DPL	—	—	1	—
ACE	—	—	1	—

Transaction Price Allocated to Remaining Performance Obligations (All Registrants)

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of September 30, 2021. This disclosure only includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

This disclosure excludes Generation's power and gas sales contracts as they contain variable volumes and/or variable pricing. This disclosure also excludes the Utility Registrants' gas and electric tariff sales contracts and transmission revenue contracts as they generally have an original expected duration of one year or less and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure.

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

	2021	2022	2023	2024	2025 and thereafter	Total
Exelon	$ 82	$ 125	$ 50	$ 35	$ 184	$ 476
Generation	168	281	92	41	97	679
PHI	2	8	8	6	87	111
Pepco	2	6	6	5	70	89
DPL	—	1	1	—	9	11
ACE	—	1	1	1	8	11

Revenue Disaggregation (All Registrants)

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 5 — Segment Information for the presentation of the Registrant's revenue disaggregation.

5. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the CODM in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has eleven reportable segments, which include Generation's five reportable segments consisting of the Mid-Atlantic, Midwest, New York, ERCOT, and all other power regions referred to collectively as “Other Power Regions” and ComEd, PECO, BGE, and PHI's three reportable segments consisting of Pepco, DPL, and ACE. ComEd, PECO, BGE, Pepco, DPL, and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL, and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL, and ACE based on net income.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation’s five reportable segments are as follows:

- **Mid-Atlantic** represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia, and parts of Pennsylvania and North Carolina.
- **Midwest** represents operations in the western half of PJM and the United States footprint of MISO, excluding MISO’s Southern Region.
- **New York** represents operations within NYISO.
- **ERCOT** represents operations within Electric Reliability Council of Texas.
- **Other Power Regions:**
  - **New England** represents the operations within ISO-NE.
  - **South** represents operations in the FRCC, MISO’s Southern Region, and the remaining portions of the SERC not included within MISO or PJM.
  - **West** represents operations in the WECC, which includes CAISO.
  - **Canada** represents operations across the entire country of Canada and includes AESO, OIESO, and the Canadian portion of MISO.

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

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on Revenues Net of Purchased Power and Fuel Expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy, and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 is as follows:

Three Months Ended September 30, 2021 and 2020

	Generation	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:								
2021								
Competitive businesses electric revenues	$ 4,330	$ —	$ —	$ —	$ —	$ —	$ (319)	$ 4,011
Competitive businesses natural gas revenues	575	—	—	—	—	—	—	575
Competitive businesses other revenues	(499)	—	—	—	—	—	(3)	(502)
Rate-regulated electric revenues	—	1,789	762	677	1,444	—	(15)	4,657
Rate-regulated natural gas revenues	—	—	56	93	23	—	(3)	169
Shared service and other revenues	—	—	—	—	3	534	(537)	—
Total operating revenues	$ 4,406	$ 1,789	$ 818	$ 770	$ 1,470	$ 534	$ (877)	$ 8,910
2020								
Competitive businesses electric revenues	$ 4,201	$ —	$ —	$ —	$ —	$ —	$ (326)	$ 3,875
Competitive businesses natural gas revenues	323	—	—	—	—	—	—	323
Competitive businesses other revenues	135	—	—	—	—	—	(3)	132
Rate-regulated electric revenues	—	1,643	759	646	1,339	—	(22)	4,365
Rate-regulated natural gas revenues	—	—	54	85	23	—	(3)	159
Shared service and other revenues	—	—	—	—	6	484	(491)	(1)

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

	Generation	ComEd	PECO	BGE	PHI	Other(a)	Intersegment Eliminations	Exelon
Total operating revenues	$ 4,659	$ 1,643	$ 813	$ 731	$ 1,368	$ 484	$ (845)	$ 8,853

	Generation	ComEd	PECO	BGE	PHI	Other(a)	Intersegment Eliminations	Exelon
Intersegment revenues(c):								
2021	$ 324	$ 9	$ 2	$ 7	$ 3	$ 531	$ (876)	$ —
2020	331	15	3	6	6	485	(845)	1
Depreciation and amortization:								
2021	$ 866	$ 304	$ 86	$ 142	$ 210	$ 16	$ —	$ 1,624
2020	558	294	85	133	200	19	—	1,289
Operating expenses:								
2021	$ 3,465	$ 1,428	$ 677	$ 709	$ 1,155	$ 541	$ (858)	$ 7,117
2020	4,727	1,302	658	642	1,102	489	(833)	8,087
Interest expense, net:								
2021	$ 77	$ 98	$ 40	$ 36	$ 67	$ 79	$ —	$ 397
2020	80	95	39	34	67	89	—	404
Income (loss) before income taxes:								
2021	$ 814	$ 276	$ 108	$ 32	$ 264	$ (88)	$ —	$ 1,406
2020	219	256	122	61	215	(87)	—	786
Income Taxes:								
2021	$ 177	$ 56	$ (3)	$ (4)	$ (2)	$ (50)	$ —	$ 174
2020	100	60	(16)	8	(1)	65	—	216
Net income (loss):								
2021	$ 633	$ 220	$ 111	$ 36	$ 266	$ (37)	$ —	$ 1,229
2020	117	196	138	53	216	(151)	—	569
Capital Expenditures:								
2021	$ 367	$ 561	$ 301	$ 287	$ 410	$ 4	$ —	$ 1,930
2020	282	554	312	290	386	9	—	1,833

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for additional information on total utility taxes.
(c) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income. See Note 19— Related Party Transactions for additional information on intersegment revenues.

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

PHI:

	Pepco	DPL	ACE	Other[(a)]	Intersegment Eliminations	PHI
Operating revenues[(b)]:						
2021						
Rate-regulated electric revenues	$ 660	$ 337	$ 451	$ —	$ (4)	$ 1,444
Rate-regulated natural gas revenues	—	23	—	—	—	23
Shared service and other revenues	—	—	—	92	(89)	3
Total operating revenues	$ 660	$ 360	$ 451	$ 92	$ (93)	$ 1,470
2020						
Rate-regulated electric revenues	$ 611	$ 314	$ 420	$ —	$ (6)	$ 1,339
Rate-regulated natural gas revenues	—	23	—	—	—	23
Shared service and other revenues	—	—	—	91	(85)	6
Total operating revenues	$ 611	$ 337	$ 420	$ 91	$ (91)	$ 1,368
Intersegment revenues[(c)]:						
2021	$ 2	$ 2	$ 1	$ 91	$ (93)	$ 3
2020	3	3	1	90	(91)	6
Depreciation and amortization:						
2021	$ 104	$ 53	$ 46	$ 7	$ —	$ 210
2020	96	48	48	8	—	200
Operating expenses:						
2021	$ 501	$ 295	$ 359	$ 93	$ (93)	$ 1,155
2020	465	296	338	94	(91)	1,102
Interest expense, net:						
2021	$ 35	$ 15	$ 14	$ 3	$ —	$ 67
2020	35	15	15	2	—	67
Income (loss) before income taxes:						
2021	$ 136	$ 53	$ 79	$ (4)	$ —	$ 264
2020	121	28	68	(2)	—	215
Income Taxes:						
2021	$ 6	$ 3	$ (11)	$ —	$ —	$ (2)
2020	3	1	(7)	2	—	(1)
Net income (loss):						
2021	$ 130	$ 50	$ 90	$ (4)	$ —	$ 266
2020	118	27	75	(4)	—	216
Capital Expenditures:						
2021	$ 202	$ 109	$ 97	$ 2	$ —	$ 410
2020	188	94	103	1	—	386

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for additional information on total utility taxes.
(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants, but exclude any intercompany revenues.

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

Competitive Business Revenues (Generation):

	Three Months Ended September 30, 2021				
	Revenues from external customers[a]				
	Contracts with customers	Other[b]	Total	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 1,145	$ 123	$ 1,268	$ 4	$ 1,272
Midwest	1,084	(99)	985	—	985
New York	445	10	455	—	455
ERCOT	191	165	356	2	358
Other Power Regions	948	318	1,266	(6)	1,260
Total Competitive Businesses Electric Revenues	3,813	517	4,330	—	4,330
Competitive Businesses Natural Gas Revenues	266	309	575	—	575
Competitive Businesses Other Revenues[c]	95	(594)	(499)	—	(499)
Total Generation Consolidated Operating Revenues	$ 4,174	$ 232	$ 4,406	$ —	$ 4,406

	Three Months Ended September 30, 2020				
	Revenues from external customers[a]				
	Contracts with customers	Other[b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,327	$ (20)	$ 1,307	$ 6	$ 1,313
Midwest	974	68	1,042	1	1,043
New York	401	5	406	—	406
ERCOT	249	74	323	7	330
Other Power Regions	937	186	1,123	(14)	1,109
Total Competitive Businesses Electric Revenues	3,888	313	4,201	—	4,201
Competitive Businesses Natural Gas Revenues	169	154	323	—	323
Competitive Businesses Other Revenues[c]	85	50	135	—	135
Total Generation Consolidated Operating Revenues	$ 4,142	$ 517	$ 4,659	$ —	$ 4,659

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(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes unrealized mark-to-market losses of $635 million and gains of $37 million in 2021 and 2020, respectively, and elimination of intersegment revenues.

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

Revenues net of purchased power and fuel expense (Generation):

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	RNF from external customers[a]	Intersegment RNF	Total RNF	RNF from external customers[a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 567	$ 3	$ 570	$ 586	$ 5	$ 591
Midwest	655	—	655	748	2	750
New York	343	3	346	281	4	285
ERCOT	181	(2)	179	141	6	147
Other Power Regions	233	(22)	211	253	(28)	225
Total RNF for Reportable Segments	1,979	(18)	1,961	2,009	(11)	1,998
Other[b]	881	18	899	336	11	347
Total Generation RNF	$ 2,860	$ —	$ 2,860	$ 2,345	$ —	$ 2,345

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(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. includes:
- unrealized mark-to-market gains of $754 million and gains of $255 million in 2021 and 2020, respectively;
- accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 — Early Plant Retirements of $42 million and $24 million in 2021 and 2020 respectively; and
- the elimination of intersegment RNF.

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

Electric and Gas Revenue by Customer Class (Utility Registrants):

	Three Months Ended September 30, 2021						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 978	$ 509	$ 383	$ 782	$ 309	$ 198	$ 275
Small commercial & industrial	433	113	73	150	36	53	61
Large commercial & industrial	148	67	128	320	244	27	49
Public authorities & electric railroads	11	7	7	15	8	4	3
Other[(a)]	245	61	104	172	53	56	63
Total rate-regulated electric revenues[(b)]	$ 1,815	$ 757	$ 695	$ 1,439	$ 650	$ 338	$ 451
Rate-regulated natural gas revenues							
Residential	$ —	$ 36	$ 57	$ 10	$ —	$ 10	$ —
Small commercial & industrial	—	13	10	5	—	5	—
Large commercial & industrial	—	—	22	2	—	2	—
Transportation	—	5	—	3	—	3	—
Other[(c)]	—	2	6	3	—	3	—
Total rate-regulated natural gas revenues[(d)]	$ —	$ 56	$ 95	$ 23	$ —	$ 23	$ —
Total rate-regulated revenues from contracts with customers	$ 1,815	$ 813	$ 790	$ 1,462	$ 650	$ 361	$ 451
Other revenues							
Revenues from alternative revenue programs	$ (32)	$ 3	$ (24)	$ 6	$ 9	$ (2)	$ —
Other rate-regulated electric revenues[(e)]	6	2	3	2	1	1	—
Other rate-regulated natural gas revenues[(e)]	—	—	1	—	—	—	—
Total other revenues	$ (26)	$ 5	$ (20)	$ 8	$ 10	$ (1)	$ —
Total rate-regulated revenues for reportable segments	$ 1,789	$ 818	$ 770	$ 1,470	$ 660	$ 360	$ 451

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

	Three Months Ended September 30, 2020						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 920	$ 518	$ 389	$ 763	$ 307	$ 193	$ 263
Small commercial & industrial	379	104	65	134	36	45	53
Large commercial & industrial	135	66	113	262	195	21	46
Public authorities & electric railroads	10	7	7	14	8	3	3
Other[(a)]	234	58	78	141	47	44	50
Total rate-regulated electric revenues[(b)]	$ 1,678	$ 753	$ 652	$ 1,314	$ 593	$ 306	$ 415
Rate-regulated natural gas revenues							
Residential	$ —	$ 32	$ 55	$ 11	$ —	$ 11	$ —
Small commercial & industrial	—	16	9	6	—	6	—
Large commercial & industrial	—	—	21	1	—	1	—
Transportation	—	6	—	3	—	3	—
Other[(c)]	—	1	3	2	—	2	—
Total rate-regulated natural gas revenues[(d)]	$ —	$ 55	$ 88	$ 23	$ —	$ 23	$ —
Total rate-regulated revenues from contracts with customers	$ 1,678	$ 808	$ 740	$ 1,337	$ 593	$ 329	$ 415
Other revenues							
Revenues from alternative revenue programs	$ (38)	$ 5	$ (9)	$ 31	$ 18	$ 8	$ 5
Other rate-regulated electric revenues[(e)]	3	—	—	—	—	—	—
Other rate-regulated natural gas revenues[(e)]	—	—	—	—	—	—	—
Total other revenues	$ (35)	$ 5	$ (9)	$ 31	$ 18	$ 8	$ 5
Total rate-regulated revenues for reportable segments	$ 1,643	$ 813	$ 731	$ 1,368	$ 611	$ 337	$ 420

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(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2021 and 2020 respectively of:
- $9 million, $15 million at ComEd
- $2 million, $3 million at PECO
- $4 million, $3 million at BGE
- $3 million, $6 million at PHI
- $2 million, $3 million at Pepco
- $2 million, $3 million at DPL
- $1 million, $1 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2021 and 2020 respectively of:
- less than $1 million at PECO both 2021 and 2020
- $3 million, $3 million at BGE

(e) Includes late payment charge revenues.

Nine Months Ended September 30, 2021 and 2020

	Generation	ComEd	PECO	BGE	PHI	Other[(a)]	Intersegment Eliminations	Exelon
Operating revenues[(b)]:								
2021								
Competitive businesses electric revenues	$ 12,264	$ —	$ —	$ —	$ —	$ —	$ (860)	$ 11,404

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

	Generation	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Competitive businesses natural gas revenues	2,408	—	—	—	—	—	—	2,408
Competitive businesses other revenues	(555)	—	—	—	—	—	(9)	(564)
Rate-regulated electric revenues	—	4,840	2,033	1,866	3,726	—	(33)	12,432
Rate-regulated natural gas revenues	—	—	366	560	118	—	(9)	1,035
Shared service and other revenues	—	—	—	—	10	1,549	(1,559)	—
Total operating revenues	$ 14,117	$ 4,840	$ 2,399	$ 2,426	$ 3,854	$ 1,549	$ (2,470)	$ 26,715
2020								
Competitive businesses electric revenues	$ 11,367	$ —	$ —	$ —	$ —	$ —	$ (920)	$ 10,447
Competitive businesses natural gas revenues	1,348	—	—	—	—	—	(3)	1,345
Competitive businesses other revenues	557	—	—	—	—	—	(5)	552
Rate-regulated electric revenues	—	4,499	1,948	1,763	3,425	—	(50)	11,585
Rate-regulated natural gas revenues	—	—	358	521	116	—	(5)	990
Shared service and other revenues	—	—	—	—	13	1,440	(1,447)	6
Total operating revenues	$ 13,272	$ 4,499	$ 2,306	$ 2,284	$ 3,554	$ 1,440	$ (2,430)	$ 24,925
Intersegment revenues[c]:								
2021	$ 872	$ 19	$ 6	$ 20	$ 10	$ 1,542	$ (2,469)	$ —
2020	932	31	7	16	13	1,435	(2,430)	4
Depreciation and amortization:								
2021	$ 2,735	$ 893	$ 259	$ 434	$ 614	$ 52	$ 1	$ 4,988
2020	1,161	841	259	405	585	61	—	3,312
Operating expenses:								
2021	$ 14,605	$ 3,833	$ 1,908	$ 2,080	$ 3,167	$ 1,572	$ (2,407)	$ 24,758
2020	12,674	3,798	1,900	1,903	3,057	1,452	(2,397)	22,387
Interest expense, net:								
2021	$ 225	$ 292	$ 119	$ 103	$ 201	$ 241	$ (1)	$ 1,180
2020	277	287	108	99	201	269	—	1,241

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

	Generation	ComEd	PECO	BGE	PHI	Other(a)	Intersegment Eliminations	Exelon
Income (loss) before income taxes:								
2021	$ (8)	$ 750	$ 392	$ 266	$ 538	$ (264)	$ 1	$ 1,675
2020	532	446	310	299	340	(262)	—	1,665
Income Taxes:								
2021	$ 108	$ 141	$ 9	$ (24)	$ 3	$ (8)	$ —	$ 229
2020	41	142	(7)	26	(77)	16	—	141
Net income (loss):								
2021	$ (122)	$ 609	$ 383	$ 290	$ 535	$ (255)	$ 1	$ 1,441
2020	485	304	317	273	418	(278)	—	1,519
Capital Expenditures:								
2021	$ 1,086	$ 1,723	$ 878	$ 907	$ 1,299	$ 77	$ —	$ 5,970
2020	1,212	1,583	824	838	1,072	77	—	5,606
Total assets:								
September 30, 2021	$ 48,010	$ 36,002	$ 13,733	$ 12,197	$ 24,502	$ 8,387	$ (10,210)	$ 132,621
December 31, 2020	48,094	34,466	12,531	11,650	23,736	9,005	(10,165)	129,317

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(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for additional information on total utility taxes.
(c) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Related Party Transactions for additional information on intersegment revenues.

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

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2021						
Rate-regulated electric revenues	$ 1,736	$ 922	$ 1,080	$ —	$ (12)	$ 3,726
Rate-regulated natural gas revenues	—	118	—	—	—	118
Shared service and other revenues	—	—	—	281	(271)	10
Total operating revenues	$ 1,736	$ 1,040	$ 1,080	$ 281	$ (283)	$ 3,854
2020						
Rate-regulated electric revenues	$ 1,650	$ 838	$ 952	$ —	$ (15)	$ 3,425
Rate-regulated natural gas revenues	—	116	—	—	—	116
Shared service and other revenues	—	—	—	279	(266)	13
Total operating revenues	$ 1,650	$ 954	$ 952	$ 279	$ (281)	$ 3,554
Intersegment revenues[c]:						
2021	$ 4	$ 6	$ 2	$ 281	$ (283)	$ 10
2020	6	7	3	278	(281)	13
Depreciation and amortization:						
2021	$ 302	$ 157	$ 133	$ 22	$ —	$ 614
2020	282	143	134	26	—	585
Operating expenses:						
2021	$ 1,396	$ 858	$ 911	$ 285	$ (283)	$ 3,167
2020	1,364	843	847	284	(281)	3,057
Interest expense, net:						
2021	$ 104	$ 47	$ 43	$ 7	$ —	$ 201
2020	103	47	45	6	—	201
Income (loss) before income taxes:						
2021	$ 273	$ 144	$ 129	$ (8)	$ —	$ 538
2020	211	71	67	(9)	—	340
Income Taxes:						
2021	$ 9	$ 9	$ (12)	$ (3)	$ —	$ 3
2020	(16)	(20)	(39)	(2)	—	(77)
Net income (loss):						
2021	$ 264	$ 135	$ 141	$ (5)	$ —	$ 535
2020	227	91	106	(6)	—	418
Capital Expenditures:						
2021	$ 641	$ 320	$ 336	$ 2	$ —	$ 1,299
2020	512	278	281	1	—	1,072
Total assets:						
September 30, 2021	$ 9,748	$ 5,295	$ 4,532	$ 4,977	$ (50)	$ 24,502
December 31, 2020	9,264	5,140	4,286	5,079	(33)	23,736

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for additional information on total utility taxes.
(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants, but exclude any intercompany revenues.

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

Competitive Business Revenues (Generation):

	Nine Months Ended September 30, 2021				
	Revenues from external customers[(a)]				
	Contracts with customers	Other[(b)]	Total	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 3,377	$ 134	$ 3,511	$ 16	$ 3,527
Midwest	3,067	(123)	2,944	1	2,945
New York	1,204	(30)	1,174	(1)	1,173
ERCOT	724	155	879	11	890
Other Power Regions	3,043	713	3,756	(27)	3,729
Total Competitive Businesses Electric Revenues	11,415	849	12,264	—	12,264
Competitive Businesses Natural Gas Revenues	1,384	1,024	2,408	—	2,408
Competitive Businesses Other Revenues[(c)]	291	(846)	(555)	—	(555)
Total Generation Consolidated Operating Revenues	$ 13,090	$ 1,027	$ 14,117	$ —	$ 14,117

	Nine Months Ended September 30, 2020				
	Revenues from external customers[(a)]				
	Contracts with customers	Other[(b)]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 3,692	$ (152)	$ 3,540	$ 21	$ 3,561
Midwest	2,773	240	3,013	(6)	3,007
New York	1,074	(12)	1,062	(1)	1,061
ERCOT	579	155	734	20	754
Other Power Regions	2,718	300	3,018	(34)	2,984
Total Competitive Businesses Electric Revenues	10,836	531	11,367	—	11,367
Competitive Businesses Natural Gas Revenues	881	467	1,348	—	1,348
Competitive Businesses Other Revenues[(c)]	268	289	557	—	557
Total Generation Consolidated Operating Revenues	$ 11,985	$ 1,287	$ 13,272	$ —	$ 13,272

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(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes unrealized mark-to-market losses of $958 million and gains of $238 million in 2021 and 2020, respectively, and elimination of intersegment revenues.

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

Revenues net of purchased power and fuel expense (Generation):

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	RNF from external customers[(a)]	Intersegment RNF	Total RNF	RNF from external customers[(a)]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 1,698	$ 14	$ 1,712	$ 1,660	$ 23	$ 1,683
Midwest	2,014	1	2,015	2,180	(2)	2,178
New York	873	7	880	714	11	725
ERCOT	(775)	(147)	(922)	311	14	325
Other Power Regions	641	(77)	564	608	(70)	538
Total RNF for Reportable Segments	4,451	(202)	4,249	5,473	(24)	5,449
Other[(b)]	1,563	202	1,765	838	24	862
Total Generation RNF	$ 6,014	$ —	$ 6,014	$ 6,311	$ —	$ 6,311

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Primarily includes:
- unrealized mark-to-market gains of $1,242 million and gains of $472 million in 2021 and 2020, respectively;
- accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 — Early Plant Retirements of $148 million and $24 million in 2021 and 2020 respectively; and
- the elimination of intersegment RNF.

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

Electric and Gas Revenue by Customer Class (Utility Registrants):

	Nine Months Ended September 30, 2021						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 2,479	$ 1,325	$ 1,044	$ 1,924	$ 785	$ 535	$ 604
Small commercial & industrial	1,176	312	202	392	101	145	146
Large commercial & industrial	420	183	342	825	616	70	139
Public authorities & electric railroads	33	24	20	45	24	11	10
Other[(a)]	676	167	269	453	154	143	158
Total rate-regulated electric revenues[(b)]	$ 4,784	$ 2,011	$ 1,877	$ 3,639	$ 1,680	$ 904	$ 1,057
Rate-regulated natural gas revenues							
Residential	$ —	$ 251	$ 354	$ 67	$ —	$ 67	$ —
Small commercial & industrial	—	94	59	29	—	29	—
Large commercial & industrial	—	—	103	5	—	5	—
Transportation	—	17	—	11	—	11	—
Other[(c)]	—	4	41	6	—	6	—
Total rate-regulated natural gas revenues[(d)]	$ —	$ 366	$ 557	$ 118	$ —	$ 118	$ —
Total rate-regulated revenues from contracts with customers	$ 4,784	$ 2,377	$ 2,434	$ 3,757	$ 1,680	$ 1,022	$ 1,057
Other revenues							
Revenues from alternative revenue programs	$ 32	$ 20	$ (17)	$ 94	$ 54	$ 17	$ 23
Other rate-regulated electric revenues[(e)]	24	2	7	3	2	1	—
Other rate-regulated natural gas revenues[(e)]	—	—	2	—	—	—	—
Total other revenues	$ 56	$ 22	$ (8)	$ 97	$ 56	$ 18	$ 23
Total rate-regulated revenues for reportable segments	$ 4,840	$ 2,399	$ 2,426	$ 3,854	$ 1,736	$ 1,040	$ 1,080

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

	Nine Months Ended September 30, 2020						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 2,389	$ 1,277	$ 1,034	$ 1,825	$ 779	$ 501	$ 545
Small commercial & industrial	1,067	291	183	355	101	127	127
Large commercial & industrial	388	174	311	755	558	66	131
Public authorities & electric railroads	33	21	20	45	25	10	10
Other[(a)]	663	171	233	471	166	148	159
Total rate-regulated electric revenues[(b)]	$ 4,540	$ 1,934	$ 1,781	$ 3,451	$ 1,629	$ 852	$ 972
Rate-regulated natural gas revenues							
Residential	$ —	$ 252	$ 342	$ 68	$ —	$ 68	$ —
Small commercial & industrial	—	86	55	30	—	30	—
Large commercial & industrial	—	—	96	3	—	3	—
Transportation	—	18	—	10	—	10	—
Other[(c)]	—	3	16	5	—	5	—
Total rate-regulated natural gas revenues[(d)]	$ —	$ 359	$ 509	$ 116	$ —	$ 116	$ —
Total rate-regulated revenues from contracts with customers	$ 4,540	$ 2,293	$ 2,290	$ 3,567	$ 1,629	$ 968	$ 972
Other revenues							
Revenues from alternative revenue programs	$ (51)	$ 10	$ (10)	$ (15)	$ 20	$ (15)	$ (20)
Other rate-regulated electric revenues[(e)]	10	3	3	2	1	1	—
Other rate-regulated natural gas revenues[(e)]	—	—	1	—	—	—	—
Total other revenues	$ (41)	$ 13	$ (6)	$ (13)	$ 21	$ (14)	$ (20)
Total rate-regulated revenues for reportable segments	$ 4,499	$ 2,306	$ 2,284	$ 3,554	$ 1,650	$ 954	$ 952

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(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2021 and 2020 respectively of:
- $19 million, $31 million at ComEd
- $5 million, $6 million at PECO
- $10 million, $9 million at BGE
- $10 million, $13 million at PHI
- $4 million, $6 million at Pepco
- $6 million, $7 million at DPL
- $2 million, $3 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2021 and 2020 respectively of:
- $1 million, $1 million at PECO
- $10 million, $7 million at BGE

(e) Includes late payment charge revenues.

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

6. Accounts Receivable (All Registrants)

Allowance for Credit Losses on Accounts Receivable (All Registrants)

The following tables present the rollforward of Allowance for Credit Losses on Customer Accounts Receivable.

	Three Months Ended September 30, 2021								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of June 30, 2021	$ 395	$ 75	$ 89	$ 111	$ 27	$ 93	$ 38	$ 19	$ 36
Plus: Current period provision for expected credit losses[(a)]	47	10	11	1	7	18	5	3	10
Less: Write-offs, net of recoveries[(b)]	33	1	12	11	3	6	2	4	—
Balance as of September 30, 2021	$ 409	$ 84	$ 88	$ 101	$ 31	$ 105	$ 41	$ 18	$ 46

	Three Months Ended September 30, 2020								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of June 30, 2020	$ 261	$ 33	$ 72	$ 71	$ 23	$ 62	$ 24	$ 18	$ 20
Plus: Current period provision for expected credit losses[(c)]	114	1	37	27	14	35	11	7	17
Less: Write-offs, net of recoveries[(b)]	17	1	4	2	2	8	—	3	5
Balance as of September 30, 2020	$ 358	$ 33	$ 105	$ 96	$ 35	$ 89	$ 35	$ 22	$ 32

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

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	Nine Months Ended September 30, 2021								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
lance as of December 31, 2020	$ 366	$ 32	$ 97	$ 116	$ 35	$ 86	$ 32	$ 22	$ 32
ıs: Current period provision for expected credit losses(d)	122	57	23	7	2	33	15	4	14
ss: Write-offs, net of recoveries(b)	79	5	32	22	6	14	6	8	—
lance as of September 30, 2021	$ 409	$ 84	$ 88	$ 101	$ 31	$ 105	$ 41	$ 18	$ 46

	Nine Months Ended September 30, 2020								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
lance as of December 31, 2019	$ 243	$ 80	$ 59	$ 55	$ 12	$ 37	$ 13	$ 11	$ 13
ıs: Current period provision for expected credit losses(c)	222	13	62	56	28	63	24	14	25
ss: Write-offs, net of recoveries(b)	51	4	16	15	5	11	2	3	6
ss: Sale of customer accounts receivable(e)	56	56	—	—	—	—	—	—	—
lance as of September 30, 2020	$ 358	$ 33	$ 105	$ 96	$ 35	$ 89	$ 35	$ 22	$ 32

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(a) For ACE, the increase is primarily a result of increased aging of receivables and a slight decrease in the expected recovery rate.
(b) Recoveries were not material to the Registrants.
(c) For the Utility Registrants, the increase is primarily as a result of increased aging of receivables, the temporary suspension of customer disconnections for non-payment, temporary cessation of new late payment fees, and reconnections of service to customers previously disconnected due to COVID-19.
(d) For Generation, primarily relates to the impacts of the February 2021 extreme cold weather event. See Note 3 — Regulatory Matters for additional information. For PHI, Pepco, and ACE, the increase is primarily a result of increased aging of receivables and a slight decrease in the expected recovery rate.
(e) See below for additional information on the sale of customer accounts receivable at Generation in the second quarter of 2020.

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

The following tables present the rollforward of Allowance for Credit Losses on Other Accounts Receivable.

	Three Months Ended September 30, 2021								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of June 30, 2021	$ 72	$ 1	$ 18	$ 7	$ 8	$ 38	$ 16	$ 9	$ 13
Plus: Current period provision for expected credit losses	9	3	2	1	1	2	1	(1)	2
Less: Write-offs, net of recoveries[(a)]	4	—	1	1	1	—	—	—	—
Balance as of September 30, 2021	$ 77	$ 4	$ 19	$ 7	$ 8	$ 40	$ 17	$ 8	$ 15

	Three Months Ended September 30, 2020								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of June 30, 2020	$ 61	$ —	$ 22	$ 7	$ 6	$ 26	$ 11	$ 7	$ 8
Plus: Current period provision for expected credit losses	15	—	5	1	3	6	2	1	3
Less: Write-offs, net of recoveries[(a)]	1	—	—	1	—	—	—	—	—
Balance as of September 30, 2020	$ 75	$ —	$ 27	$ 7	$ 9	$ 32	$ 13	$ 8	$ 11

	Nine Months Ended September 30, 2021								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2020	$ 71	$ —	$ 21	$ 8	$ 9	$ 33	$ 13	$ 9	$ 11
Plus: Current period provision for expected credit losses	15	4	—	2	2	7	4	(1)	4
Less: Write-offs, net of recoveries[(a)]	9	—	2	3	3	—	—	—	—
Balance as of September 30, 2021	$ 77	$ 4	$ 19	$ 7	$ 8	$ 40	$ 17	$ 8	$ 15

	Nine Months Ended September 30, 2020								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2019	$ 48	$ —	$ 20	$ 7	$ 5	$ 16	$ 7	$ 4	$ 5
Plus: Current period provision for expected credit losses	36	—	9	3	7	17	6	4	7
Less: Write-offs, net of recoveries[(a)]	9	—	2	3	3	1	—	—	1
Balance as of September 30, 2020	$ 75	$ —	$ 27	$ 7	$ 9	$ 32	$ 13	$ 8	$ 11

(a) Recoveries were not material to the Registrants.

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

Unbilled Customer Revenue (All Registrants)

The following table provides additional information about unbilled customer revenues recorded in the Registrants' Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020.

	Unbilled customer revenues[(a)]								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2021	$ 941	$ 359	$ 224	$ 113	$ 98	$ 147	$ 70	$ 34	$ 43
December 31, 2020	998	258	218	147	197	178	87	62	29

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(a) Unbilled customer revenues are classified in Customer accounts receivables, net in the Registrants' Consolidated Balance Sheets.

Sales of Customer Accounts Receivable (Exelon and Generation)

On April 8, 2020, NER, a bankruptcy remote, special purpose entity, which is wholly-owned by Generation, entered into a revolving accounts receivable financing arrangement with a number of financial institutions and a commercial paper conduit (the Purchasers) to sell certain customer accounts receivable (the Facility). The Facility had a maximum funding limit of $750 million and was scheduled to expire on April 7, 2021, unless renewed by the mutual consent of the parties in accordance with its terms. The Facility was renewed on March 29, 2021. The Facility term was extended through March 29, 2024, unless further renewed by the mutual consent of the parties, and the maximum funding limit was increased to $900 million. Under the Facility, NER may sell eligible short-term customer accounts receivable to the Purchasers in exchange for cash and subordinated interest. The transfers are reported as sales of receivables in Exelon's and Generation's consolidated financial statements. The subordinated interest in collections upon the receivables sold to the Purchasers is referred to as the DPP, which is reflected in Other current assets in Exelon's and Generation's Consolidated Balance Sheets.

The Facility requires the balance of eligible receivables to be maintained at or above the balance of cash proceeds received from the Purchasers. To the extent the eligible receivables decrease below such balance, Generation is required to repay cash to the Purchasers. When eligible receivables exceed cash proceeds, Generation has the ability to increase the cash received up to the maximum funding limit. These cash inflows and outflows impact the DPP.

On April 8, 2020, Generation derecognized and transferred approximately $1.2 billion of receivables at fair value to the Purchasers in exchange for approximately $500 million in cash purchase price and $650 million of DPP.

During the first quarter of 2021, Generation received additional cash of $250 million from the Purchasers for the remaining available funding in the Facility.

Additionally, during the first quarter of 2021, Generation received cash of approximately $150 million from the Purchasers in connection with the increased funding limit at the time of the Facility renewal.

During the second quarter of 2021, Generation returned cash of $50 million to the Purchasers due to the eligible receivables decreasing temporarily. Subsequently, in the second quarter, Generation received cash of $50 million from the Purchasers as a result of an increase in the eligible receivable balance. The $50 million cash outflow and inflow is included in the Collection of DPP line within Cash flows from investing activities in Exelon's and Generation's Consolidated Statements of Cash Flows.

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

The following table summarizes the impact of the sale of certain receivables:

	September 30, 2021	December 31, 2020
Derecognized receivables transferred at fair value	$ 1,401	$ 1,139
Cash proceeds received	900	500
DPP	501	639

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Loss on sale of receivables[a]	$ 1	$ 8	$ 26	$ 23

(a) Reflected in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

	Nine Months Ended September 30,	
	2021	2020
Proceeds from new transfers[a]	$ 4,440	$ 1,889
Cash collections received on DPP and reinvested in the Facility[b]	2,652	2,518
Cash collections reinvested in the Facility	7,092	4,407

(a) Customer accounts receivable sold into the Facility were $7,373 million and $4,515 million for the nine months ended September 30, 2021 and September 30, 2020, respectively.
(b) Does not include the $400 million in cash proceeds received from the Purchasers in the first quarter of 2021.

Generation's risk of loss following the transfer of accounts receivable is limited to the DPP outstanding. Payment of DPP is not subject to significant risks other than delinquencies and credit losses on accounts receivable transferred, which have historically been and are expected to be immaterial. Generation continues to service the receivables sold in exchange for a servicing fee. Generation did not record a servicing asset or liability as the servicing fees were immaterial.

Generation recognizes the cash proceeds received upon sale in Net cash provided by operating activities in the Consolidated Statements of Cash Flows. The collection and reinvestment of DPP is recognized in Net cash provided by investing activities in the Consolidated Statements of Cash Flows.

See Note 14 — Fair Value of Financial Assets and Liabilities and Note 17 — Variable Interest Entities for additional information.

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

Other Purchases and Sales of Customer and Other Accounts Receivables (All Registrants)

Generation is required, under supplier tariffs in ISO-NE, MISO, NYISO, and PJM, to sell customer and other receivables to utility companies, which include the Utility Registrants. The Utility Registrants are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia, Delaware, and New Jersey, to purchase certain receivables from alternative retail electric and, as applicable, natural gas suppliers that participate in the utilities' consolidated billing. The following tables present the total receivables purchased and sold.

	Nine Months Ended September 30, 2021								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Total receivables purchased	$ 2,945	$ —	$ 810	$ 795	$ 531	$ 826	$ 504	$ 166	$ 156
Total receivables sold	100	117	—	—	—	—	—	—	—
Related party transactions:									
Receivables purchased from Generation	—	—	—	—	17	—	—	—	—
Receivables sold to the Utility Registrants	—	17	—	—	—	—	—	—	—

	Nine Months Ended September 30, 2020								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Total receivables purchased	$ 2,698	$ —	$ 865	$ 786	$ 508	$ 787	$ 484	$ 160	$ 143
Total receivables sold	542	790	—	—	—	—	—	—	—
Related party transactions:									
Receivables purchased from Generation	—	—	34	67	75	72	51	13	8
Receivables sold to the Utility Registrants	—	248	—	—	—	—	—	—	—

7. Early Plant Retirements (Exelon and Generation)

Exelon and Generation continuously evaluate factors that affect the current and expected economic value of Generation's plants, including, but not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure plants are fairly compensated for benefits they provide through their carbon-free emissions, reliability, or fuel security, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any plant, and the resulting financial statement impacts, may be affected by many factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and NDT fund requirements for nuclear plants, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, and where applicable, just prior to its next scheduled nuclear refueling outage.

Nuclear Generation

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

On August 27, 2020, Generation announced that it intended to permanently cease generation operations at Byron in September 2021 and at Dresden in November 2021. Neither of these nuclear plants cleared in PJM's capacity auction for the 2022-2023 planning year held in May 2021. Generation's Braidwood and LaSalle nuclear plants in Illinois did clear in the capacity auction, but were also showing increased signs of economic distress.

On September 15, 2021, the Illinois Public Act 102-0662 was signed into law by the Governor of Illinois ("Clean Energy Law"). The Clean Energy Law is designed to achieve 100% carbon-free power by 2045 to enable the state's transition to a clean energy economy. Among other things, the Clean Energy Law authorizes the IPA to procure up to 54.5 million CMCs from qualifying nuclear plants for a five-year period beginning on June 1, 2022 through May 31, 2027. CMCs are credits for the carbon-free attributes of eligible nuclear power plants in PJM. The Byron, Dresden, and Braidwood nuclear plants located in Illinois will be eligible to participate in the CMC procurement process and, if awarded contracts, would be committed to operate through May 31, 2027. See Note 3 — Regulatory Matters for additional information. Following enactment of the legislation, Generation announced on September 15, 2021, that it has reversed its previous decision to retire Byron and Dresden given the opportunity for additional revenue under the Clean Energy Law. In addition, Generation no longer considers the Braidwood or LaSalle nuclear plants to be at risk for premature retirement.

As a result of the decision to early retire Byron and Dresden, Exelon and Generation recognized certain one-time charges in the third and fourth quarters of 2020 related to materials and supplies inventory reserve adjustments, employee-related costs including severance benefit costs, and construction work-in-progress impairments, among other items. In addition, there were ongoing annual financial impacts stemming from shortening the expected economic useful lives of these nuclear plants primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and changes in ARO accretion expense associated with the changes in decommissioning timing and cost assumptions to reflect an earlier retirement date.

In the third quarter of 2021, Exelon and Generation reversed $81 million of severance benefit costs and $13 million of other one-time charges initially recorded in Operating and maintenance expense in the third and fourth quarters of 2020 associated with the early retirements. In addition, Generation updated the expected economic useful life for both facilities to 2044 and 2046 for Byron Units 1 and 2, respectively, and to 2029 and 2031 for Dresden Units 2 and 3, respectively, the end of the respective NRC operating license for each unit. Depreciation was therefore adjusted beginning September 15, 2021, to reflect these extended useful life estimates. See Note 8 — Nuclear Decommissioning for additional detail on changes to the nuclear decommissioning ARO balances resulting from the initial decision and subsequent reversal of the decision to early retire Byron and Dresden.

The total impact for the three and nine months ended September 30, 2021 and 2020 in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income resulting from the initial decision and subsequent reversal of the decision to early retire Byron and Dresden is summarized in the table below.

Income statement expense (pre-tax)	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021	Three and Nine Months Ended September 30, 2020
Depreciation and amortization			
Accelerated depreciation[(a)]	$ 574	$ 1,805	$ 254
Accelerated nuclear fuel amortization	42	148	14
Operating and maintenance			
One-time charges	(94)	(94)	220
Other charges	4	8	34
Contractual offset[(b)]	(60)	(451)	(129)
Total	$ 466	$ 1,416	$ 393

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(a) Includes the accelerated depreciation of plant assets including any ARC.
(b) Reflects contractual offset for ARO accretion and ARC depreciation and excludes any changes in earnings in the NDT funds. Decommissioning-related impacts were not offset for the Byron units starting in the second quarter of 2021 due to the inability to recognize a regulatory asset at ComEd. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date. Based on the regulatory agreement with the ICC, decommissioning-related activities are offset in Exelon's and Generation's Consolidated

Statements of Operations and Comprehensive Income as long as the net cumulative decommissioning-related activities result in a regulatory liability at ComEd. The offset resulted in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. See Note 8 — Nuclear Decommissioning for additional information.

Generation remains committed to continued operations for its other nuclear plants receiving state-supported payments under the Illinois ZES (Clinton and Quad Cities), New Jersey ZEC program (Salem), and the New York CES (FitzPatrick, Ginna, and Nine Mile Point) assuming the continued effectiveness of such programs. To the extent such programs do not operate as expected over their full terms, each of these plants would be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future financial statements. See Note 3 — Regulatory Matters for additional information on the New Jersey ZEC program and Note 3 — Regulatory Matters of the 2020 Form 10-K for additional information on the Illinois ZES and New York CES.

Exelon continues to work with stakeholders on state policy solutions to support continued operation of our nuclear fleet, while also advocating for broader market reforms at the regional and federal level. The absence of such solutions or reforms could have a material unfavorable impact on Exelon's and Generation's future results of operations.

Other Generation

In March 2018, Generation notified ISO-NE of its plans to early retire, among other assets, the Mystic Generating Station's units 8 and 9 (Mystic 8 and 9) absent regulatory reforms to properly value reliability and regional fuel security. Thereafter, ISO-NE identified Mystic 8 and 9 as being needed to ensure fuel security for the region and entered into a cost of service agreement with these two units for the period between June 1, 2022 - May 31, 2024. The agreement was approved by FERC in December 2018.

On June 10, 2020, Generation filed a complaint with FERC against ISO-NE stating that ISO-NE failed to follow its tariff with respect to its evaluation of Mystic 8 and 9 for transmission security for the 2024 to 2025 Capacity Commitment Period and that the modifications that ISO-NE made to its unfiled planning procedures to avoid retaining Mystic 8 and 9 should have been filed with FERC for approval. On August 17, 2020, FERC issued an order denying the complaint. As a result, on August 20, 2020, Exelon determined that Generation will permanently cease generation operations at Mystic 8 and 9 at the expiration of the cost of service commitment in May 2024. See Note 3 — Regulatory Matters for additional discussion of Mystic's cost of service agreement.

As a result of the decision to early retire Mystic 8 and 9, Exelon and Generation recognized $43 million in the third quarter of 2020 of one-time charges related to an expected long-term contract termination and materials and supplies reserve adjustments, among other items. In addition, there are financial impacts stemming from shortening the expected economic useful life of Mystic 8 and 9 primarily related to accelerated depreciation of plant assets. Exelon and Generation recorded an immaterial amount of incremental Depreciation and amortization expense for the three months ended September 30, 2021 and $41 million for the nine months ended September 30, 2021. Exelon and Generation recorded incremental Depreciation and amortization expense of $6 million for the three and nine months ended September 30, 2020.

8. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

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

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

The financial statement impact for changes in the ARO, on an individual unit basis, due to the changes in and timing of estimated cash flows generally result in a corresponding change in the unit's ARC in Property, plant, and equipment in Exelon's and Generation's Consolidated Balance Sheets. If the ARO decreases for a Non-Regulatory Agreement unit without any remaining ARC, the corresponding change is recorded as decrease in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

The following table provides a rollforward of the nuclear decommissioning ARO reflected in Exelon's and Generation's Consolidated Balance Sheets from December 31, 2020 to September 30, 2021:

Nuclear decommissioning ARO at December 31, 2020[(a)]	$	11,922
Accretion expense		375
Net increase due to changes in, and timing of, estimated future cash flows		256
Costs incurred related to decommissioning plants		(57)
Nuclear decommissioning ARO at September 30, 2021[(a)]	$	12,496

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(a) Includes $74 million and $80 million as the current portion of the ARO at September 30, 2021 and December 31, 2020, which is included in Other current liabilities in Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2021, the net $256 million increase in the ARO for the changes in the amounts and timing of estimated decommissioning cash flows was driven by multiple adjustments. These adjustments primarily include:

- An increase of approximately $510 million for updated cost escalation rates, primarily for labor and energy, and a decrease in discount rates.
- A net decrease of approximately $170 million was driven by updates to Byron and Dresden reflecting changes in assumed retirement dates and assumed methods of decommissioning as a result of the reversal of the decision to early retire the plants. See Note 7 — Early Plant Retirements for additional information.
- A net decrease of approximately $110 million due to lower estimated costs to decommission Byron, Braidwood, Dresden, LaSalle, and Zion nuclear units resulting from the completion of updated cost studies.

The 2021 ARO updates resulted in a decrease of $51 million in Operating and maintenance expense for the three and nine months ended September 30, 2021 in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

NDT Funds

Exelon and Generation had NDT funds totaling $15,602 million and $14,599 million at September 30, 2021 and December 31, 2020, respectively. The NDT funds also include $198 million and $134 million for the current portion of the NDT funds at September 30, 2021 and December 31, 2020, respectively, which are included in Other current assets in Exelon's and Generation's Consolidated Balance Sheets. See Note 18 — Supplemental Financial Information for additional information on activities of the NDT funds.

Accounting Implications of the Regulatory Agreements with ComEd and PECO

Based on the regulatory agreements with the ICC and PAPUC that dictate Generation's obligations related to the shortfall or excess of NDT funds necessary for decommissioning the former ComEd units on a unit-by-unit basis and the former PECO units in total, decommissioning-related activities net of applicable taxes, including realized and unrealized gains and losses on the NDT funds, depreciation of the ARC, and accretion of the decommissioning obligation, are generally offset in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are recorded by Generation and the corresponding regulated utility as a component of the intercompany and regulatory balances in the balance sheet. For the purposes of making this determination, the decommissioning obligation referred to is different from the calculation used in the NRC minimum funding obligation filings based on NRC guidelines.

For the former ComEd units, given no further recovery from ComEd customers is permitted and Generation retains an obligation to ultimately return any unused NDTs to ComEd customers (on a unit-by-unit basis), to the extent the related NDT investment balances are expected to exceed the total estimated decommissioning obligation for each unit, decommissioning-related activities are offset in the Consolidated Statements of Operations and Comprehensive Income which results with Generation recognizing an intercompany payable to ComEd while ComEd records an intercompany receivable from Generation with a corresponding regulatory liability. However, given the asymmetric settlement provision that does not allow for continued recovery from ComEd customers in the event of a shortfall, recognition of a regulatory asset at ComEd is not permissible and accounting for decommissioning-related activities at Generation for that unit would not be offset, and the impact to Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income could be material during such periods. During the second and third quarter of 2021, a pre-tax charge of $53 million and $140 million, respectively, was recorded in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income for decommissioning-related activities that were not offset for the Byron units due to contractual offset being temporarily suspended. With Generation's September 15, 2021 reversal of the previous decision to retire Byron and the corresponding adjustment to the ARO for Byron discussed previously, Generation resumed contractual offset for Byron as of that date.

As of September 30, 2021, decommissioning-related activities for all of the former ComEd units, except for Zion, are currently offset in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

The decommissioning-related activities related to the Non-Regulatory Agreement Units are reflected in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

See Note 10 — Asset Retirement Obligations of the Exelon 2020 Form 10-K for additional information.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on February 24, 2021 for all units, including its shutdown units, except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions, LLC. The status report demonstrated adequate decommissioning funding assurance as of December 31, 2020 for all units except for Byron Units 1 and 2. Generation filed an updated decommissioning funding status report for Byron Units 1 and 2 and Dresden Units 2 and 3 on September 28, 2021 based on their current license expiration dates consistent with Generation's announcements regarding the continued operations of these units. This report demonstrated adequate decommissioning funding assurance as of December 31, 2020 for Byron Units 1 and 2 and Dresden Units 2 and 3.

Generation will file its next decommissioning funding status report with the NRC by March 31, 2022. This report will reflect the status of decommissioning funding assurance as of December 31, 2021 for shutdown units.

9. Asset Impairments (Exelon and Generation)

The Registrants evaluate the carrying value of long-lived assets or asset groups for recoverability whenever events or changes in circumstances indicate that the carrying value of those assets may not be recoverable. Indicators of impairment may include a deteriorating business climate, including, but not limited to, declines in energy prices, condition of the asset, specific regulatory disallowance, or plans to dispose of a long-lived asset significantly before the end of its useful life. The Registrants determine if long-lived assets or asset groups are impaired by comparing the undiscounted expected future cash flows to the carrying value. When the undiscounted cash flow analysis indicates a long-lived asset or asset group is not recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value. The fair value analysis is primarily based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures, and discount rates. A variation in the assumptions used could lead to a different conclusion regarding the recoverability of an asset or asset group and, thus, could potentially result in material future impairments of the Registrant's long-lived assets.

New England Asset Group

In the third quarter of 2020, in conjunction with the retirement announcement of Mystic Units 8 and 9, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group and concluded that the estimated undiscounted future cash flows and fair value of the New England asset group were less than their carrying values. As a result, a pre-tax impairment charge of $500 million was recorded in the third quarter of 2020 in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 7 — Early Plant Retirements for additional information.

In the second quarter of 2021, an overall decline in the asset group's portfolio value suggested that the carrying value of the New England asset group may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group and concluded that the carrying value was not recoverable and that its fair value was less than its carrying value. As a result, a pre-tax impairment charge of $350 million was recorded in the second quarter of 2021 in Operating and maintenance expense in Exelon’s and Generation’s Consolidated Statements of Operations and Comprehensive Income.

Contracted Wind Project

In the third quarter of 2021, significant long-term operational issues anticipated for a specific wind turbine technology suggested that the carrying value of a contracted wind asset, located in Maryland and part of the EGRP joint venture, may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows and concluded that the carrying value of this contracted wind project was not recoverable and that its fair value was less than its carrying value. As a result, in the third quarter of 2021, a pre-tax impairment charge of $45 million was recorded in Operating and maintenance expense, $21 million of which was offset in Net income attributable to noncontrolling interests in Exelon’s and Generation’s Consolidated Statements of Operations and Comprehensive Income.

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

10. Income Taxes (All Registrants)

Rate Reconciliation

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

	Three Months Ended September 30, 2021								
	Exelon[(a)]	Generation[(a)]	ComEd[(a)]	PECO[(a)(b)]	BGE[(a)(b)]	PHI[(a)]	Pepco[(a)]	DPL[(a)]	ACE[(a)(b)]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	6.0	4.4	8.0	(4.1)	(13.0)	5.0	3.4	6.4	7.0
Qualified NDT fund income	0.5	0.9	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.4)	(0.7)	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Plant basis differences	(1.7)	—	(0.8)	(16.2)	(1.4)	(1.3)	(2.0)	(0.6)	(0.6)
Production tax credits and other credits	(1.0)	(1.4)	(0.5)	—	(0.9)	(0.5)	(0.5)	(0.4)	(0.5)
Noncontrolling interests	(0.4)	(0.6)	—	—	—	—	—	—	—
Excess deferred tax amortization	(6.8)	—	(7.6)	(3.4)	(17.3)	(24.9)	(17.6)	(19.9)	(41.4)
Other[(c)]	(4.8)	(1.9)	0.3	(0.1)	(0.8)	—	0.1	(0.6)	0.8
Effective income tax rate	12.4%	21.7%	20.3%	(2.8)%	(12.5)%	(0.8)%	4.4%	5.7%	(13.9)%

	Three Months Ended September 30, 2020								
	Exelon[(a)]	Generation[(a)]	ComEd[(a)]	PECO[(a)(d)]	BGE[(a)(d)]	PHI[(a)(d)]	Pepco[(a)(d)]	DPL[(a)(d)]	ACE[(a)(d)]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	12.3	(10.3)	8.1	(6.2)	5.1	5.5	4.6	6.6	6.9
Qualified NDT fund income	13.2	47.4	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.4)	(4.5)	(0.2)	—	(0.1)	(0.2)	(0.1)	(0.2)	(0.3)
Plant basis differences	(4.3)	—	(0.6)	(23.3)	(1.2)	(1.5)	(2.1)	(0.4)	(1.3)
Production tax credits and other credits	(3.0)	(9.2)	(0.4)	—	(0.8)	(0.5)	(0.5)	(0.5)	(0.4)
Noncontrolling interests	0.8	2.9	—	—	—	—	—	—	—
Excess deferred tax amortization	(10.1)	—	(5.6)	(3.8)	(10.6)	(24.9)	(20.0)	(23.6)	(36.8)
Tax Settlements	(0.2)	(0.7)	—	—	—	—	—	—	—
Other	(0.8)	(0.9)	1.1	(0.8)	(0.3)	0.1	(0.4)	0.7	0.6
Effective income tax rate	27.5%	45.7%	23.4%	(13.1)%	13.1%	(0.5)%	2.5%	3.6%	(10.3)%

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the income tax benefit is primarily due to plant basis differences attributable to tax repair deductions. For BGE,

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

the income tax benefit is primarily due to the Maryland multi-year plan which resulted in the acceleration of certain income tax benefits. For ACE, the income tax benefit is primarily due to a distribution rate case settlement which allows ACE to retain certain tax benefits.

(c) For Exelon, "Other" is primarily driven by the reversal of the consolidating income tax adjustment recorded at Exelon Corporate in the first quarter of 2021 that was required pursuant to GAAP interim reporting guidance.

(d) At PECO, the lower effective tax rate is primarily related to an increase in plant basis differences attributable to storm tax repair deductions. At BGE, PHI, Pepco, DPL and ACE, the lower effective tax rate is primarily attributable to accelerated amortization of transmission related deferred income tax regulatory liabilities as a result of regulatory settlements.

	Nine Months Ended September 30, 2021								
	Exelon[(a)]	Generation[(b)]	ComEd[(a)]	PECO[(a)(c)]	BGE[(a)(c)]	PHI[(a)]	Pepco[(a)]	DPL[(a)]	ACE[(a)(c)]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.0	90.2	7.6	(2.6)	(10.8)	4.6	2.5	6.5	7.3
Qualified NDT fund income	9.4	(1,932.6)	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.8)	130.6	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Plant basis differences	(3.9)	—	(0.7)	(12.6)	(1.5)	(1.3)	(1.9)	(0.7)	(0.6)
Production tax credits and other credits	(2.6)	425.1	(0.5)	—	(0.9)	(0.5)	(0.5)	(0.4)	(0.5)
Noncontrolling interests	(0.7)	145.2	—	—	—	—	—	—	—
Excess deferred tax amortization	(13.9)	—	(7.2)	(3.3)	(16.0)	(22.8)	(17.4)	(19.7)	(36.3)
Other[(d)]	2.2	(229.5)	(1.3)	(0.2)	(0.7)	(0.3)	(0.4)	(0.2)	—
Effective income tax rate	13.7%	(1,350.0)%	18.8%	2.3%	(9.0)%	0.6%	3.3%	6.3%	(9.3)%

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

	Nine Months Ended September 30, 2020								
	Exelon[(a)]	Generation[(a)]	ComEd[(a)(e)]	PECO[(a)(e)]	BGE[(a)(e)]	PHI[(a)(e)]	Pepco[(a)(e)]	DPL[(a)(e)]	ACE[(a)(e)]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	9.3	—	12.7	(3.4)	5.5	5.0	4.2	6.5	6.8
Qualified NDT fund income	3.2	10.0	—	—	—	—	—	—	—
Deferred Prosecution Agreement payments	2.5	—	9.4	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.2)	(3.2)	(0.3)	—	(0.1)	(0.2)	(0.1)	(0.3)	(0.5)
Plant basis differences	(4.0)	—	(0.9)	(15.9)	(1.8)	(2.2)	(2.4)	(0.5)	(3.7)
Production tax credits and other credits	(2.6)	(7.0)	(0.4)	—	(0.4)	(0.3)	(0.3)	(0.2)	(0.4)
Noncontrolling interests	1.0	3.1	—	—	—	—	—	—	—
Excess deferred tax amortization	(15.8)	—	(11.8)	(3.5)	(15.0)	(45.3)	(29.2)	(53.6)	(81.4)
Tax Settlements[(f)]	(5.0)	(15.7)	—	—	—	—	—	—	—
Other	0.1	(0.5)	2.1	(0.5)	(0.5)	(0.6)	(0.8)	(1.1)	—
Effective income tax rate	8.5%	7.7%	31.8%	(2.3)%	8.7%	(22.6)%	(7.6)%	(28.2)%	(58.2)%

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(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) Generation recognized a loss before income taxes for the nine months ended September 30, 2021. As a result, a negative percentage represents an income tax expense for the period presented.
(c) For PECO, the lower effective tax rate is primarily related to an increase in plant basis differences attributable to tax repair deductions. For BGE, the income tax benefit is primarily due to the Maryland multi-year plan which resulted in the acceleration of certain income tax benefits. For ACE, the income tax benefit is primarily due to a distribution rate case settlement which allows ACE to retain certain tax benefits.
(d) For Exelon, "Other" is primarily driven by the consolidating income tax adjustment recorded at Exelon Corporate in the first quarter of 2021 that was required pursuant to GAAP interim reporting guidance. This incremental expense will reverse by year-end and will not have an impact on annual results.
(e) For ComEd, the higher effective tax rate is primarily related to the nondeductible Deferred Prosecution Agreement payments. For PECO, the income tax benefit is primarily related to an increase in plant basis differences attributable to storm tax repairs deductions. For BGE, PHI, Pepco, DPL, and ACE, the income tax benefit is primarily attributable to accelerated amortization of transmission related deferred income tax regulatory liabilities as a result of regulatory settlements.
(f) Exelon's and Generation's unrecognized federal and state tax benefits decreased in the first quarter of 2020 by approximately $411 million due to the settlement of a federal refund claim with IRS Appeals. The recognition of these tax benefits resulted in an increase to Exelon's and Generation's net income of $76 million and $73 million, respectively, in the first quarter of 2020, reflecting a decrease to Exelon's and Generation's income tax expense of $67 million.

Unrecognized Tax Benefits

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

PHI and ACE have the following unrecognized tax benefits as of September 30, 2021 and December 31, 2020. Exelon's, Generation's, ComEd's, PECO's, BGE's, Pepco's, and DPL's amounts are not material.

	PHI	ACE
September 30, 2021	$ 56	$ 16
December 31, 2020	52	15

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

As of September 30, 2021, ACE has approximately $14 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date based on the outcome of pending court cases involving other taxpayers. The unrecognized tax benefit, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

CENG Put Option (Exelon and Generation)

On August 6, 2021, Generation and EDF entered into a settlement agreement pursuant to which Generation purchased EDF's equity interest in CENG. Exelon and Generation recorded deferred tax liabilities of $290 million and $288 million, respectively, against Common Stock in Exelon's Consolidated Balance Sheet and Membership Interest in Generation's Consolidated Balance Sheet. The deferred tax liabilities represent the tax effect on the difference between the net purchase price and EDF's noncontrolling interest as of August 6, 2021. The deferred tax liabilities will reverse during the remaining operating lives and during decommissioning of the CENG nuclear plants. See Note 2 – Mergers, Acquisitions, and Dispositions for additional information.

Long-Term Marginal State Income Tax Rate (All Registrants)

In the third quarter of 2021 and 2020, Exelon updated its marginal state income tax rates for changes in state apportionment. The changes in marginal rates in the third quarter of 2021 resulted in an increase of $27 million to the deferred income tax liability at Exelon, and a corresponding adjustment to income tax expense, net of federal taxes. The changes in marginal rates in the third quarter of 2020 resulted in an increase of $66 million and a decrease of $26 million to the deferred income tax liability at Exelon and Generation, respectively. Exelon and Generation recorded a corresponding adjustment to income tax expense, net of federal taxes.

Allocation of Tax Benefits (All Registrants)

Generation and the Utility Registrants are all party to an agreement with Exelon and other subsidiaries of Exelon that provides for the allocation of consolidated tax liabilities and benefits (Tax Sharing Agreement). The Tax Sharing Agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, any net benefit attributable to Exelon is reallocated to the other Registrants. That allocation is treated as a contribution to the capital of the party receiving the benefit.

The following table presents the allocation of federal tax benefits from Exelon under the Tax Sharing Agreement.

	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2021	$ 64	$ 1	$ 19	$ —	$ 17	$ 16	$ —	$ —
September 30, 2020	64	14	17	—	17	8	6	1

11. Retirement Benefits (All Registrants)

Defined Benefit Pension and OPEB

During the first quarter of 2021, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2021. This valuation resulted in an increase to the pension obligations of $33 million and a decrease to the OPEB obligations of $9 million. Additionally, accumulated other comprehensive loss increased by $1 million (after-tax) and regulatory assets and liabilities increased by $21 million and $1 million, respectively.

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

The majority of the 2021 pension benefit cost for the Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 2.58%. The majority of the 2021 OPEB cost is calculated using an expected long-term rate of return on plan assets of 6.46% for funded plans and a discount rate of 2.51%.

A portion of the net periodic benefit cost for all plans is capitalized in the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and nine months ended September 30, 2021 and 2020.

	Pension Benefits		OPEB	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Components of net periodic benefit cost:				
Service cost	$ 110	$ 97	$ 20	$ 22
Interest cost	161	190	29	37
Expected return on assets	(335)	(317)	(40)	(41)
Amortization of:				
Prior service cost (credit)	1	1	(8)	(30)
Actuarial loss	150	128	9	12
Settlement charges	12	8	—	—
Net periodic benefit cost	$ 99	$ 107	$ 10	$ —

	Pension Benefits		OPEB	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Components of net periodic benefit cost:				
Service cost	$ 330	$ 290	$ 60	$ 67
Interest cost	481	569	86	114
Expected return on assets	(1,003)	(953)	(119)	(122)
Amortization of:				
Prior service cost (credit)	3	3	(25)	(92)
Actuarial loss	449	384	27	36
Curtailment benefits	—	—	(1)	—
Settlement charges	16	14	—	—
Net periodic benefit cost	$ 276	$ 307	$ 28	$ 3

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

The amounts below represent the Registrants' allocated pension and OPEB costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant, and equipment, net while the non-service cost components are included in Other, net and Regulatory assets. For Generation and the Utility Registrants, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant, and equipment, net in their consolidated financial statements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and OPEB Costs	2021	2020	2021	2020
Exelon	$ 109	$ 107	$ 304	$ 310
Generation	36	30	92	89
ComEd	32	29	97	85
PECO	2	1	5	4
BGE	16	16	47	47
PHI	12	17	36	52
Pepco	2	4	5	11
DPL	1	2	2	6
ACE	3	3	8	10

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans for the three and nine months ended September 30, 2021 and 2020, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Savings Plans Matching Contributions	2021	2020	2021	2020
Exelon	$ 38	$ 37	$ 107	$ 104
Generation	14	14	40	41
ComEd	9	9	27	25
PECO	2	3	8	8
BGE	4	4	8	8
PHI	5	3	12	9
Pepco	1	1	3	3
DPL	1	1	3	2
ACE	1	—	2	1

12. Derivative Financial Instruments (All Registrants)

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

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include NPNS, cash flow hedges, and fair value hedges. All derivative economic hedges related to commodities, referred to as economic hedges, are recorded at fair value through earnings at Generation and are offset by a corresponding regulatory asset or liability at ComEd. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed.

Authoritative guidance about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Combined Notes to Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheets. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referenced contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. In the tables below, which present fair value balances, Generation's energy-related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting columns.

Generation's and ComEd's use of cash collateral is generally unrestricted unless Generation or ComEd are downgraded below investment grade. Cash collateral held by PECO, BGE, Pepco, DPL, and ACE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

Commodity Price Risk (All Registrants)

Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options, and short-term and long-term commitments to purchase and sell energy and commodity products. The Registrants believe these instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Generation. To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels, and other commodities. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and power purchases, natural gas transportation and pipeline capacity agreements, and other energy-related products marketed and purchased. To manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from expected sales of power and gas and purchases of power and fuel. The objectives for executing such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities and are subject to limits established by Exelon's RMC.

Utility Registrants. The Utility Registrants procure electric and natural gas supply through a competitive procurement process approved by each of the respective state utility commissions. The Utility Registrants' hedging programs are intended to reduce exposure to energy and natural gas price volatility and have no direct earnings impact as the costs are fully recovered from customers through regulatory-approved recovery mechanisms. The following table provides a summary of the Utility Registrants' primary derivative hedging instruments, listed by commodity and accounting treatment.

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

Registrant	Commodity	Accounting Treatment	Hedging Instrument
ComEd	Electricity	NPNS	Fixed price contracts based on all requirements in the IPA procurement plans.
	Electricity	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(a)]	20-year floating-to-fixed energy swap contracts beginning June 2012 based on the renewable energy resource procurement requirements in the Illinois Settlement Legislation of approximately 1.3 million MWhs per year.
PECO	Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.
BGE	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts for between 10-20% of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period.
Pepco	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
DPL	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed and Index priced contracts through full requirements contracts.
		Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(b)]	Exchange traded future contracts for up to 50% of estimated monthly purchase requirements each month, including purchases for storage injections.
ACE	Electricity	NPNS	Fixed price contracts for all BGS requirements through full requirements contracts.

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(a) See Note 3 — Regulatory Matters of the 2020 Form 10-K for additional information.
(b) The fair value of the DPL economic hedge is not material as of September 30, 2021 and December 31, 2020 and is not presented in the fair value tables below.

The following tables provide a summary of the derivative fair value balances recorded by Exelon, Generation, and ComEd as of September 30, 2021 and December 31, 2020:

	Exelon	Generation					ComEd
September 30, 2021	**Total Derivatives**	**Economic Hedges**	**Proprietary Trading**	**Collateral[(a)(b)]**	**Netting[(a)]**	**Subtotal**	**Economic Hedges**
Mark-to-market derivative assets (current assets)	$ 1,505	$ 19,631	$ 63	$ (790)	$ (17,399)	$ 1,505	$ —
Mark-to-market derivative assets (noncurrent assets)	661	3,612	5	(201)	(2,755)	661	—
Total mark-to-market derivative assets	2,166	23,243	68	(991)	(20,154)	2,166	—
Mark-to-market derivative liabilities (current liabilities)	(1,710)	(18,490)	(55)	(559)	17,399	(1,705)	(5)
Mark-to-market derivative liabilities (noncurrent liabilities)	(720)	(3,168)	(3)	(95)	2,755	(511)	(209)
Total mark-to-market derivative liabilities	(2,430)	(21,658)	(58)	(654)	20,154	(2,216)	(214)
Total mark-to-market derivative net (liabilities) assets	$ (264)	$ 1,585	$ 10	$ (1,645)	$ —	$ (50)	$ (214)

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

	Exelon	Generation					ComEd
December 31, 2020	Total Derivatives	Economic Hedges	Proprietary Trading	Collateral[(a)(b)]	Netting[(a)]	Subtotal	Economic Hedges
Mark-to-market derivative assets (current assets)	$ 639	$ 2,757	$ 40	$ 103	$ (2,261)	$ 639	$ —
Mark-to-market derivative assets (noncurrent assets)	554	1,501	4	64	(1,015)	554	—
Total mark-to-market derivative assets	1,193	4,258	44	167	(3,276)	1,193	—
Mark-to-market derivative liabilities (current liabilities)	(293)	(2,629)	(23)	131	2,261	(260)	(33)
Mark-to-market derivative liabilities (noncurrent liabilities)	(472)	(1,335)	(2)	118	1,015	(204)	(268)
Total mark-to-market derivative liabilities	(765)	(3,964)	(25)	249	3,276	(464)	(301)
Total mark-to-market derivative net assets (liabilities)	$ 428	$ 294	$ 19	$ 416	$ —	$ 729	$ (301)

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(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance in the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit, and other forms of non-cash collateral. As of September 30, 2021, $1 million of cash collateral posted with external counterparties and an additional $71 million of cash collateral posted with affiliates, including $50 million with ComEd, and as of December 31, 2020, $15 million of cash collateral held with external counterparties, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, was associated with accrual positions, or had no positions to offset as of the balance sheet date.
(b) Includes $2,084 million held and $209 million posted of variation margin with the exchanges as of September 30, 2021 and December 31, 2020 respectively.

Economic Hedges (Commodity Price Risk)

Generation. For the three and nine months ended September 30, 2021 and 2020, Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also located in the Net fair value changes related to derivatives line in the Consolidated Statements of Cash Flows.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Income Statement Location	(Loss) Gain		(Loss) Gain	
Operating revenues	$ (637)	$ 39	$ (961)	$ 238
Purchased power and fuel	1,392	209	2,209	224
Total Exelon and Generation	$ 755	$ 248	$ 1,248	$ 462

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2021, the percentage of expected generation hedged for the Mid-Atlantic, Midwest, New York, and ERCOT reportable segments is 96%-99% for the remainder of 2021.

Proprietary Trading (Commodity Price Risk)

Generation also executes commodity derivatives for proprietary trading purposes. Proprietary trading includes all contracts executed with the intent of benefiting from shifts or changes in market prices as opposed to those executed with the intent of hedging or managing risk. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in the Net fair value changes related to derivatives line in the Consolidated Statements of Cash Flows. For the three and nine months ended September 30, 2021 and 2020, net pre-tax commodity mark-to-market gains and losses for Exelon and Generation were not material. The Utility Registrants do not execute derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon and Generation)

Generation utilizes interest rate swaps to manage its interest rate exposure and foreign currency derivatives to manage foreign exchange rate exposure associated with international commodity purchases in currencies other than U.S. dollars, both of which are treated as economic hedges. The notional amounts were $567 million and $665 million for Exelon and Generation as of September 30, 2021 and December 31, 2020, respectively.

The mark-to-market derivative assets and liabilities as of September 30, 2021 and December 31, 2020 and the mark-to-market gains and losses for the three and nine months ended September 30, 2021 and 2020 were not material for Exelon and Generation.

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date.

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

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

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2021. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The amounts in the tables below exclude credit risk exposure from individual retail counterparties, nuclear fuel procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX, and Nodal commodity exchanges.

Rating as of September 30, 2021	Total Exposure Before Credit Collateral	Credit Collateral[a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 701	$ 254	$ 447	—	$ —
Non-investment grade	23	2	21	—	—
No external ratings					
Internally rated — investment grade	110	1	109	—	—
Internally rated — non-investment grade	309	48	261	—	—
Total	$ 1,143	$ 305	$ 838	—	$ —

Net Credit Exposure by Type of Counterparty	As of September 30, 2021
Financial institutions	$ 53
Investor-owned utilities, marketers, power producers	652
Energy cooperatives and municipalities	62
Other	71
Total	$ 838

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(a) As of September 30, 2021, credit collateral held from counterparties where Generation had credit exposure included $188 million of cash and $117 million of letters of credit. The credit collateral does not include non-liquid collateral.

Utility Registrants. The Utility Registrants have contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. As of September 30, 2021, the amount of cash collateral held with external counterparties by ComEd, BGE, and DPL was $56 million, $21 million, and $25 million, respectively, which is recorded in Other Current Liabilities in ComEd's, BGE's, and DPL's Consolidated Balance Sheets. The amounts for PECO, Pepco, and ACE as of September 30, 2021 and for the Utility Registrants as of December 31, 2020 are not material. The amount for ComEd as of September 30, 2021 does not include cash collateral held from Generation, which is disclosed in the notes to the derivative fair value balances tables above.

Credit-Risk-Related Contingent Features (All Registrants)

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

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

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

Credit-Risk Related Contingent Features	September 30, 2021	December 31, 2020
Gross fair value of derivative contracts containing this feature[(a)]	$ (5,289)	$ (834)
Offsetting fair value of in-the-money contracts under master netting arrangements[(b)]	2,735	537
Net fair value of derivative contracts containing this feature[(c)]	$ (2,554)	$ (297)

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

As of September 30, 2021 and December 31, 2020, Exelon and Generation posted or held the following amounts of cash collateral and letters of credit on derivative contracts with external counterparties, after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

	September 30, 2021	December 31, 2020
Cash collateral posted	$ 299	$ 511
Letters of credit posted	477	226
Cash collateral held	1,872	110
Letters of credit held	130	40
Additional collateral required in the event of a credit downgrade below investment grade	3,001	1,432

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

Utility Registrants

The Utility Registrants' electric supply procurement contracts do not contain provisions that would require them to post collateral.

PECO's, BGE's, and DPL's natural gas procurement contracts contain provisions that could require PECO, BGE, and DPL to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO's, BGE's, and DPL's credit rating. As of September 30, 2021, PECO, BGE, and DPL were not required to post collateral for any of these agreements. If PECO, BGE, or DPL lost their investment grade credit rating as of September 30, 2021, they could have been required to post incremental collateral to their counterparties of $23 million, $46 million, and $11 million, respectively.

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

13. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The following table reflects the Registrants' commercial paper programs as of September 30, 2021 and December 31, 2020. PECO and BGE had no commercial paper borrowings as of September 30, 2021 and December 31, 2020.

	Outstanding Commercial Paper as of		Average Interest Rate on Commercial Paper Borrowings as of	
Commercial Paper Issuer	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Exelon[(a)]	$ 287	$ 1,031	0.19 %	0.25 %
Generation	—	340	— %	0.27 %
ComEd	—	323	— %	0.23 %
PHI[(b)]	287	368	0.19 %	0.24 %
Pepco	40	35	0.15 %	0.22 %
DPL	22	146	0.15 %	0.24 %
ACE	225	187	0.20 %	0.25 %

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(a) Exelon Corporate had no outstanding commercial paper borrowings as of September 30, 2021 and December 31, 2020.
(b) Represents the consolidated amounts of Pepco, DPL, and ACE.

See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on the Registrants' credit facilities.

Short-Term Loan Agreements

On March 23, 2017, Exelon Corporate entered into a term loan agreement for $500 million. The loan agreement was renewed on March 17, 2021 and will expire on March 16, 2022. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.65% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On March 24, 2021, Exelon Corporate entered into a 9-month term loan agreement for $200 million. The loan agreement has an expiration of December 24, 2021. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.65% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On March 31, 2021, Exelon Corporate entered into a 9-month and 364-day term loan agreement for $150 million each with variable interest rates of LIBOR plus 0.65% and expiration dates of December 31, 2021 and March 30, 2022, respectively. The loan agreements are reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On March 19, 2020, Generation entered into a term loan agreement for $200 million. The loan agreement was renewed on March 17, 2021 and will expire on March 16, 2022. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.875% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's and Generation's Consolidated Balance Sheets within Short-term borrowings.

On March 31, 2020, Generation entered into a term loan agreement for $300 million. The loan agreement was renewed on March 30, 2021 and will expire on March 29, 2022. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.70% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's and Generation's Consolidated Balance Sheets within Short-term borrowings.

On August 6, 2021, Generation entered into a 364-day term loan agreement for $880 million with a variable interest rate of LIBOR plus 0.875% until March 31, 2022 and a rate of LIBOR plus 1% thereafter and all indebtedness thereunder is unsecured. The loan agreement has an expiration date of August 5, 2022 and is reflected in Short-term borrowings in Exelon's and Generation's Consolidated Balance Sheets.

On January 25, 2021, ComEd entered into two 90-day term loan agreements for $125 million each with variable interest rates of LIBOR plus 0.50% and LIBOR plus 0.75%, respectively. ComEd repaid the term loans on March 9, 2021.

Bilateral Credit Agreements

On January 11, 2013, Generation entered into a bilateral credit agreement for $100 million. The agreement was renewed on March 1, 2021 with a maturity date of March 1, 2023.

On February 21, 2019, Generation entered into a bilateral credit agreement for $100 million. The agreement was renewed on March 31, 2021 with a maturity date of March 31, 2022.

On January 5, 2016, Generation entered into a bilateral credit agreement for $150 million. The agreement was renewed on April 2, 2021 with a maturity date of April 5, 2023.

On October 26, 2012, Generation entered into a bilateral credit agreement for $200 million. The agreement had a maturity date of October 22, 2021, however, was terminated on August 27, 2021.

See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on Generation's bilateral credit agreements.

Credit Agreements

On July 15, 2021, each of the Registrants' respective syndicated revolving credit facilities had their maturity dates extended to May 26, 2024.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2021, the following long-term debt was issued:

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

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Long-Term Software License Agreements	3.62 %	December 1, 2025	$ 4	Procurement of software licenses.
Generation	West Medway II Nonrecourse Debt	LIBOR + 3% [(a)]	March 31, 2026	150	Funding for general corporate purposes.
Generation	Energy Efficiency Project Financing[(b)]	2.53 %	November 30, 2021	1	Funding to install energy conservation measures for the Fort AP Hill project.
Generation	Energy Efficiency Project Financing[(b)]	4.24 %	November 30, 2021	1	Funding to install energy conservation measures for the Marine Corps. Logistics Project.
ComEd	First Mortgage Bonds, Series 130	3.13 %	March 15, 2051	700	Repay a portion of outstanding commercial paper obligations and two outstanding term loans, and to fund other general corporate purposes.
ComEd	First Mortgage Bonds, Series 131	2.75 %	September 1, 2051	450	Refinance existing indebtedness and for general corporate purposes.
PECO	First and Refunding Mortgage Bonds	3.05 %	March 15, 2051	375	Funding for general corporate purposes.
PECO	First and Refunding Mortgage Bonds	2.85 %	September 15, 2051	375	Refinance existing indebtedness and for general corporate purposes.
BGE	Senior Notes	2.25 %	June 15, 2031	600	Repay a portion of outstanding commercial paper obligations, repay existing indebtedness, and to fund other general corporate purposes.
Pepco	First Mortgage Bonds	2.32 %	March 30, 2031	150	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	3.29 %	September 28, 2051	125	Repay existing indebtedness and for general corporate purposes.
DPL	First Mortgage Bonds	3.24 %	March 30, 2051	125	Repay existing indebtedness and for general corporate purposes.
ACE	First Mortgage Bonds	2.30 %	March 15, 2031	350	Refinance existing indebtedness, repay outstanding commercial paper obligations, and for general corporate purposes.

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(a) The nonrecourse debt has an average blended interest rate.
(b) For Energy Efficiency Project Financing, the maturity dates represent the expected date of project completion, upon which the respective customer assumes the outstanding debt.

Debt Covenants

As of September 30, 2021, the Registrants are in compliance with debt covenants.

Nonrecourse Debt

Exelon and Generation have issued nonrecourse debt financing. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default.

West Medway II, LLC. On May 13, 2021, West Medway II, LLC (West Medway II), an indirect subsidiary of Generation, entered into a financing agreement for a $150 million nonrecourse senior secured term loan credit facility with a maturity date of March 31, 2026. The term loan bears interest at an average blended interest rate of

LIBOR plus 3%, paid quarterly. In addition to the financing, West Medway II, entered into interest rate swaps with an initial notional amount of $113 million at an interest rate of 0.61%, paid quarterly, to manage a portion of the interest rate exposure in connection with the financing. The net proceeds were distributed to Generation for general corporate purposes. Generation's interests in West Medway II, were pledged as collateral for this financing. As of September 30, 2021, approximately $145 million was outstanding.

See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on nonrecourse debt and Note 12 — Derivative Financial Instruments for additional information on interest rate swaps.

14. Fair Value of Financial Assets and Liabilities (All Registrants)

Exelon measures and classifies fair value measurements in accordance with the hierarchy as defined by GAAP. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

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

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2021 and December 31, 2020. The Registrants have no financial liabilities classified as Level 1.

The carrying amounts of the Registrants' short-term liabilities as presented in their Consolidated Balance Sheets are representative of their fair value (Level 2) because of the short-term nature of these instruments.

	September 30, 2021				December 31, 2020			
		Fair Value				Fair Value		
	Carrying Amount	Level 2	Level 3	Total	Carrying Amount	Level 2	Level 3	Total
Long-Term Debt, including amounts due within one year[(a)]								
Exelon	$ 38,644	$ 40,570	$ 3,289	$ 43,859	$ 36,912	$ 40,688	$ 3,064	$ 43,752
Generation	6,130	5,835	1,111	6,946	6,087	5,648	1,208	6,856
ComEd	9,772	11,344	—	11,344	8,983	11,117	—	11,117
PECO	4,196	4,738	50	4,788	3,753	4,553	50	4,603
BGE	3,960	4,416	—	4,416	3,664	4,366	—	4,366
PHI	7,482	6,030	2,128	8,158	7,006	6,099	1,806	7,905
Pepco	3,441	3,226	990	4,216	3,165	3,336	748	4,084
DPL	1,808	1,433	559	1,992	1,677	1,484	455	1,939
ACE	1,510	1,107	579	1,686	1,413	1,018	602	1,620
Long-Term Debt to Financing Trusts[(a)]								
Exelon	$ 390	$ —	$ 479	$ 479	$ 390	$ —	$ 467	$ 467
ComEd	205	—	255	255	205	—	246	246
PECO	184	—	224	224	184	—	221	221
SNF Obligation								
Exelon	$ 1,209	$ 1,021	$ —	$ 1,021	$ 1,208	$ 909	$ —	$ 909
Generation	1,209	1,021	—	1,021	1,208	909	—	909

(a) Includes unamortized debt issuance costs which are not fair valued.

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

Recurring Fair Value Measurements

The following tables present assets and liabilities measured and recorded at fair value in the Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2021 and December 31, 2020:

Exelon and Generation

	Exelon					Generation				
As of September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents[a]	$ 2,573	$ —	$ —	$ —	$ 2,573	$ 1,673	$ —	$ —	$ —	$ 1,673
NDT fund investments										
Cash equivalents[b]	647	135	—	—	782	647	135	—	—	782
Equities	4,373	1,717	1	1,559	7,650	4,373	1,717	1	1,559	7,650
Fixed income										
Corporate debt[c]	—	1,155	287	—	1,442	—	1,155	287	—	1,442
U.S. Treasury and agencies	2,192	29	—	—	2,221	2,192	29	—	—	2,221
Foreign governments	—	54	—	—	54	—	54	—	—	54
State and municipal debt	—	29	—	—	29	—	29	—	—	29
Other	31	29	—	1,259	1,319	31	29	—	1,259	1,319
Fixed income subtotal	2,223	1,296	287	1,259	5,065	2,223	1,296	287	1,259	5,065
Private credit	—	—	187	592	779	—	—	187	592	779
Private equity	—	—	—	654	654	—	—	—	654	654
Real estate	—	—	—	802	802	—	—	—	802	802
NDT fund investments subtotal[d][e]	7,243	3,148	475	4,866	15,732	7,243	3,148	475	4,866	15,732
Rabbi trust investments										
Cash equivalents	65	—	—	—	65	4	—	—	—	4
Mutual funds	104	—	—	—	104	35	—	—	—	35
Fixed income	—	10	—	—	10	—	—	—	—	—
Life insurance contracts	—	99	34	—	133	—	33	—	—	33
Rabbi trust investments subtotal	169	109	34	—	312	39	33	—	—	72
Investments in equities[f]	137	—	—	—	137	137	—	—	—	137
Commodity derivative assets										
Economic hedges	5,527	10,633	7,083	—	23,243	5,527	10,633	7,083	—	23,243
Proprietary trading	—	56	12	—	68	—	56	12	—	68
Effect of netting and allocation of collateral[g][h]	(4,468)	(9,869)	(6,808)	—	(21,145)	(4,468)	(9,869)	(6,808)	—	(21,145)
Commodity derivative assets subtotal	1,059	820	287	—	2,166	1,059	820	287	—	2,166
DPP consideration	—	501	—	—	501	—	501	—	—	501

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

	Exelon					Generation				
As of September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Total assets	11,181	4,578	796	4,866	21,421	10,151	4,502	762	4,866	20,281
Liabilities										
Commodity derivative liabilities										
Economic hedges	(4,126)	(9,192)	(8,554)	—	(21,872)	(4,126)	(9,192)	(8,340)	—	(21,658)
Proprietary trading	—	(32)	(26)	—	(58)	—	(32)	(26)	—	(58)
Effect of netting and allocation of collateral[g][h]	4,123	9,159	6,218	—	19,500	4,123	9,159	6,218	—	19,500
Commodity derivative liabilities subtotal	(3)	(65)	(2,362)	—	(2,430)	(3)	(65)	(2,148)	—	(2,216)
Deferred compensation obligation	—	(149)	—	—	(149)	—	(44)	—	—	(44)
Total liabilities	(3)	(214)	(2,362)	—	(2,579)	(3)	(109)	(2,148)	—	(2,260)
Total net assets (liabilities)	$ 11,178	$ 4,364	$ (1,566)	$ 4,866	$ 18,842	$ 10,148	$ 4,393	$ (1,386)	$ 4,866	$ 18,021

	Exelon					Generation				
As of December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents[a]	$ 686	$ —	$ —	$ —	$ 686	$ 124	$ —	$ —	$ —	$ 124
NDT fund investments										
Cash equivalents[b]	210	95	—	—	305	210	95	—	—	305
Equities	3,886	2,077	—	1,562	7,525	3,886	2,077	—	1,562	7,525
Fixed income										
Corporate debt[c]	—	1,485	285	—	1,770	—	1,485	285	—	1,770
U.S. Treasury and agencies	1,871	126	—	—	1,997	1,871	126	—	—	1,997
Foreign governments	—	56	—	—	56	—	56	—	—	56
State and municipal debt	—	101	—	—	101	—	101	—	—	101
Other	—	41	—	961	1,002	—	41	—	961	1,002
Fixed income subtotal	1,871	1,809	285	961	4,926	1,871	1,809	285	961	4,926
Private credit	—	—	212	629	841	—	—	212	629	841
Private equity	—	—	—	504	504	—	—	—	504	504
Real estate	—	—	—	679	679	—	—	—	679	679
NDT fund investments subtotal[d][e]	5,967	3,981	497	4,335	14,780	5,967	3,981	497	4,335	14,780
Rabbi trust investments										
Cash equivalents	60	—	—	—	60	4	—	—	—	4
Mutual funds	91	—	—	—	91	29	—	—	—	29
Fixed income	—	11	—	—	11	—	—	—	—	—
Life insurance contracts	—	87	34	—	121	—	28	—	—	28
Rabbi trust investments subtotal	151	98	34	—	283	33	28	—	—	61
Investments in equities[f]	195	—	—	—	195	195	—	—	—	195
Commodity derivative assets										
Economic hedges	745	1,914	1,599	—	4,258	745	1,914	1,599	—	4,258
Proprietary trading	—	17	27	—	44	—	17	27	—	44

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

	Exelon					Generation				
As of December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Effect of netting and allocation of collateral[g][h]	(607)	(1,597)	(905)	—	(3,109)	(607)	(1,597)	(905)	—	(3,109)
Commodity derivative assets subtotal	138	334	721	—	1,193	138	334	721	—	1,193
DPP consideration	—	639	—	—	639	—	639	—	—	639
Total assets	7,137	5,052	1,252	4,335	17,776	6,457	4,982	1,218	4,335	16,992
Liabilities										
Commodity derivative liabilities										
Economic hedges	(682)	(1,928)	(1,655)	—	(4,265)	(682)	(1,928)	(1,354)	—	(3,964)
Proprietary trading	—	(21)	(4)	—	(25)	—	(21)	(4)	—	(25)
Effect of netting and allocation of collateral[g][h]	540	1,918	1,067	—	3,525	540	1,918	1,067	—	3,525
Commodity derivative liabilities subtotal	(142)	(31)	(592)	—	(765)	(142)	(31)	(291)	—	(464)
Deferred compensation obligation	—	(145)	—	—	(145)	—	(42)	—	—	(42)
Total liabilities	(142)	(176)	(592)	—	(910)	(142)	(73)	(291)	—	(506)
Total net assets	$ 6,995	$ 4,876	$ 660	$ 4,335	$ 16,866	$ 6,315	$ 4,909	$ 927	$ 4,335	$ 16,486

(a) Exelon excludes cash of $689 million and $409 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $222 million and $59 million at September 30, 2021 and December 31, 2020, respectively, and includes long-term restricted cash of $54 million and $53 million at September 30, 2021 and December 31, 2020, respectively, which is reported in Other deferred debits in the Consolidated Balance Sheets. Generation excludes cash of $292 million and $171 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $54 million and $20 million at September 30, 2021 and December 31, 2020, respectively.

(b) Includes $109 million and $116 million of cash received from outstanding repurchase agreements at September 30, 2021 and December 31, 2020, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (e) below.

(c) Includes investments in equities sold short of $(50) million and $(62) million as of September 30, 2021 and December 31, 2020, respectively, held in an investment vehicle primarily to hedge the equity option component of its convertible debt.

(d) Includes net derivative liabilities of less than $1 million and net derivative assets of $2 million, which have total notional amounts of $728 million and $1,043 million at September 30, 2021 and December 31, 2020, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the periods ended and do not represent the amount of Exelon and Generation's exposure to credit or market loss.

(e) Excludes net liabilities of $130 million and $181 million at September 30, 2021 and December 31, 2020, respectively, which include certain derivative assets that have notional amounts of $194 million and $104 million at September 30, 2021 and December 31, 2020, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(f) Includes equity investments held by Generation which were previously designated as equity investments without readily determinable fair value but are now publicly traded and therefore have readily determinable fair values. The first investment became publicly traded in the fourth quarter of 2020. Generation records the fair value of these investments in Other current assets in Exelon's and Generation's Consolidated Balance Sheets based on the quoted market prices of the stocks as of the respective balance sheet date. There were no equity investments without readily determinable fair value that became publicly traded during the third quarter of 2021. For investments that became publicly traded during the first half of 2021, unrealized gains of $220 million were recorded in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

(g) Collateral (received) from counterparties, net of collateral paid to counterparties, totaled $(345) million, $(710) million, and $(590) million allocated to Level 1, Level 2, and Level 3 mark-to-market derivatives, respectively, as of September 30, 2021. Collateral (received)/posted from counterparties, net of collateral paid to counterparties, totaled $(67) million, $321 million, and $162 million allocated to Level 1, Level 2, and Level 3 mark-to-market derivatives, respectively, as of December 31, 2020.

(h) Includes $2,084 million held and $209 million posted of variation margin with the exchanges as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021, Exelon and Generation have outstanding commitments to invest in private credit, private equity, and real estate investments of approximately $359 million, $174 million, and $371 million, respectively. These commitments will be funded by Generation's existing NDT funds.

Exelon and Generation held investments without readily determinable fair values with carrying amounts of $44 million and $32 million as of September 30, 2021, respectively. Exelon and Generation held investments without readily determinable fair values with carrying amounts of $73 million and $55 million as of December 31, 2020, respectively. Changes in fair value, cumulative adjustments, and impairments were not material for the three and nine months ended September 30, 2021 and for the year ended December 31, 2020.

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

ComEd, PECO, and BGE

	ComEd				PECO				BGE			
As of September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 309	$ —	$ —	$ 309	$ 247	$ —	$ —	$ 247	$ 169	$ —	$ —	$ 169
Rabbi trust investments												
Mutual funds	—	—	—	—	10	—	—	10	14	—	—	14
Life insurance contracts	—	—	—	—	—	15	—	15	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	10	15	—	25	14	—	—	14
Total assets	309	—	—	309	257	15	—	272	183	—	—	183
Liabilities												
Deferred compensation obligation	—	(9)	—	(9)	—	(8)	—	(8)	—	(6)	—	(6)
Mark-to-market derivative liabilities[(b)]	—	—	(214)	(214)	—	—	—	—	—	—	—	—
Total liabilities	—	(9)	(214)	(223)	—	(8)	—	(8)	—	(6)	—	(6)
Total net assets (liabilities)	$ 309	$ (9)	$ (214)	$ 86	$ 257	$ 7	$ —	$ 264	$ 183	$ (6)	$ —	$ 177

	ComEd				PECO				BGE			
As of December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 285	$ —	$ —	$ 285	$ 8	$ —	$ —	$ 8	$ 120	$ —	$ —	$ 120
Rabbi trust investments												
Mutual funds	—	—	—	—	9	—	—	9	10	—	—	10
Life insurance contracts	—	—	—	—	—	13	—	13	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	9	13	—	22	10	—	—	10
Total assets	285	—	—	285	17	13	—	30	130	—	—	130
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(9)	—	(9)	—	(5)	—	(5)
Mark-to-market derivative liabilities[(b)]	—	—	(301)	(301)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(301)	(309)	—	(9)	—	(9)	—	(5)	—	(5)
Total net assets (liabilities)	$ 285	$ (8)	$ (301)	$ (24)	$ 17	$ 4	$ —	$ 21	$ 130	$ (5)	$ —	$ 125

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(a) ComEd excludes cash of $145 million and $83 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $107 million and $37 million at September 30, 2021 and December 31, 2020, respectively, and includes long-term restricted cash of $44 million and $43 million at September 30, 2021 and December 31, 2020, respectively, which is reported in Other deferred debits in the Consolidated Balance Sheets. PECO excludes cash of $105 million and $18 million at September 30, 2021 and December 31, 2020, respectively. BGE excludes cash of $56 million and $24 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $27 million and $1 million at September 30, 2021 and December 31, 2020, respectively.

(b) The Level 3 balance consists of the current and noncurrent liability of $5 million and $209 million, respectively, at September 30, 2021 and $33 million and $268 million, respectively, at December 31, 2020 related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

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

PHI, Pepco, DPL, and ACE

	As of September 30, 2021				As of December 31, 2020			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents[(a)]	$ 100	$ —	$ —	$ 100	$ 86	$ —	$ —	$ 86
Rabbi trust investments								
Cash equivalents	59	—	—	59	55	—	—	55
Mutual funds	14	—	—	14	14	—	—	14
Fixed income	—	10	—	10	—	11	—	11
Life insurance contracts	—	27	34	61	—	26	34	60
Rabbi trust investments subtotal	73	37	34	144	69	37	34	140
Total assets	173	37	34	244	155	37	34	226
Liabilities								
Deferred compensation obligation	—	(19)	—	(19)	—	(17)	—	(17)
Total liabilities	—	(19)	—	(19)	—	(17)	—	(17)
Total net assets	$ 173	$ 18	$ 34	$ 225	$ 155	$ 20	$ 34	$ 209

	Pepco				DPL				ACE			
As of September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 36	$ —	$ —	$ 36	$ 26	$ —	$ —	$ 26	$ 14	$ —	$ —	$ 14
Rabbi trust investments												
Cash equivalents	58	—	—	58	—	—	—	—	—	—	—	—
Fixed income	—	—	—	—	—	—	—	—	—	—	—	—
Life insurance contracts	—	27	34	61	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	58	27	34	119	—	—	—	—	—	—	—	—
Total assets	94	27	34	155	26	—	—	26	14	—	—	14
Liabilities												
Deferred compensation obligation	—	(2)	—	(2)	—	—	—	—	—	—	—	—
Total liabilities	—	(2)	—	(2)	—	—	—	—	—	—	—	—
Total net assets	$ 94	$ 25	$ 34	$ 153	$ 26	$ —	$ —	$ 26	$ 14	$ —	$ —	$ 14

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

	Pepco				DPL				ACE			
As of December 31, 2020	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents[(a)]	$ 35	$ —	$ —	$ 35	$ —	$ —	$ —	$ —	$ 13	$ —	$ —	$ 13
Rabbi trust investments												
Cash equivalents	53	—	—	53	—	—	—	—	—	—	—	—
Fixed income	—	2	—	2	—	—	—	—	—	—	—	—
Life insurance contracts	—	26	34	60	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	53	28	34	115	—	—	—	—	—	—	—	—
Total assets	88	28	34	150	—	—	—	—	13	—	—	13
Liabilities												
Deferred compensation obligation	—	(2)	—	(2)	—	—	—	—	—	—	—	—
Total liabilities	—	(2)	—	(2)	—	—	—	—	—	—	—	—
Total net assets	$ 88	$ 26	$ 34	$ 148	$ —	$ —	$ —	$ —	$ 13	$ —	$ —	$ 13

(a) PHI excludes cash of $57 million and $74 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $5 million and none at September 30, 2021 and December 31, 2020, respectively, and includes long-term restricted cash of $9 million and $10 million at September 30, 2021 and December 31, 2020, respectively, which is reported in Other deferred debits in the Consolidated Balance Sheets. Pepco excludes cash of $19 million and $30 million at September 30, 2021 and December 31, 2020, respectively, and restricted cash of $5 million and none at September 30, 2021 and December 31, 2020, respectively. DPL excludes cash of $13 million and $15 million at September 30, 2021 and December 31, 2020, respectively. ACE excludes cash of $16 million and $17 million at September 30, 2021 and December 31, 2020, respectively, and includes long-term restricted cash of $9 million and $10 million at September 30, 2021 and December 31, 2020, respectively, which is reported in Other deferred debits in the Consolidated Balance Sheets.

Reconciliation of Level 3 Assets and Liabilities

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2021 and 2020:

	Exelon	Generation			ComEd	PHI and Pepco	
Three Months Ended September 30, 2021	Total	NDT Fund Investments	Mark-to-Market Derivatives	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts	Eliminated in Consolidation
Balance as of June 30, 2021	$ (235)	$ 461	$ (465)	$ (4)	$ (265)	$ 34	$ —
Total realized / unrealized gains (losses)							
Included in net income	(967)	3	(970) [(a)]	(967)	—	—	—
Included in noncurrent payables to affiliates	—	11	—	11	—	—	(11)
Included in regulatory assets	62	—	—	—	51 [(b)]	—	11
Change in collateral	(413)	—	(413)	(413)	—	—	—
Purchases, sales, and settlements							
Purchases	8	2	6	8	—	—	—
Sales	6	—	6	6	—	—	—
Settlements	(2)	(2)	—	(2)	—	—	—
Transfers into Level 3	2	—	2 [(c)]	2	—	—	—
Transfers out of Level 3	(27)	—	(27) [(c)]	(27)	—	—	—
Balance at September 30, 2021	$ (1,566)	$ 475	$ (1,861)	$ (1,386)	$ (214)	$ 34	$ —
The amount of total (losses) gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2021	$ (1,001)	$ 3	$ (1,004)	$ (1,001)	$ —	$ —	$ —

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

	Exelon	Generation			ComEd	PHI and Pepco	
Nine months ended September 30, 2021	Total	NDT Fund Investments	Mark-to-Market Derivatives	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts	Eliminated in Consolidation
Balance as of December 31, 2020	$ 660	$ 497	$ 430	$ 927	$ (301)	$ 34	$ —
Total realized / unrealized gains (losses)							
Included in net income	(1,600)	4	(1,606) (a)	(1,602)	—	2	—
Included in noncurrent payables to affiliates	—	18	—	18	—	—	(18)
Included in regulatory assets	105	—	—	—	87 (b)	—	18
Change in collateral	(751)	—	(751)	(751)	—	—	—
Purchases, sales, and settlements							
Purchases	123	3	120	123	—	—	—
Sales	7	—	7	7	—	—	—
Settlements	(50)	(48)	—	(48)	—	(2)	—
Transfers into Level 3	4	1	3 (c)	4	—	—	—
Transfers out of Level 3	(64)	—	(64) (c)	(64)	—	—	—
Balance as of September 30, 2021	$ (1,566)	$ 475	$ (1,861)	$ (1,386)	$ (214)	$ 34	$ —
The amount of total (losses) gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2021	$ (1,521)	$ 4	$ (1,527)	$ (1,523)	$ —	$ 2	$ —

	Exelon	Generation			ComEd	PHI and Pepco	
Three Months Ended September 30, 2020	Total	NDT Fund Investments	Mark-to-Market Derivatives	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts	Eliminated in Consolidation
Balance as of June 30, 2020	$ 883	$ 499	$ 659	$ 1,158	$ (318)	$ 43	$ —
Total realized / unrealized gains (losses)							
Included in net income	(327)	3	(318) (a)	(315)	—	(12)	—
Included in noncurrent payables to affiliates	—	18	—	18	—	—	(18)
Included in regulatory assets/liabilities	32	—	—	—	14 (b)	—	18
Change in collateral	(79)	—	(79)	(79)	—	—	—
Purchases, sales, and settlements							
Purchases	66	1	65	66	—	—	—
Sales	(3)	—	(3)	(3)	—	—	—
Settlements	—	(3)	—	(3)	—	3	—
Transfers out of Level 3	9	—	9 (c)	9	—	—	—
Balance as of September 30, 2020	$ 581	$ 518	$ 333	$ 851	$ (304)	$ 34	$ —
The amount of total (losses) gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2020	$ (222)	$ 3	$ (213)	$ (210)	$ —	$ (12)	$ —

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

Nine Months Ended September 30, 2020	Exelon	Generation			ComEd	PHI and Pepco	
	Total	NDT Fund Investments	Mark-to-Market Derivatives	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts	Eliminated in Consolidation
Balance as of December 31, 2019	$ 1,068	$ 511	$ 817	$ 1,328	$ (301)	$ 41	$ —
Total realized / unrealized gains (losses)							
Included in net income	(483)	1	(474) (a)	(473)	—	(10)	—
Included in noncurrent payables to affiliates	—	17	—	17	—	—	(17)
Included in regulatory assets	14	—	—	—	(3) (b)	—	17
Change in collateral	(120)	—	(120)	(120)	—	—	—
Purchases, sales, and settlements							
Purchases	136	6	130	136	—	—	—
Sales	(27)	—	(27)	(27)	—	—	—
Settlements	(15)	(18)	—	(18)	—	3	—
Transfers into Level 3	(5)	1	(6) (c)	(5)	—	—	—
Transfers out of Level 3	13	—	13 (c)	13	—	—	—
Balance as of September 30, 2020	$ 581	$ 518	$ 333	$ 851	$ (304)	$ 34	$ —
The amount of total (losses) gains included in income attributed to the change in unrealized (losses) gains related to assets and liabilities as of September 30, 2020	$ (107)	$ 1	$ (98)	$ (97)	$ —	$ (10)	$ —

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(a) Includes an addition of $34 million for realized losses and a reduction of $80 million for realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2021. Includes a reduction of $105 million and $376 million for realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2020.
(b) Includes $49 million of increases in fair value and an increase for realized losses due to settlements of $2 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2021. Includes $72 million of increases in fair value and an increase for realized losses due to settlements of $15 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2021. Includes $9 million of increases in fair value and an increase for realized losses due to settlements of $5 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2020. Includes $26 million of decrease in fair value and an increase for realized losses due to settlements of $23 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2020.
(c) Transfers into and out of Level 3 generally occur when the contract tenor becomes less and more observable respectively, primarily due to changes in market liquidity or assumptions for certain commodity contracts.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2021 and 2020:

	Exelon				Generation			PHI and Pepco
	Operating Revenues	Purchased Power and Fuel	Operating and Maintenance	Other, net	Operating Revenues	Purchased Power and Fuel	Other, net	Operating and Maintenance
Total (losses) gains included in net income for the three months ended September 30, 2021	$ (1,274)	$ 304	$ —	$ 3	$ (1,274)	$ 304	$ 3	$ —
Total (losses) gains included in net income for the nine months ended September 30, 2021	(1,944)	338	2	4	(1,944)	338	4	2
Total unrealized (losses) gains for the three months ended September 30, 2021	(1,361)	357	—	3	(1,361)	357	3	—
Total unrealized (losses) gains for the nine months ended September 30, 2021	(1,969)	443	2	4	(1,969)	443	4	2

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

	Exelon				Generation			PHI and Pepco
	Operating Revenues	Purchased Power and Fuel	Operating and Maintenance	Other, net	Operating Revenues	Purchased Power and Fuel	Other, net	Operating and Maintenance
Total losses included in net income for the three months ended September 30, 2020	$ (305)	$ (13)	$ (12)	$ —	$ (305)	$ (13)	$ —	$ (12)
Total losses included in net income for the nine months ended September 30, 2020	(370)	(104)	(10)	—	(370)	(104)	—	(10)
Total unrealized (losses) gains for the three months ended September 30, 2020	(216)	3	(12)	3	(216)	3	3	(12)
Total unrealized gains (losses) for the nine months ended September 30, 2020	(50)	(48)	(10)	1	(50)	(48)	1	(10)

Valuation Techniques Used to Determine Fair Value

Exelon's valuation techniques used to measure the fair value of the assets and liabilities shown in the tables below are in accordance with the policies discussed in Note 18 — Fair Value of Financial Assets and Liabilities of the Exelon 2020 Form 10-K.

Valuation Techniques Used to Determine Net asset Value (Exelon and Generation)

Certain NDT Fund Investments are not classified within the fair value hierarchy and are included under the heading "Not subject to leveling" in the table above. These investments are measured at fair value using NAV per share as a practical expedient and include commingled funds, mutual funds which are not publicly quoted, managed private credit funds, private equity and real estate funds.

For commingled funds and mutual funds, which are not publicly quoted, the fair value is primarily derived from the quoted prices in active markets on the underlying securities and can typically be redeemed monthly with 30 or less days of notice and without further restrictions. For managed private credit funds, the fair value is determined using a combination of valuation models including cost models, market models, and income models and typically cannot be redeemed until maturity of the term loan. Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date, which is based on Exelon's understanding of the investment funds. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

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

Mark-to-Market Derivatives (Exelon, Generation, and ComEd)

The table below discloses the significant inputs to the forward curve used to value mark-to-market derivatives.

Type of trade	Fair Value at September 30, 2021	Fair Value at December 31, 2020	Valuation Technique	Unobservable Input	2021 Range & Arithmetic Average				2020 Range & Arithmetic Average			
Mark-to-market derivatives — Economic Hedges (Exelon and Generation)[(a)(b)]	$ (1,257)	$ 245	Discounted Cash Flow	Forward power price	$9.77	-	$301	$55	$2.25	-	$163	$30
				Forward gas price	$1.76	-	$23.00	$4.16	$1.57	-	$7.88	$2.59
			Option Model	Volatility percentage	35%	-	197%	49%	11%	-	237%	32%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation)[(a)(b)]	$ (14)	$ 23	Discounted Cash Flow	Forward power price	$16	-	$156	$53	$10	-	$106	$27
Mark-to-market derivatives (Exelon and ComEd)	$ (214)	$ (301)	Discounted Cash Flow	Forward heat rate[(c)]	9x	-	10x	9.13x	8x	-	9x	8.85x
				Marketability reserve	3%	-	7%	4.77%	3%	-	8%	4.93%
				Renewable factor	95%	-	122%	100%	91%	-	123%	99%

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(a) The valuation techniques, unobservable inputs, ranges and arithmetic averages are the same for the asset and liability positions.
(b) The fair values do not include cash collateral (received)/posted on level three positions of $(590) million and $162 million as of September 30, 2021 and December 31, 2020, respectively.
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

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

15. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 19 — Commitments and Contingencies of the Exelon 2020 Form 10-K.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL, and ACE). Approval of the PHI Merger in Delaware, New Jersey, Maryland, and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments. The following amounts represent total commitment costs that have been recorded since the acquisition date and the total remaining obligations for Exelon, PHI, Pepco, DPL, and ACE as of September 30, 2021:

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

Description	Exelon	PHI	Pepco	DPL	ACE
Total commitments	$ 513	$ 320	$ 120	$ 89	$ 111
Remaining commitments[(a)]	74	62	51	7	4

(a) Remaining commitments extend through 2026 and include rate credits, energy efficiency programs and delivery system modernization.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new solar generation in Maryland, District of Columbia, and Delaware at an estimated cost of approximately $135 million, which will generate future earnings at Exelon and Generation. Investment costs, which are expected to be primarily capital in nature, are recognized as incurred and recorded in Exelon's and Generation's financial statements. As of September 30, 2021, approximately 33 MWs of new generation were developed and Exelon and Generation have incurred costs of $121 million. Approximately 30 MWs of the new generation developed was part of Generation's first quarter 2021 sale of a significant portion of its solar business. Refer to Note 2 — Mergers, Acquisitions, and Dispositions for additional information on the solar business. Exelon has also committed to purchase 100 MWs of wind energy in PJM. DPL has committed to conducting three RFPs to procure up to a total of 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards. DPL has conducted two of the three wind REC RFPs. The first 40 MW wind REC tranche was conducted in 2017 and did not result in a purchase agreement. The second 40 MW wind REC tranche was conducted in 2018 and resulted in a proposed REC purchase agreement that was approved by the DPSC in 2019. The third and final 40 MW wind REC tranche will be conducted in 2022.

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

Commercial Commitments (All Registrants). The Registrants' commercial commitments as of September 30, 2021, representing commitments potentially triggered by future events were as follows:

		Expiration within					
	Total	2021	2022	2023	2024	2025	2026 and beyond
Exelon							
Letters of credit	$ 2,241	$ 268	$ 1,860	$ 113	$ —	$ —	$ —
Surety bonds[a]	971	403	566	—	2	—	—
Financing trust guarantees	378	—	—	—	—	—	378
Guaranteed lease residual values[b]	31	—	3	3	6	6	13
Total commercial commitments	$ 3,621	$ 671	$ 2,429	$ 116	$ 8	$ 6	$ 391
Generation							
Letters of credit	$ 2,223	$ 264	$ 1,846	$ 113	$ —	$ —	$ —
Surety bonds[a]	826	352	474	—	—	—	—
Total commercial commitments	$ 3,049	$ 616	$ 2,320	$ 113	$ —	$ —	$ —
ComEd							
Letters of credit	$ 7	$ 2	$ 5	$ —	$ —	$ —	$ —
Surety bonds[a]	17	5	10	—	2	—	—
Financing trust guarantees	200	—	—	—	—	—	200
Total commercial commitments	$ 224	$ 7	$ 15	$ —	$ 2	$ —	$ 200
PECO							
Letters of credit	$ 1	$ —	$ 1	$ —	$ —	$ —	$ —
Surety bonds[a]	2	—	2	—	—	—	—
Financing trust guarantees	178	—	—	—	—	—	178
Total commercial commitments	$ 181	$ —	$ 3	$ —	$ —	$ —	$ 178
BGE							
Letters of credit	$ 2	$ —	$ 2	$ —	$ —	$ —	$ —
Surety bonds[a]	3	2	1	—	—	—	—
Total commercial commitments	$ 5	$ 2	$ 3	$ —	$ —	$ —	$ —
PHI							
Surety bonds[a]	$ 23	$ 3	$ 20	$ —	$ —	$ —	$ —
Guaranteed lease residual values[b]	31	—	3	3	6	6	13
Total commercial commitments	$ 54	$ 3	$ 23	$ 3	$ 6	$ 6	$ 13
Pepco							
Surety bonds[a]	$ 14	$ —	$ 14	$ —	$ —	$ —	$ —
Guaranteed lease residual values[b]	10	—	1	1	2	2	4
Total commercial commitments	$ 24	$ —	$ 15	$ 1	$ 2	$ 2	$ 4
DPL							
Surety bonds[a]	$ 5	$ 2	$ 3	$ —	$ —	$ —	$ —
Guaranteed lease residual values[b]	13	—	1	1	3	3	5
Total commercial commitments	$ 18	$ 2	$ 4	$ 1	$ 3	$ 3	$ 5
ACE							
Surety bonds[a]	$ 4	$ 1	$ 3	$ —	$ —	$ —	$ —
Guaranteed lease residual values[b]	8	—	1	1	1	1	4
Total commercial commitments	$ 12	$ 1	$ 4	$ 1	$ 1	$ 1	$ 4

(a) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.

(b) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The lease term associated with these assets ranges from 1 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $75 million guaranteed by Exelon and PHI, of which $25 million, $32 million, and $18 million is guaranteed by Pepco, DPL, and ACE, respectively. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Environmental Remediation Matters

General (All Registrants). The Registrants' operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, the Registrants cannot reasonably estimate whether they will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on the Registrants' financial statements.

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

- ComEd has 21 sites that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2027.
- PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2023.
- BGE has 4 sites that currently require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2023.
- DPL has 1 site that is currently under study and the required cost at the site is not expected to be material.

The historical nature of the MGP and gas purification sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

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

As of September 30, 2021 and December 31, 2020, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities in their respective Consolidated Balance Sheets:

	September 30, 2021		December 31, 2020	
	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation
Exelon	$ 474	$ 310	$ 483	$ 314
Generation	119	—	121	—
ComEd	284	284	293	293
PECO	23	21	23	21
BGE	6	5	2	—
PHI	42	—	44	—
Pepco	40	—	42	—
DPL	1	—	1	—
ACE	1	—	1	—

Cotter Corporation (Exelon and Generation). The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. Including Cotter, there are three PRPs participating in the West Lake Landfill remediation proceeding. Investigation by Generation has identified a number of other parties who also may be PRPs and could be liable to contribute to the final remedy. Further investigation is ongoing.

In September 2018, the EPA issued its Record of Decision Amendment (RODA) for the selection of a final remedy. The RODA modified the remedy previously selected by EPA in its 2008 Record of Decision (ROD). While the ROD required only that the radiological materials and other wastes at the site be capped, the 2018 RODA requires partial excavation of the radiological materials in addition to the previously selected capping remedy. The RODA also allows for variation in depths of excavation depending on radiological concentrations. The EPA and the PRPs have entered into a Consent Agreement to perform the Remedial Design, which is expected to be completed in late 2024. In March 2019 the PRPs received Special Notice Letters from the EPA to perform the Remedial Action work. On October 8, 2019, Cotter (Generation's indemnitee) provided a non-binding good faith offer to conduct, or finance, a portion of the remedy, subject to certain conditions. The total estimated cost of the remedy, taking into account the current EPA technical requirements and the total costs expected to be incurred collectively by the PRPs in fully executing the remedy, is approximately $290 million, including cost escalation on an undiscounted basis, which would be allocated among the final group of PRPs. Generation has determined that a loss associated with the EPA's partial excavation and enhanced landfill cover remedy is probable and has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the ultimate cost. Given the joint and several nature of this liability, the magnitude of Generation's ultimate liability will depend on the actual costs incurred to implement the required remedy as well as on the nature and terms of any cost-sharing arrangements with the final group of PRPs. Therefore, it is reasonably possible that the ultimate cost and Cotter's associated allocable share could differ significantly once these uncertainties are resolved, which could have a material impact in Exelon's and Generation's future financial statements.

One of the other PRPs has indicated it will be making a contribution claim against Cotter for costs that it has incurred to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Exelon and Generation do not possess sufficient information to assess this claim and therefore are unable to estimate a range of loss, if any. As such, no liability has been recorded for the potential contribution claim. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact in Exelon's and Generation's financial statements.

In January 2018, the PRPs were advised by the EPA that it will begin an additional investigation and evaluation of groundwater conditions at the West Lake Landfill. In September 2018, the PRPs agreed to an Administrative

Settlement Agreement and Order on Consent for the performance by the PRPs of the groundwater Remedial Investigation and Feasibility Study (RI/FS). The purpose of this RI/FS is to define the nature and extent of any groundwater contamination from the West Lake Landfill site and evaluate remedial alternatives. Generation estimates the undiscounted cost for the groundwater RI/FS to be approximately $40 million. Generation determined a loss associated with the RI/FS is probable and has recorded a liability included in the table above that reflects management’s best estimate of Cotter’s allocable share of the cost among the PRPs. At this time Generation cannot predict the likelihood or the extent to which, if any, remediation activities may be required and therefore cannot estimate a reasonably possible range of loss for response costs beyond those associated with the RI/FS component. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact in Exelon’s and Generation’s future financial statements.

In August 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government’s clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd’s (now Generation's) indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. Government’s Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under FUSRAP. Pursuant to a series of annual agreements since 2011, the DOJ and the PRPs have tolled the statute of limitations until February 28, 2022 so that settlement discussions can proceed. On August 3, 2020, the DOJ advised Cotter and the other PRPs that it is seeking approximately $90 million from all the PRPs and has directed that the PRPs must submit a good faith joint proposed settlement offer. At this time, the DOJ has stayed their request for a good faith offer while the parties review cost documentation associated with the cost claim. Generation has determined that a loss associated with this matter is probable under its indemnification agreement with Cotter and has recorded an estimated liability, which is included in the table above.

Benning Road Site (Exelon, Generation, PHI, and Pepco). In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility, which was deactivated in June 2012. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a RI/FS for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River.

Since 2013, Pepco and Pepco Energy Services (now Generation, pursuant to Exelon's 2016 acquisition of PHI) have been performing RI work and have submitted multiple draft RI reports to the DOEE. In September 2019, Pepco and Generation issued a draft “final” RI report which DOEE approved on February 3, 2020. Pepco and Generation are developing a FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the FS, and approval by the DOEE, by March 16, 2022. After completion and approval of the FS, DOEE will prepare a Proposed Plan for public comment and then issue a ROD identifying any further response actions determined to be necessary. PHI, Pepco, and Generation have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI, and Pepco). Contemporaneous with the Benning Road site RI/FS being performed by Pepco and Generation, DOEE and NPS have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-District of Columbia boundary line to the confluence of the Anacostia and Potomac Rivers. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE’s contractor. In April 2018, DOEE released a draft RI report for public review and comment. Pepco submitted written comments to the draft RI and participated in a public hearing.

Pepco has determined that it is probable that costs for remediation will be incurred and recorded a liability in the third quarter 2019 for management’s best estimate of its share of those costs. On September 30, 2020, DOEE released its Interim ROD. The Interim ROD reflects an adaptive management approach which will require several identified “hot spots” in the river to be addressed first while continuing to conduct studies and to monitor the river to evaluate improvements and determine potential future remediation plans. The adaptive management process chosen by DOEE is less intrusive, provides more long-term environmental certainty, is less costly, and allows for site specific remediation plans already underway, including the plan for the Benning Road site to proceed to conclusion. Pepco concluded that incremental exposure remains reasonably possible, but management cannot reasonably estimate a range of loss beyond the amounts recorded, which are included in the table above.

On July 12, 2021, DOEE and NPS held a virtual meeting with the PRP's in response to a General Notice Letter sent by each agency inviting the PRP's to participate in discussions, which PEPCO attended.

In addition to the activities associated with the remedial process outlined above, CERCLA separately requires federal and state (here including Washington, D.C.) Natural Resource Trustees (federal or state agencies designated by the President or the relevant state, respectively, or Indian tribes) to conduct an assessment of any damages to natural resources within their jurisdiction as a result of the contamination that is being remediated. The Trustees can seek compensation from responsible parties for such damages, including restoration costs. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of a Natural Resources Damages (NRD) assessment, a process that often takes many years beyond the remedial decision to complete. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the assessment process, Pepco cannot reasonably estimate the range of loss.

Litigation and Regulatory Matters

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

At September 30, 2021 and December 31, 2020, Exelon and Generation had recorded estimated liabilities of approximately $82 million and $89 million, respectively, in total for asbestos-related bodily injury claims. As of September 30, 2021, approximately $19 million of this amount related to 211 open claims presented to Generation, while the remaining $63 million is for estimated future asbestos-related bodily injury claims anticipated to arise through 2055, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether adjustments to the estimated liabilities are necessary.

It is reasonably possible that additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued could have a material, unfavorable impact in Exelon’s and Generation’s financial statements. However, management cannot reasonably estimate a range of loss beyond the amounts recorded.

Deferred Prosecution Agreement (DPA) and Related Matters (Exelon and ComEd). Exelon and ComEd received a grand jury subpoena in the second quarter of 2019 from the U.S. Attorney’s Office for the Northern District of Illinois (USAO) requiring production of information concerning their lobbying activities in the State of Illinois. On October 4, 2019, Exelon and ComEd received a second grand jury subpoena from the USAO requiring production of records of any communications with certain individuals and entities. On October 22, 2019, the SEC notified Exelon and ComEd that it had also opened an investigation into their lobbying activities. On July 17, 2020, ComEd entered into a DPA with the USAO to resolve the USAO investigation. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts, and payments associated with those jobs and subcontracts for the benefit of the Speaker of the Illinois House of Representatives and the Speaker’s associates, with the intent to influence the Speaker’s action regarding legislation affecting ComEd’s interests. The DPA provides that the USAO will defer any prosecution of such charge and any other criminal or civil case against ComEd in connection with the matters identified therein for a three-year period subject to certain obligations of ComEd, including payment to the U.S. Treasury of $200 million, which was paid in November 2020. Exelon was not made a party to the DPA, and therefore the investigation by the USAO into Exelon’s activities ended with no charges being brought against Exelon. The SEC’s investigation remains ongoing and Exelon and ComEd have cooperated fully and intend to continue to cooperate fully with the

SEC. Exelon and ComEd cannot predict the outcome of the SEC investigation. No loss contingency has been reflected in Exelon's and ComEd's consolidated financial statements with respect to the SEC investigation, as this contingency is neither probable nor reasonably estimable at this time.

Subsequent to Exelon announcing the receipt of the subpoenas, various lawsuits were filed, and various demand letters were received related to the subject of the subpoenas, the conduct described in the DPA and the SEC's investigation, including:

- Four putative class action lawsuits against ComEd and Exelon were filed in federal court in the third quarter of 2020 alleging, among other things, civil violations of federal racketeering laws. In addition, the Citizens Utility Board (CUB) filed a motion to intervene in these cases on October 22, 2020 which was granted on December 23, 2020. On December 2, 2020, the court appointed interim lead plaintiffs in the federal cases which consisted of counsel for three of the four federal cases. These plaintiffs filed a consolidated complaint on January 5, 2021. CUB also filed its own complaint against ComEd only on the same day. The remaining federal case, Potter, et al. v. Exelon et al, differed from the other lawsuits as it named additional individual defendants not named in the consolidated complaint. However, the Potter plaintiffs voluntarily dismissed their complaint without prejudice on April 5, 2021. ComEd and Exelon moved to dismiss the consolidated class action complaint and CUB's complaint on February 4, 2021 and briefing was completed on March 22, 2021. On March 25, 2021, the parties agreed, along with state court plaintiffs, discussed below, to jointly engage in mediation. The parties participated in a one-day mediation on June 7, 2021 but no settlement was reached. On September 9, 2021, the federal court granted Exelon's and ComEd's motion to dismiss and dismissed the plaintiffs' and CUB's federal law claim with prejudice. The federal court also dismissed the related state law claims made by the federal plaintiffs and CUB on jurisdictional grounds. Plaintiffs have appealed the ruling to the Seventh Circuit Court of Appeals. Plaintiffs' opening appeal brief is due January 14, 2022, Exelon's and ComEd's response brief is due February 14, 2022, and Plaintiffs' reply brief is due March 7, 2022. Plaintiffs also refiled their state law claims in state court and have moved to consolidate that action with the already pending consumer state court class action, discussed below. CUB also refiled its state law claims in state court.
- Three putative class action lawsuits against ComEd and Exelon were filed in Illinois state court in the third quarter of 2020 seeking restitution and compensatory damages on behalf of ComEd customers. The cases were consolidated into a single action in October of 2020. In November 2020, CUB filed a motion to intervene in the cases pursuant to an Illinois statute allowing CUB to intervene as a party or otherwise participate on behalf of utility consumers in any proceeding which affects the interest of utility consumers. On November 23, 2020, the court allowed CUB's intervention, but denied its request to stay these cases. Plaintiffs subsequently filed a consolidated complaint, and ComEd and Exelon filed a motion to dismiss on jurisdictional and substantive grounds on January 11, 2021. Briefing on that motion was completed on March 2, 2021. The parties agreed, on March 25, 2021, along with the federal court plaintiffs discussed above, to jointly engage in mediation. The parties participated in a one-day mediation on June 7, 2021 but no settlement was reached. Oral argument on the state court pending motion to dismiss was held on August 4, 2021. On September 27, 2021, the court set a tentative ruling date on the motion to dismiss for November 30, 2021. It is unclear at this time what impact the recent filings by the federal court plaintiffs and CUB will have on this action and the pending motion to dismiss.
- A putative class action lawsuit against Exelon and certain officers of Exelon and ComEd was filed in federal court in December 2019 alleging misrepresentations and omissions in Exelon's SEC filings related to ComEd's lobbying activities and the related investigations. The complaint was amended on September 16, 2020, to dismiss two of the original defendants and add other defendants, including ComEd. Defendants filed a motion to dismiss in November 2020. The court denied the motion in April 2021. On May 26, 2021, defendants moved the court to certify its order denying the motion to dismiss for interlocutory appeal. Briefing on the motion was completed in June 2021 and the motion remains pending. Litigation has proceeded and in May 2021, the parties each filed respective initial discovery disclosures. On June 9, 2021, defendants filed their answer and affirmative defenses to the complaint. The parties are currently engaged in discovery; however, on September 9, 2021, the U.S. government moved to intervene in this lawsuit and stay discovery relating to the U.S. government's ongoing criminal proceedings until the parties to the litigation agree to an acceptable protective order. The court granted the U.S. government's motion on September 23, 2021 and discovery remains stayed until further order of the court.

- Five shareholders sent letters to the Exelon Board of Directors between 2020 and 2021 demanding, among other things, that the Exelon Board of Directors investigate and address alleged breaches of fiduciary duties and other alleged violations by Exelon and ComEd officers and directors related to the conduct described in the DPA. In the first quarter of 2021, the Exelon Board of Directors appointed a Special Litigation Committee ("SLC") consisting of disinterested and independent parties to investigate and address these shareholders' allegations and make recommendations to the Exelon Board of Directors based on the outcome of the SLC's investigation. In July 2021, one of the demand letter shareholders filed a derivative action against current and former Exelon and ComEd officers and directors, and against Exelon, as nominal defendant, asserting the same claims made in its demand letter. On October 12, 2021, the parties to the derivative action filed an agreed motion to stay that litigation for 120 days in order to allow the SLC to continue its investigation, which the court granted. The parties will confer in advance of the 120-day deadline to determine whether the stay should be extended.

- A separate shareholder demand seeking a review of certain Exelon books and records was received in August 2021. Exelon is in the process of responding to this demand.

No loss contingencies have been reflected in Exelon's and ComEd's consolidated financial statements with respect to these matters, as such contingencies are neither probable nor reasonably estimable at this time.

On August 12, 2021, the ICC commenced a proceeding, under its general regulatory authority, to investigate whether the conduct described in the DPA resulted in ComEd's recovery, through rates, of costs that were not properly recoverable under law and, if so, what remedial action should be taken. The Staff Report cited by the ICC in its initiating order expressed "concerns" about whether ComEd improperly recovered DPA-related costs from customers. The Illinois Attorney General and CUB have intervened in the proceeding. Counsel for plaintiffs in the putative consumer class actions pending in Illinois Circuit Court have also sought to "partially" intervene, which request is pending. On October 14, 2021, as required by provisions of the Clean Energy Law, the ICC initiated a separate docket to investigate the rate treatment of costs associated with the DPA, including the fine paid by ComEd, and whether ComEd "collected, spent, allocated, transferred, remitted, or caused in any other way to be expended ratepayer funds that were not lawfully recoverable through rates, and which should accordingly be refunded to ratepayers …." That proceeding must be completed within 330 days. On October 19, 2021, the ICC moved to consolidate these two proceedings because they address "similar issues and facts." That motion is pending. No schedule has been set for submission of testimony or for an evidentiary hearing in either docket. A status hearing is set in both matters for November 4, 2021. Exelon and ComEd cannot predict the outcome of these proceedings.

Impacts of the February 2021 Extreme Cold Weather Event and Texas-based Generating Assets Outages (Exelon and Generation). Beginning on February 15, 2021, Generation's Texas-based generating assets within the ERCOT market, specifically Colorado Bend II, Wolf Hollow II, and Handley, experienced outages as a result of extreme cold weather conditions. In addition, those weather conditions drove increased demand for service, dramatically increased wholesale power prices, and also increased gas prices in certain regions. See Note 3 — Regulatory Matters for additional information.

Various lawsuits have been filed against Generation since March 2021 related to these events, including:

- On March 5, 2021, Generation, along with more than 160 power generators and transmission and distribution companies, was sued by approximately 160 individually named plaintiffs, purportedly on behalf of all Texans who allegedly suffered loss of life or sustained personal injury, property damage or other losses as a result of the weather events. The plaintiffs allege that the defendants failed to properly prepare for the cold weather and failed to properly conduct their operations, seeking compensatory as well as punitive damages. On April 26, 2021, another multi-plaintiff lawsuit was filed on behalf of approximately 90 plaintiffs against more than 300 defendants, including Generation, involving similar allegations of liability and claims of personal injury and property damage. Since March 2021, approximately 60 additional lawsuits, naming multiple defendants including Generation, were filed by individual or multiple plaintiffs in different Texas counties, all arising out of the February weather events. These additional lawsuits allege wrongful death, property damage, or other losses. Co-defendants in these lawsuits include ERCOT, transmission and distribution utilities and other generators. Generation disputes liability and denies that it is responsible for any of plaintiffs' alleged claims and is vigorously contesting them. No loss contingencies have been reflected in Exelon's and Generation's consolidated financial statements with respect to these matters, as such contingencies are neither probable nor reasonably estimable at this time.

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

- On March 22, 2021, an LDC filed a lawsuit in Missouri federal court against Generation for breach of contract and unjust enrichment, seeking damages of approximately $40 million. The plaintiff claims that Generation failed to deliver gas to its customers in February of 2021, causing the plaintiff to incur damages by forcing it to purchase gas for Generation's customers and by Generation's refusal to pay the resulting penalties. On March 26, 2021, Generation filed a complaint with the MPSC against the LDC to void the OFO penalties, or alternatively to grant a waiver or variance from the tariff requirements, to prohibit the LDC from billing or otherwise attempting to collect from Generation or any Missouri customer any portion of the penalties claimed by the LDC until the resolution of the complaint, and to prohibit the LDC from taking any retaliatory measure, including termination of service. On September 1, 2021, the MPSC consolidated Generation's complaint with two other similar complaints from other companies. The evidentiary hearing for the three consolidated complaint cases is scheduled for March 2022. Based on the penalty provisions within the tariff that was in effect at the relevant time, Exelon and Generation have recorded a liability of approximately $40 million as of September 30, 2021.

General (All Registrants). The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

16. Changes in Accumulated Other Comprehensive Income (Exelon)

The following tables present changes in Exelon's AOCI, net of tax, by component:

Three Months Ended September 30, 2021	Losses on Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[(a)]	Foreign Currency Items	Total
Beginning balance	$ (5)	$ (3,264)	$ (20)	$ (3,289)
OCI before reclassifications	—	14	(3)	11
Amounts reclassified from AOCI	—	55	—	55
Net current-period OCI	—	69	(3)	66
Ending balance	$ (5)	$ (3,195)	$ (23)	$ (3,223)

Three Months Ended September 30, 2020	Losses on Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[(a)]	Foreign Currency Items	Total
Beginning balance	$ (3)	$ (3,096)	$ (33)	$ (3,132)
OCI before reclassifications	(1)	(13)	3	(11)
Amounts reclassified from AOCI	—	39	—	39
Net current-period OCI	(1)	26	3	28
Ending balance	$ (4)	$ (3,070)	$ (30)	$ (3,104)

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

Nine Months Ended September 30, 2021	Losses on Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[(a)]	Foreign Currency Items	Total
Beginning balance	$ (5)	$ (3,372)	$ (23)	$ (3,400)
OCI before reclassifications	(1)	15	—	14
Amounts reclassified from AOCI	—	163	—	163
Net current-period OCI	(1)	178	—	177
Ending balance	$ (6)	$ (3,194)	$ (23)	$ (3,223)

Nine Months Ended September 30, 2020	Losses on Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[(a)]	Foreign Currency Items	Total
Beginning balance	$ (2)	$ (3,165)	$ (27)	$ (3,194)
OCI before reclassifications	(2)	(17)	(3)	(22)
Amounts reclassified from AOCI	—	112	—	112
Net current-period OCI	(2)	95	(3)	90
Ending balance	$ (4)	$ (3,070)	$ (30)	$ (3,104)

(a) AOCI amounts are included in the computation of net periodic pension and OPEB cost. See Note 11 — Retirement Benefits for additional information. See Exelon's Statements of Operations and Comprehensive Income for individual components of AOCI.

The following table presents income tax benefit (expense) allocated to each component of Exelon's other comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 1	$ 4	$ 3	$ 12
Actuarial loss reclassified to periodic benefit cost	(19)	(16)	(57)	(50)
Pension and non-pension postretirement benefit plans valuation adjustment	(7)	3	(8)	6

17. Variable Interest Entities (Exelon, Generation, PHI, and ACE)

At September 30, 2021 and December 31, 2020, Exelon, Generation, PHI, and ACE collectively consolidated several VIEs or VIE groups for which the applicable Registrant was the primary beneficiary (see *Consolidated VIEs* below) and had significant interests in several other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (see *Unconsolidated VIEs* below). Consolidated and unconsolidated VIEs are aggregated to the extent that the entities have similar risk profiles.

Consolidated VIEs

The table below shows the carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the consolidated financial statements of Exelon, Generation, PHI, and ACE as of September 30, 2021 and December 31, 2020. The assets, except as noted in the footnotes to the table below, can only be used to settle obligations of the VIEs. The liabilities, except as noted in the footnote to the table below, are such that creditors, or beneficiaries, do not have recourse to the general credit of Exelon, Generation, PHI, and ACE.

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

	September 30, 2021				December 31, 2020			
	Exelon	Generation	PHI[a]	ACE	Exelon	Generation	PHI[a]	ACE
Cash and cash equivalents	$ 38	$ 38	$ —	$ —	$ 98	$ 98	$ —	$ —
Restricted cash and cash equivalents	47	42	5	5	47	44	3	3
Accounts receivable								
Customer	25	25	—	—	148	148	—	—
Other	7	7	—	—	36	36	—	—
Unamortized energy contract assets	21	21	—	—	22	22	—	—
Inventories, net								
Materials and supplies	14	14	—	—	244	244	—	—
Assets held for sale[b]	—	—	—	—	101	101	—	—
Other current assets	517	513	4	—	674	669	5	—
Total current assets	669	660	9	5	1,370	1,362	8	3
Property, plant, and equipment, net	2,052	2,052	—	—	5,803	5,803	—	—
Nuclear decommissioning trust funds	—	—	—	—	3,007	3,007	—	—
Unamortized energy contract assets	210	210	—	—	249	249	—	—
Other noncurrent assets	22	13	9	9	52	42	10	10
Total noncurrent assets	2,284	2,275	9	9	9,111	9,101	10	10
Total assets[c]	$ 2,953	$ 2,935	$ 18	$ 14	$ 10,481	$ 10,463	$ 18	$ 13
Long-term debt due within one year	$ 80	$ 70	$ 10	$ 6	$ 94	$ 68	$ 26	$ 21
Accounts payable	11	11	—	—	81	81	—	—
Accrued expenses	14	14	—	—	70	70	—	—
Unamortized energy contract liabilities	—	—	—	—	4	4	—	—
Liabilities held for sale[b]	—	—	—	—	16	16	—	—
Other current liabilities	—	—	—	—	5	5	—	—
Total current liabilities	105	95	10	6	270	244	26	21
Long-term debt	832	832	—	—	889	889	—	—
Asset retirement obligations	149	149	—	—	2,318	2,318	—	—
Other noncurrent liabilities	3	3	—	—	129	129	—	—
Total noncurrent liabilities	984	984	—	—	3,336	3,336	—	—
Total liabilities[d]	$ 1,089	$ 1,079	$ 10	$ 6	$ 3,606	$ 3,580	$ 26	$ 21

(a) Includes certain purchase accounting adjustments from the PHI merger not pushed down to ACE.
(b) In the fourth quarter of 2020, Generation entered into an agreement for the sale of a significant portion of Generation's solar business, and as a result of this transaction, Exelon and Generation reclassified the consolidated VIEs' solar assets and liabilities as held for sale. Completion of the transaction occurred in the first quarter of 2021. Refer to Note 2 — Mergers, Acquisitions, and Dispositions for additional information on the solar business.
(c) Exelon's and Generation's balances include unrestricted assets for current unamortized energy contract assets of $21 million and $22 million, non-current unamortized energy contract assets of $210 million and $249 million, assets held for sale of $0 million and $9 million, and other unrestricted assets of $0 million and $1 million as of September 30, 2021 and December 31, 2020, respectively.
(d) Exelon's and Generation's balances include liabilities with recourse of $1 million and $8 million as of September 30, 2021 and December 31, 2020, respectively.

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

As of September 30, 2021 and December 31, 2020, Exelon's and Generation's consolidated VIEs included the following:

Consolidated VIE or VIE groups:	Reason entity is a VIE:	Reason Generation is primary beneficiary:
CENG - A joint venture between Generation and EDF. Generation had a 50.01% equity ownership in CENG as of December 31, 2020 and acquired EDF's 49.99% equity interest on August 6,2021 resulting in CENG no longer being classified as a consolidated VIE beginning in the third quarter of 2021. See additional discussion below.	Disproportionate relationship between equity interest and operational control as a result of the NOSA described further below.	Generation conducts the operational activities.
EGRP - A collection of wind and solar project entities. Generation has a 51% equity ownership in EGRP. See additional discussion below.	Similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner.	Generation conducts the operational activities.
Bluestem Wind Energy Holdings, LLC - A Tax Equity structure which is consolidated by EGRP. Generation has a noncontrolling interest.	Similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner.	Generation conducts the operational activities.
Antelope Valley - A solar generating facility, which is 100% owned by Generation. Antelope Valley sells all of its output to PG&E through a PPA.	The PPA contract absorbs variability through a performance guarantee.	Generation conducts all activities.
Equity investment in distributed energy company - Generation has a 31% equity ownership. This distributed energy company has an interest in an unconsolidated VIE. (See Unconsolidated VIEs disclosure below). Generation fully impaired this investment in 2019.	Similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner.	Generation conducts the operational activities.
NER - A bankruptcy remote, special purpose entity which is 100% owned by Generation, which purchases certain of Generation's customer accounts receivable arising from the sale of retail electricity. NER's assets will be available first and foremost to satisfy the claims of the creditors of NER. See Note 6 - Accounts Receivable for additional information on the sale of receivables.	Equity capitalization is insufficient to support its operations.	Generation conducts all activities.

CENG - On April 1, 2014, Generation, CENG, and subsidiaries of CENG executed the NOSA pursuant to which Generation conducts all activities associated with the operations of the CENG fleet and provides corporate and administrative services to CENG and the CENG fleet for the remaining life of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF.

On November 20, 2019, Generation received notice of EDF's intention to exercise the put option to sell its 49.99% equity interest in CENG to Generation and the put automatically exercised on January 19, 2020. On August 6, 2021, Generation and EDF entered into a settlement agreement pursuant to which Generation purchased EDF's equity interest in CENG and resulted in CENG no longer being classified as a consolidated VIE beginning in the third quarter of 2021. Refer to Note 2 — Mergers, Acquisitions, and Dispositions for additional information.

Exelon and Generation, where indicated, provide the following support to CENG:

- Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. See Note 19 — Commitments and Contingencies of the Exelon 2020 Form 10-K for more details.

- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

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

Prior to August 6, 2021, Generation and EDF shared in the $688 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance. Following the execution of the settlement agreement, EDF no longer shares in the obligation.

EGRP - EGRP is a collection of wind and solar project entities and some of these project entities are VIEs that are consolidated by EGRP. Generation owns a number of limited liability companies that build, own, and operate solar and wind power facilities some of which are owned by EGRP. While Generation or EGRP owns 100% of the solar entities and 100% of the majority of the wind entities, it has been determined that certain of the solar and wind entities are VIEs because the entities require additional subordinated financial support in the form of a parental guarantee of debt, loans from the customers in order to obtain the necessary funds for construction of the solar facilities, or the customers absorb price variability from the entities through the fixed price power and/or REC purchase agreements. Generation is the primary beneficiary of these solar and wind entities that qualify as VIEs because Generation controls the design, construction, and operation of the facilities. There is limited recourse to Generation related to certain solar and wind entities.

In 2017, Generation's interests in EGRP were contributed to and are pledged for the ExGen Renewables IV non-recourse debt project financing structure. Refer to Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on ExGen Renewables IV.

As of September 30, 2021 and December 31, 2020, Exelon's, PHI's, and ACE's consolidated VIE consists of:

Consolidated VIEs:	Reason entity is a VIE:	Reason ACE is the primary beneficiary:
ACE Funding - A special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of Transition Bonds. Proceeds from the sale of each series of Transition Bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees.	ACE's equity investment is a variable interest as, by design, it absorbs any initial variability of ATF. The bondholders also have a variable interest for the investment made to purchase the Transition Bonds.	ACE controls the servicing activities.

Unconsolidated VIEs

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected in Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements.

As of September 30, 2021 and December 31, 2020, Exelon and Generation had significant unconsolidated variable interests in several VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary. These interests include certain equity method investments and certain commercial agreements.

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

The following table presents summary information about Exelon's and Generation's significant unconsolidated VIE entities:

	September 30, 2021			December 31, 2020		
	Commercial Agreement VIEs	Equity Investment VIEs	Total	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets[a]	$ 781	$ 370	$ 1,151	$ 777	$ 401	$ 1,178
Total liabilities[a]	80	209	289	61	223	284
Exelon's ownership interest in VIE[a]	—	143	143	—	157	157
Other ownership interests in VIE[a]	701	18	719	716	21	737

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(a) These items represent amounts in the unconsolidated VIE balance sheets, not in Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs. Exelon and Generation do not have any exposure to loss as they do not have a carrying amount in the equity investment VIEs as of September 30, 2021 and December 31, 2020.

As of September 30, 2021 and December 31, 2020, Exelon's and Generation's unconsolidated VIEs consist of:

Unconsolidated VIE groups:	Reason entity is a VIE:	Reason Generation is not the primary beneficiary:
Equity investments in distributed energy companies - 1) Generation has a 90% equity ownership in a distributed energy company. 2) Generation, via a consolidated VIE, has a 90% equity ownership in another distributed energy company (See Consolidated VIEs disclosure above). Generation fully impaired this investment in 2019.	Similar structures to a limited partnership and the limited partners do not have kick out rights with respect to the general partner.	Generation does not conduct the operational activities.
Energy Purchase and Sale agreements - Generation has several energy purchase and sale agreements with generating facilities.	PPA contracts that absorb variability through fixed pricing.	Generation does not conduct the operational activities.

18. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Operations and Comprehensive Income.

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

	Operating revenues			
	Exelon	Generation	PHI	DPL
Three Months Ended September 30, 2021				
Operating lease income	$ 30	$ 29	$ 1	$ 1
Variable lease income	71	71	—	—
Three Months Ended September 30, 2020				
Operating lease income	$ 30	$ 28	$ 1	$ 1
Variable lease income	76	76	—	—
Nine Months Ended September 30, 2021				
Operating lease income	$ 47	$ 44	$ 3	$ 3
Variable lease income	208	207	1	1
Nine Months Ended September 30, 2020				
Operating lease income	$ 48	$ 43	$ 3	$ 3
Variable lease income	225	224	1	1

	Taxes other than income taxes								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended September 30, 2021									
Utility taxes[(a)]	$ 242	$ 27	$ 67	$ 41	$ 21	$ 86	$ 80	$ 6	$ —
Property	165	66	13	5	46	34	23	10	1
Payroll	57	26	7	4	5	7	2	1	1
Three Months Ended September 30, 2020									
Utility taxes[(a)]	$ 237	$ 26	$ 66	$ 41	$ 21	$ 83	$ 77	$ 5	$ 1
Property	152	66	7	4	42	32	21	10	1
Payroll	59	29	7	4	4	6	2	1	1
Nine Months Ended September 30, 2021									
Utility taxes[(a)]	$ 665	$ 73	$ 188	$ 107	$ 66	$ 231	$ 212	$ 17	$ 2
Property	470	199	30	13	131	97	65	30	2
Payroll	180	83	20	12	14	21	5	4	2
Nine Months Ended September 30, 2020									
Utility taxes[(a)]	$ 651	$ 75	$ 181	$ 102	$ 65	$ 228	$ 210	$ 16	$ 2
Property	449	199	23	12	121	94	63	29	2
Payroll	183	88	21	12	13	21	6	4	3

(a) Generation's utility tax represents gross receipts tax related to its retail operations, and the Utility Registrants' utility taxes represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in the Registrants' Consolidated Statements of Operations and Comprehensive Income.

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

	Other, Net								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended September 30, 2021									
Decommissioning-related activities:									
Net realized income on NDT funds[a]									
Regulatory Agreement Units	$ 263	$ 263	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Regulatory Agreement Units	102	102	—	—	—	—	—	—	—
Net unrealized losses on NDT funds									
Regulatory Agreement Units	(195)	(195)	—	—	—	—	—	—	—
Non-Regulatory Agreement Units	(88)	(88)	—	—	—	—	—	—	—
Regulatory offset to NDT fund-related activities[b]	(38)	(38)	—	—	—	—	—	—	—
Decommissioning-related activities	44	44	—	—	—	—	—	—	—
AFUDC — Equity	36	—	10	7	7	12	9	2	1
Non-service net periodic benefit cost	19	—	—	—	—	—	—	—	—
Net unrealized losses from equity investments[c]	(179)	(179)	—	—	—	—	—	—	—
Three Months Ended September 30, 2020									
Decommissioning-related activities:									
Net realized income on NDT funds[a]									
Regulatory Agreement Units	$ 50	$ 50	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Regulatory Agreement Units	23	23	—	—	—	—	—	—	—
Net unrealized gains on NDT funds									
Regulatory Agreement Units	398	398	—	—	—	—	—	—	—
Non-Regulatory Agreement Units	254	254	—	—	—	—	—	—	—
Regulatory offset to NDT fund-related activities[b]	(359)	(359)	—	—	—	—	—	—	—
Decommissioning-related activities	366	366	—	—	—	—	—	—	—
AFUDC — Equity	27	—	7	5	6	9	7	1	1
Non-service net periodic benefit cost	15	—	—	—	—	—	—	—	—

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

	Other, net								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2021									
Decommissioning-related activities:									
Net realized income on NDT funds[(a)]									
Regulatory Agreement Units	$ 698	$ 698	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Regulatory Agreement Units	392	392	—	—	—	—	—	—	—
Net unrealized gains on NDT funds									
Regulatory Agreement Units	84	84	—	—	—	—	—	—	—
Non-Regulatory Agreement Units	38	38	—	—	—	—	—	—	—
Regulatory offset to NDT fund-related activities[(b)]	(607)	(607)	—	—	—	—	—	—	—
Decommissioning-related activities	605	605	—	—	—	—	—	—	—
AFUDC — Equity	99	—	23	19	21	36	30	4	2
Non-service net periodic benefit cost	64	—	—	—	—	—	—	—	—
Net unrealized losses from equity investments[(c)]	(83)	(83)	—	—	—	—	—	—	—
Nine Months Ended September 30, 2020									
Decommissioning-related activities:									
Net realized income on NDT funds[(a)]									
Regulatory Agreement Units	$ 127	$ 127	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Regulatory Agreement Units	127	127	—	—	—	—	—	—	—
Net unrealized gains on NDT funds									
Regulatory Agreement Units	111	111	—	—	—	—	—	—	—
Non-Regulatory Agreement Units	1	1	—	—	—	—	—	—	—
Regulatory offset to NDT fund-related activities[(b)]	(192)	(192)	—	—	—	—	—	—	—
Decommissioning-related activities	174	174	—	—	—	—	—	—	—
AFUDC — Equity	76	—	22	12	16	26	20	3	3
Non-service net periodic benefit cost	38	—	—	—	—	—	—	—	—

(a) Realized income includes interest, dividends and realized gains and losses on sales of NDT fund investments.
(b) Includes the elimination of decommissioning-related activities for the Regulatory Agreement Units except for decommissioning-related impacts that were not offset for the Byron units starting in the second quarter of 2021, including the elimination of income taxes related to all NDT fund activity for those units. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date. See Note 10 — Asset Retirement Obligations of the Exelon 2020 Form 10-K for additional information regarding the accounting for nuclear decommissioning and Note 8 — Nuclear Decommissioning for additional information on the contractual offset suspension for the Byron units.
(c) Net unrealized losses from equity investments that became publicly traded entities in the fourth quarter of 2020 and the first half of 2021.

Supplemental Cash Flow Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Cash Flows.

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

	Depreciation, amortization, and accretion								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2021									
Property, plant, and equipment[a]	$ 4,505	$ 2,698	$ 721	$ 249	$ 324	$ 467	$ 204	$ 126	$ 115
Amortization of regulatory assets[a]	439	—	172	10	110	147	98	31	18
Amortization of intangible assets, net[a]	44	37	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities[b]	23	23	—	—	—	—	—	—	—
Nuclear fuel[c]	810	810	—	—	—	—	—	—	—
ARO accretion[d]	383	383	—	—	—	—	—	—	—
Total depreciation, amortization, and accretion	$ 6,204	$ 3,951	$ 893	$ 259	$ 434	$ 614	$ 302	$ 157	$ 133
Nine Months Ended September 30, 2020									
Property, plant, and equipment[a]	$ 2,831	$ 1,121	$ 689	$ 238	$ 293	$ 436	$ 191	$ 116	$ 104
Amortization of regulatory assets[a]	434	—	152	21	112	149	91	27	30
Amortization of intangible assets, net[a]	47	40	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities[b]	24	22	—	—	—	—	—	—	—
Nuclear fuel[c]	708	708	—	—	—	—	—	—	—
ARO accretion[d]	375	375	—	—	—	—	—	—	—
Total depreciation, amortization, and accretion	$ 4,419	$ 2,266	$ 841	$ 259	$ 405	$ 585	$ 282	$ 143	$ 134

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

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

	Other non-cash operating activities								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2021									
Pension and non-pension postretirement benefit costs	$ 304	$ 92	$ 97	$ 5	$ 45	$ 36	$ 5	$ 2	$ 8
Allowance for credit losses	155	59	34	36	7	18	9	3	6
Other decommissioning-related activity[(a)]	(810)	(810)	—	—	—	—	—	—	—
Energy-related options[(b)]	45	45	—	—	—	—	—	—	—
True-up adjustments to decoupling mechanisms and formula rates[(c)]	(129)	—	(32)	(20)	17	(94)	(54)	(17)	(23)
Severance costs	(67)	(75)	1	—	—	1	—	—	—
Long-term incentive plan	94	—	—	—	—	—	—	—	—
Amortization of operating ROU asset	146	98	2	—	22	21	5	7	3
AFUDC — Equity	(99)	—	(23)	(19)	(21)	(36)	(30)	(4)	(2)
Nine Months Ended September 30, 2020									
Pension and non-pension postretirement benefit costs	$ 310	$ 89	$ 85	$ 4	$ 46	$ 52	$ 11	$ 6	$ 10
Allowance for credit losses	130	16	23	38	12	41	24	15	2
Other decommissioning-related activity[(a)]	(301)	(301)	—	—	—	—	—	—	—
Energy-related options[(b)]	79	79	—	—	—	—	—	—	—
True-up adjustments to decoupling mechanisms and formula rates[(c)]	66	—	51	(10)	10	15	(20)	15	20
Severance costs	96	88	1	—	—	—	—	—	—
Provision for excess and obsolete inventory	119	118	1	1	—	(1)	—	(1)	—
Long-term incentive plan	(8)	—	—	—	—	—	—	—	—
Amortization of operating ROU asset	185	135	1	—	23	21	5	6	2
Deferred Prosecution Agreement payments[(d)]	200	—	200	—	—	—	—	—	—
AFUDC — Equity	(76)	—	(22)	(12)	(16)	(26)	(20)	(3)	(3)

(a) Includes the elimination of decommissioning-related activities for the Regulatory Agreement Units except for decommissioning-related impacts that were not offset for the Byron units starting in the second quarter of 2021, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income, and income taxes related to all NDT fund activity for these units. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date. See Note 10 — Asset Retirement Obligations of the Exelon 2020 Form 10-K for additional information regarding the accounting for nuclear decommissioning and Note 8 — Nuclear Decommissioning for additional information on the contractual offset suspension for the Byron units.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) For ComEd, reflects the true-up adjustments in regulatory assets and liabilities associated with its distribution, energy efficiency, distributed generation, and transmission formula rates. For BGE, Pepco, DPL, and ACE, reflects the change in regulatory assets and liabilities associated with their decoupling mechanisms and transmission formula rates. For PECO, reflects the change in regulatory assets and liabilities associated with its transmission formula rates. See Note 3 — Regulatory Matters for additional information.
(d) See Note 15 — Commitments and Contingencies for additional information related to the Deferred Prosecution Agreement.

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

The following tables provide a reconciliation of cash, cash equivalents, and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2021									
Cash and cash equivalents	$ 2,957	$ 1,957	$ 241	$ 344	$ 225	$ 82	$ 19	$ 13	$ 16
Restricted cash and cash equivalents	473	62	276	8	27	71	41	26	5
Restricted cash included in other long-term assets	54	—	44	—	—	9	—	—	9
Total cash, restricted cash, and cash equivalents	$ 3,484	$ 2,019	$ 561	$ 352	$ 252	$ 162	$ 60	$ 39	$ 30
December 31, 2020									
Cash and cash equivalents	$ 663	$ 226	$ 83	$ 19	$ 144	$ 111	$ 30	$ 15	$ 17
Restricted cash and cash equivalents	438	89	279	7	1	39	35	—	3
Restricted cash included in other long-term assets	53	—	43	—	—	10	—	—	10
Cash, restricted cash, and cash equivalents - Held for Sale	12	12	—	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,166	$ 327	$ 405	$ 26	$ 145	$ 160	$ 65	$ 15	$ 30
September 30, 2020									
Cash and cash equivalents	$ 1,858	$ 623	$ 76	$ 242	$ 326	$ 196	$ 125	$ 26	$ 13
Restricted cash and cash equivalents	485	100	305	7	1	38	33	—	4
Restricted cash included in other long-term assets	137	—	127	—	—	10	—	—	10
Total cash, restricted cash, and cash equivalents	$ 2,480	$ 723	$ 508	$ 249	$ 327	$ 244	$ 158	$ 26	$ 27
December 31, 2019									
Cash and cash equivalents	$ 587	$ 303	$ 90	$ 21	$ 24	$ 131	$ 30	$ 13	$ 12
Restricted cash and cash equivalents	358	146	150	6	1	36	33	—	2
Restricted cash included in other long-term assets	177	—	163	—	—	14	—	—	14
Total cash, restricted cash, and cash equivalents	$ 1,122	$ 449	$ 403	$ 27	$ 25	$ 181	$ 63	$ 13	$ 28

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the Exelon 2020 Form 10-K.

Supplemental Balance Sheet Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Balance Sheets.

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

	Accrued expenses								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2021									
Compensation-related accruals[a]	$ 894	$ 318	$ 148	$ 66	$ 72	$ 108	$ 34	$ 21	$ 16
Taxes accrued	508	222	80	61	90	98	67	16	7
Interest accrued	415	77	65	36	39	75	37	20	15
December 31, 2020									
Compensation-related accruals[a]	$ 1,069	$ 426	$ 170	$ 73	$ 84	$ 109	$ 36	$ 18	$ 17
Taxes accrued	527	229	94	16	73	117	90	18	12
Interest accrued	331	44	109	37	46	51	26	7	12

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(a) Primarily includes accrued payroll, bonuses and other incentives, vacation, and benefits.

19. Related Party Transactions (All Registrants)

Operating revenues from affiliates

Generation

The following table presents Generation's Operating revenues from affiliates, which are primarily recorded as Purchased power from affiliates and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating revenues from affiliates:				
ComEd[a][b]	$ 96	$ 71	$ 249	$ 241
PECO[c]	59	68	142	146
BGE[d]	65	84	195	252
PHI	99	105	276	288
Pepco[e]	69	80	199	219
DPL[f]	25	21	63	60
ACE[g]	5	4	14	9
Other	5	3	10	5
Total operating revenues from affiliates (Generation)	$ 324	$ 331	$ 872	$ 932

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(a) Generation has an ICC-approved RFP contract with ComEd to provide a portion of ComEd's electricity supply requirements. Generation also sells RECs and ZECs to ComEd.
(b) For the three and nine months ended September 30, 2021, respectively, ComEd's Purchased power from Generation of $94 million and $256 million is recorded as Operating revenues from ComEd of $96 million and $249 million and as Purchased power and fuel from ComEd of $2 million and $(7) million at Generation. For the three and nine months ended September 30, 2020, respectively, ComEd's Purchased power from Generation of $71 million and $252 million is recorded as Operating revenues from ComEd of $71 million and $241 million and as Purchased power and fuel from ComEd of less than $1 million and $11 million at Generation.
(c) Generation provides electric supply to PECO under contracts executed through PECO's competitive procurement process. In addition, Generation has a ten-year agreement with PECO to sell solar AECs.
(d) Generation provides a portion of BGE's energy requirements under its MDPSC-approved market-based SOS and gas commodity programs.
(e) Generation provides electric supply to Pepco under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
(f) Generation provides a portion of DPL's energy requirements under its MDPSC and DPSC-approved market-based SOS commodity programs.
(g) Generation provides electric supply to ACE under contracts executed through ACE's competitive procurement process.

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

PHI

PHI's Operating revenues from affiliates are primarily with BSC for services that PHISCO provides to BSC.

Service Company Costs for Corporate Support

The Registrants receive a variety of corporate support services from BSC. Pepco, DPL, and ACE also receive corporate support services from PHISCO. See Note 1 — Significant Accounting Policies for additional information regarding BSC and PHISCO.

The following table presents the service company costs allocated to the Registrants:

	Operating and maintenance from affiliates				Capitalized costs			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020
Exelon								
BSC					$ 149	$ 148	$ 431	$ 390
PHISCO					18	15	54	45
Generation								
BSC	$ 145	$ 133	$ 424	$ 406	43	13	76	37
ComEd								
BSC	71	65	214	204	47	49	148	133
PECO								
BSC	41	34	120	107	12	20	57	53
BGE								
BSC	45	38	133	120	20	30	62	88
PHI								
BSC	40	36	116	107	27	36	88	79
PHISCO	—	—	—	—	18	15	54	45
Pepco								
BSC	23	20	68	61	11	14	36	29
PHISCO	26	28	84	90	7	7	22	20
DPL								
BSC	14	13	43	38	10	12	29	26
PHISCO	24	24	73	73	6	4	17	13
ACE								
BSC	14	11	37	32	7	10	22	22
PHISCO	21	21	64	65	5	4	15	12

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

Current Receivables from/Payables to affiliates

The following tables present current receivables from affiliates and current payables to affiliates:

September 30, 2021

	Receivables from affiliates:										
Payables to affiliates:	**Generation**	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
Generation		$ 36	$ 9	$ —	$ —	$ —	$ —	$ 86	$ —	$ 23	$ 154
ComEd	$ 103 (a)		—	—	—	—	—	49	—	6	158
PECO	24	3		1	—	—	—	25	—	7	60
BGE	15	—	—		—	—	—	32	—	2	49
PHI	—	—	—	—	—	—	—	2	—	10	12
Pepco	22	—	—	—		1	—	15	13	—	51
DPL	4	—	—	—	—		—	9	11	—	24
ACE	7	—	—	—	—	—		9	9	1	26
Other	9	2	—	1	—	—	1	2	—		15
Total	$ 184	$ 41	$ 9	$ 2	$ —	$ 1	$ 1	$ 229	$ 33	$ 49	$ 549

December 31, 2020

	Receivables from affiliates:										
Payables to affiliates:	**Generation**	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
Generation		$ 13	$ —	$ —	$ —	$ —	$ —	$ 72	$ —	$ 22	$ 107
ComEd	$ 78 (a)		—	—	—	—	—	59	—	9	146
PECO	17	1		—	—	—	—	28	—	4	50
BGE	11	—	—		—	—	—	47	—	3	61
PHI	—	—	—	—	—	—	—	4	—	11	15
Pepco	13	2	—	1		—	—	25	14	—	55
DPL	3	1	—	—	—		—	21	10	1	36
ACE	6	—	—	—	—	—		15	9	1	31
Other	25	5	2	2	2	1	6	—	—		43
Total	$ 153	$ 22	$ 2	$ 3	$ 2	$ 1	$ 6	$ 271	$ 33	$ 51	$ 544

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(a) As of September 30, 2021 and December 31, 2020, Generation had a contract liability with ComEd for $27 million and $50 million, respectively, that was included in Other current liabilities on Generation's Consolidated Balance Sheets. As of September 30, 2021 and December 31, 2020, ComEd had a Current Payable to Generation of $76 million and $28 million, respectively, on its Consolidated Balance Sheets, which consisted of Generation's Current Receivable from ComEd, partially offset by Generation's contract liability with ComEd.

Borrowings from Exelon/PHI intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing both Exelon and PHI operate an intercompany money pool. Generation, ComEd, PECO, and PHI Corporate participate in the Exelon money pool. Pepco, DPL, and ACE participate in the PHI intercompany money pool.

Noncurrent Receivables from/Payables to affiliates

Generation has long-term payables to ComEd and PECO as a result of the nuclear decommissioning contractual construct whereby, to the extent NDT funds are greater than the underlying ARO at the end of decommissioning, such amounts are due back to ComEd and PECO, as applicable, for payment to their respective customers. See Note 10 — Asset Retirement Obligations of the Exelon 2020 Form 10-K for additional information.

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

The following table presents noncurrent receivables from affiliates at ComEd and PECO which are recorded as noncurrent payables to affiliates at Generation:

	September 30, 2021	December 31, 2020
ComEd	$ 2,597	$ 2,541
PECO	546	475

Long-term debt to financing trusts

The following table presents Long-term debt to financing trusts:

	September 30, 2021			December 31, 2020		
	Exelon	ComEd	PECO	Exelon	ComEd	PECO
ComEd Financing III	$ 206	$ 205	$ —	$ 206	$ 205	$ —
PECO Trust III	81	—	81	81	—	81
PECO Trust IV	103	—	103	103	—	103
Total	$ 390	$ 205	$ 184	$ 390	$ 205	$ 184

Long-term debt to affiliates

In connection with the debt obligations assumed by Exelon as part of the Constellation merger, Exelon and subsidiaries of Generation (former Constellation subsidiaries) assumed intercompany loan agreements that mirror the terms and amounts of the third-party debt obligations of Exelon, resulting in intercompany notes payable included in Long-term debt to affiliates in Generation's Consolidated Balance Sheets and intercompany notes receivable at Exelon Corporate.

20. Planned Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies. Under the separation plan, Exelon shareholders will retain their current shares of Exelon stock and receive a pro-rata distribution of shares of the new company's stock in a transaction that is expected to be tax-free to Exelon and its shareholders for U.S. federal income tax purposes. The actual number of shares to be distributed to Exelon shareholders will be determined prior to closing.

Exelon is targeting to complete the separation in the first quarter of 2022, subject to final approval by Exelon's Board of Directors, a Form 10 registration statement being declared effective by the SEC, regulatory approvals, and satisfaction of other conditions. The transaction is subject to approval by FERC, NRC, and NYPSC and receipt of a private letter ruling from the IRS and tax opinion from Exelon's tax advisors.

On February 25, 2021, Exelon and Generation filed applications with FERC, NYPSC, and NRC seeking approvals for the separation of Generation. On March 25, 2021, Exelon filed a request for a private letter ruling with the IRS to confirm the tax-free treatment of the planned separation, which was received on September 23, 2021. On August 24, 2021, Exelon and Generation received approval from FERC for the planned separation. Exelon and Generation expect a decision from the NRC in the fourth quarter of 2021 and have requested a decision from the NYPSC before the end of 2021. Exelon and Generation cannot predict if the remaining applications will be approved as filed.

There can be no assurance that any separation transaction will ultimately occur or, if one does occur, of its terms or timing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Exelon

Executive Overview

Exelon is a utility services holding company engaged in the generation, delivery, and marketing of energy through Generation and the energy distribution and transmission businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

Exelon has eleven reportable segments consisting of Generation's five reportable segments (Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions), ComEd, PECO, BGE, Pepco, DPL, and ACE. See Note 1 — Significant Accounting Policies and Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's principal subsidiaries and reportable segments.

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

Financial Results of Operations

GAAP Results of Operations. The following table sets forth Exelon's GAAP consolidated Net Income attributable to common shareholders by Registrant for the three and nine months ended September 30, 2021 compared to the same period in 2020. For additional information regarding the financial results for the three and nine months ended September 30, 2021 and 2020 see the discussions of Results of Operations by Registrant.

	Three Months Ended September 30,		Favorable (unfavorable) variance	Nine Months Ended September 30,		Favorable (unfavorable) variance
	2021	2020		2021	2020	
Exelon	$ 1,203	$ 501	$ 702	$ 1,315	$ 1,604	$ (289)
Generation	607	49	558	(247)	570	(817)
ComEd	220	196	24	609	304	305
PECO	111	138	(27)	383	317	66
BGE	36	53	(17)	290	273	17
PHI	266	216	50	535	418	117
Pepco	130	118	12	264	227	37
DPL	50	27	23	135	91	44
ACE	90	75	15	141	106	35
Other[(a)]	(37)	(151)	114	(255)	(278)	23

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(a) Primarily includes eliminating and consolidating adjustments, Exelon's corporate operations, shared service entities and other financing and investing activities.

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income attributable to common shareholders** increased by $702 million and diluted earnings per average common share increased to $1.23 in 2021 from $0.51 in 2020 primarily due to:

- Absence of an impairment in the New England asset group;
- Absence of one time charges recorded in the third quarter of 2020 associated with Generation's decision to early retire the Byron and Dresden nuclear facilities and Mystic Units 8 and 9, and the reversal of one-time charges resulting from the reversal of the previous decision to early retire Byron and Dresden on September 15, 2021;
- Higher mark-to-market gains;
- Higher New York ZEC revenues due to higher generation and an increase in ZEC prices;
- Higher electric distribution earnings from higher rate base and higher allowed ROE due to an increase in treasury rates at ComEd; and
- The favorable impacts of the multi-year plan at BGE and regulatory rate increases at DPL and Pepco.

The increases were partially offset by:

- Lower net unrealized and realized gains on NDT funds;
- Decommissioning-related activities that were not offset for the Byron units beginning in the second quarter of 2021 through September 15, 2021. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date;
- Accelerated depreciation and amortization associated with Generation's previous decision in the third quarter of 2020 to early retire Byron and Dresden nuclear facilities in 2021, a decision which was reversed on September 15, 2021, and Generation's decision in the third quarter of 2020 to early retire Mystic Units 8 and 9 in 2024; and
- Higher net unrealized and realized losses on equity investments.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income attributable to common shareholders** decreased by $289 million and diluted earnings per average common share decreased to $1.34 in 2021 from $1.64 in 2020 primarily due to:

- Impacts of the February 2021 extreme cold weather event;
- Accelerated depreciation and amortization associated with Generation's previous decision in the third quarter of 2020 to early retire Byron and Dresden nuclear facilities in 2021, a decision which was reversed on September 15, 2021, and Generation's decision in the third quarter of 2020 to early retire Mystic Units 8 and 9 in 2024;
- Decommissioning-related activities that were not offset for the Byron units beginning in the second quarter of 2021 through September 15, 2021. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date;
- Impairments at Generation of the New England asset group, the Albany Green Energy biomass facility, and a wind project, partially offset by the absence of an impairment of the New England asset group in the third quarter of 2020; and
- The absence of a prior year one-time tax settlement.

The decreases were partially offset by:

- Higher mark-to-market gains;
- Higher net unrealized and realized gains on NDT funds;

- Absence of one time charges recorded in the third quarter of 2020 associated with Generation's decision to early retire the Byron and Dresden nuclear facilities and Mystic generating station assets, and the reversal of one-time charges;
- Lower nuclear outage days;
- Higher New York ZEC revenues due to higher generation and an increase in ZEC prices;
- Lower operating and maintenance expense at ComEd due to the payments that ComEd made in 2020 under the Deferred Prosecution Agreement;
- Higher electric distribution earnings from higher rate base and higher allowed ROE due to an increase in treasury rates at ComEd;
- The favorable impacts of the multi-year plan at BGE and regulatory rate increases at Pepco, DPL, and ACE;
- Favorable weather conditions at PECO and DPL's Delaware service territory;
- Favorable volume at PECO; and
- Lower storm costs at PECO and DPL due to the absence of the June 2020 and August 2020 storms, respectively.

Adjusted (non-GAAP) Operating Earnings. In addition to net income, Exelon evaluates its operating performance using the measure of Adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses, and other specified items. This information is intended to enhance an investor’s overall understanding of year-to-year operating results and provide an indication of Exelon’s baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2021 compared to the same period in 2020.

	Three Months Ended September 30,			
	2021		2020	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 1,203	$ 1.23	$ 501	$ 0.51
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $192 and $62, respectively)	(559)	(0.57)	(183)	(0.19)
Unrealized (Gains) Losses Related to NDT Fund Investments (net of taxes of $70 and $161, respectively)[a]	55	0.06	(172)	(0.18)
Asset Impairments (net of taxes of $11 and $126, respectively)[b]	33	0.03	375	0.38
Plant Retirements and Divestitures (net of taxes of $71 and $111, respectively)[c]	211	0.22	329	0.34
Cost Management Program (net of taxes of $1 and $5, respectively)[d]	6	0.01	15	0.02
Change in Environmental Liabilities (net of taxes of $1 and $6, respectively)	4	—	17	0.02
COVID-19 Direct Costs (net of taxes of $1 and $3, respectively)[e]	7	0.01	10	0.01
ERP System Implementation Costs (net of taxes $1)[h]	4	—	—	—
Planned Separation Costs (net of taxes of $10)[i]	27	0.03	—	—
Costs Related to Suspension of Contractual Offset (net of taxes of $33)[j]	107	0.11	—	—
Asset Retirement Obligation (net of taxes of $12 and $1, respectively)[k]	(35)	(0.04)	3	—
Acquisition Related Costs (net of taxes of $2 and $1, respectively)[g]	7	0.01	2	—
Income Tax-Related Adjustments (entire amount represents tax expense)[l]	19	0.02	62	0.06
Noncontrolling Interests (net of taxes of $5 and $12, respectively)[m]	(17)	(0.02)	57	0.06
Adjusted (non-GAAP) Operating Earnings	$ 1,070	$ 1.09	$ 1,017	$ 1.04

(In millions, except per share data)	Nine Months Ended September 30, 2021		2020	
		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 1,315	$ 1.34	$ 1,604	$ 1.64
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $317 and $112, respectively)	(924)	(0.94)	(329)	(0.34)
Unrealized (Gains) Losses Related to NDT Fund Investments (net of taxes of $24 and $31, respectively)[a]	(32)	(0.03)	8	0.01
Asset Impairments (net of taxes of $135 and $134, respectively)[b]	401	0.41	396	0.40
Plant Retirements and Divestitures (net of taxes of $290 and $117, respectively)[c]	865	0.88	348	0.36
Cost Management Program (net of taxes of $2 and $11, respectively)[d]	10	0.01	34	0.03
Change in Environmental Liabilities (net of taxes of $2 and $6, respectively)	6	0.01	18	0.02
COVID-19 Direct Costs (net of taxes of $9 and $13, respectively)[e]	24	0.02	37	0.04
Deferred Prosecution Agreement Payments (net of taxes of $0)[f]	—	—	200	0.20
ERP System Implementation Costs (net of taxes of $2)[h]	10	0.01	—	—
Planned Separation Costs (net of taxes of $16)[i]	46	0.05	—	—
Costs Related to Suspension of Contractual Offset (net of taxes of $45)[j]	148	0.15	—	—
Asset Retirement Obligation (net of taxes of $12 and $1, respectively)[k]	(35)	(0.04)	3	—
Acquisition Related Costs (net of taxes of $5 and $1, respectively)[g]	15	0.02	2	—
Income Tax-Related Adjustments (entire amount represents tax expense)[l]	15	0.02	66	0.07
Noncontrolling Interests (net of taxes of $2 and $2, respectively)[m]	16	0.02	17	0.02
Adjusted (non-GAAP) Operating Earnings	$ 1,879	$ 1.92	$ 2,403	$ 2.46

Note:
Amounts may not sum due to rounding.
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates for 2021 and 2020 ranged from 25.0% to 29.0%. Under IRS regulations, NDT fund investment returns are taxed at different rates for investments if they are in qualified or non-qualified funds. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 56.2% and 48.3% for the three months ended September 30, 2021 and 2020, respectively. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 42.4% and 134.1% for the nine months ended September 30, 2021 and 2020, respectively.

(a) Reflects the impact of net unrealized gains and losses on Generation's NDT fund investments for Non-Regulatory Agreement Units.
(b) In 2021, reflects an impairment in the New England asset group, an impairment recorded as a result of the agreement to sell the Albany Green Energy biomass facility, and an impairment of a wind project at Generation. In 2020, reflects an impairment at ComEd related to the acquisition of transmission assets and an impairment in the New England asset group in the third quarter of 2020.
(c) In 2021, primarily reflects accelerated depreciation and amortization associated with Generation's decisions to early retire Byron, Dresden, and Mystic Units 8 and 9, partially offset by reversal of one-time charges resulting from the reversal of the previous decision to retire Byron and Dresden on September 15, 2021 and a gain on sale of Generation's solar business.

Depreciation for Byron and Dresden was adjusted beginning September 15, 2021 to reflect the extended useful life estimates. In 2020, primarily reflects one-time charges and accelerated depreciation and amortization expenses associated with Generation's decisions in the third quarter of 2020 to early retire Byron and Dresden nuclear facilities in 2021 and Mystic Units 8 and 9 in 2024.
(d) Primarily represents reorganization and severance costs related to cost management programs.
(e) Represents direct costs related to COVID-19 consisting primarily of costs to acquire personal protective equipment, costs for cleaning supplies and services, and costs to hire healthcare professionals to monitor the health of employees.
(f) Reflects the payments made by ComEd under the Deferred Prosecution Agreement, which ComEd entered in July 2020 with the U.S. Attorney's Office for the Northern District of Illinois.
(g) Reflects costs related to the acquisition of EDF's interest in CENG, which was completed in the third quarter of 2021.
(h) Reflects costs related to a multi-year Enterprise Resource Program (ERP) system implementation.
(i) Represents costs related to the planned separation primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the planned separation, and employee-related severance costs.
(j) Decommissioning-related activities for the former ComEd and PECO units (Regulatory Agreement Units), net of applicable taxes, including realized and unrealized gains and losses on the NDT funds, depreciation of the ARC, and accretion of the decommissioning obligation, are generally offset within Exelon's and Generation's consolidated statements of operations. These costs reflect the impact of suspension of contractual offset for the Byron units beginning in the second quarter of 2021 through September 15, 2021. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date.
(k) For Generation, reflects an adjustment to the nuclear asset obligation for the Non-Regulatory Agreement Units resulting from the annual update in the third quarter of 2021.
(l) Primarily reflects the adjustment to deferred income taxes due to changes in forecasted apportionment.
(m) Represents elimination from Generation's results of the noncontrolling interests related to certain exclusion items, primarily related to unrealized gains and losses on NDT fund investments for CENG units prior to Generation's acquisition of EDF's interest in CENG on August 6, 2021 and the noncontrolling interest portion of a wind project impairment.

Significant 2021 Transactions and Developments

Planned Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies with the resources necessary to best serve customers and sustain long-term investment and operating excellence. The separation gives each company the financial and strategic independence to focus on its specific customer needs, while executing its core business strategy.

On February 25, 2021, Exelon and Generation filed applications with FERC, NYPSC, and NRC seeking approvals for the separation of Generation. On March 25, 2021, Exelon filed a request for a private letter ruling with the IRS to confirm the tax-free treatment of the planned separation, which was received on September 23, 2021. On August 24, 2021, Exelon and Generation received approval from FERC for the planned separation. Exelon and Generation expect a decision from the NRC in the fourth quarter of 2021 and have requested a decision from the NYPSC before the end of 2021. Exelon and Generation cannot predict if the remaining applications will be approved as filed.

In connection with the planned separation, Exelon incurred transaction costs of approximately $36 million and $64 million on a pre-tax basis for the three and nine months ended September 30, 2021, respectively, which are excluded from Adjusted (non-GAAP) Operating Earnings. The transaction costs are primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the planned separation, and employee-related severance costs.

There can be no assurance that any separation transaction will ultimately occur or, if one does occur, of its terms or timing. See Note 20 — Planned Separation of the Combined Notes to Consolidated Financial Statements for additional information.

CENG Put Option

EDF had the option to sell its 49.99% equity interest in CENG to Generation exercisable beginning on January 1, 2016 and thereafter until June 30, 2022. On November 20, 2019, Generation received notice of EDF's intention to exercise the put option and sell its 49.99% equity interest in CENG to Generation and the put automatically exercised on January 19, 2020 at the end of the sixty-day advance notice period. On August 6, 2021, Generation and EDF entered into a settlement agreement pursuant to which Generation, through a wholly owned subsidiary, purchased EDF's equity interest in CENG for a net purchase price of $885 million, which includes, among other things, an adjustment for EDF's share of the balance of the preferred distribution payable by CENG to

Generation. The difference between the net purchase price and EDF's noncontrolling interest as of the closing date was recorded to Common Stock in Exelon's Consolidated Balance Sheet and Membership Interest in Generation's Consolidated Balance Sheet.

In connection with the settlement agreement, on August 6, 2021, Generation issued approximately $880 million under a term loan credit agreement to fund the transaction, which will expire on August 5, 2022.

See Note 2 – Mergers, Acquisitions, and Dispositions and Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

Clean Energy Law

On September 15, 2021, the Illinois Public Act 102-0662 was signed into law by the Governor of Illinois ("Clean Energy Law"). The Clean Energy Law is designed to achieve 100% carbon-free power by 2045 to enable the state's transition to a clean energy economy. The Clean Energy Law establishes decarbonization requirements for Illinois as well as programs to support the retention and development of emissions-free sources of electricity. Among other things, the Clean Energy Law authorizes the IPA to procure up to 54.5 million CMCs from qualifying nuclear plants for a five-year period beginning on June 1, 2022 through May 31, 2027. CMCs are credits for the carbon-free attributes of eligible nuclear power plants in PJM. The Byron, Dresden, and Braidwood nuclear plants located in Illinois will be eligible to participate in the CMC procurement process and, if awarded contracts, would be committed to operate through May 31, 2027. Selected generators will by December 3, 2021 contract directly with ComEd for the procurement of the CMCs based upon the number of MWhs produced annually by the eligible facilities, subject to specified caps and minimum performance requirements. ComEd is required to purchase CMCs from eligible nuclear facilities and all its costs of doing so will be recovered through a new rider.

Following enactment of the Clean Energy Law, Generation announced on September 15, 2021, that it has reversed its previous decision to retire Byron and Dresden given the opportunity for additional revenue. In addition, Generation no longer considers the Braidwood or LaSalle nuclear plants to be at risk for premature retirement. See Note 7 – Early Plant Retirements for additional information and Early Retirement of Generation Facilities below.

The Clean Energy Law also contains requirements associated with ComEd's transition away from the performance-based electric distribution formula rate. The law authorizing that rate setting process sunsets at the end of 2022. The Clean Energy Law, and tariffs adopted under it, governs both the remaining reconciliations of rates set under that process and requires ComEd to file in 2023 its choice of either a general rate case or a four-year multi-year plan to set rates that take effect in 2024. If ComEd elects to file a multi-year plan, that plan would set rates for 2024 – 2027, based on forecasted revenue requirements and an ICC determined rate of return on rate base, including the cost of common equity. See Note 3 – Regulatory Matters for additional information and other features of the Clean Energy Law.

Early Retirement of Generation Facilities

In August 2020, Generation announced that it intended to retire the Byron Generating Station in September 2021, Dresden Generating Station in November 2021, and Mystic Units 8 and 9 at the expiration of the cost of service commitment in May 2024. As a result, Exelon and Generation recognized certain one-time charges in the third and fourth quarters of 2020. Further, there were ongoing annual financial impacts stemming from shortening the expected economic useful lives of these facilities, primarily related to accelerated depreciation of plant assets (including any ARC) and accelerated amortization of nuclear fuel.

Also, as a result, in the third quarter of 2020, Exelon and Generation recognized a $500 million pre-tax impairment for the New England asset group. In the second quarter of 2021, an incremental decline in value resulted in an additional pre-tax impairment charge of $350 million for the New England asset group.

Further, in the second quarter and third quarter of 2021, Exelon and Generation recorded a pre-tax charge of $53 million and $140 million, respectively for decommissioning-related activities that were not offset for the Byron units due to the inability to recognize a regulatory asset at ComEd.

All of the charges above were excluded from Exelon's and Generation's Adjusted (non-GAAP) Operating Earnings.

On September 15, 2021, Generation reversed its previous decision to early retire Byron and Dresden and updated the expected economic useful life for both facilities to 2044 and 2046 for Byron Units 1 and 2, respectively, and to 2029 and 2031 for Dresden Units 2 and 3, respectively. Depreciation was therefore adjusted beginning September 15, 2021, to reflect these extended useful life estimates. In addition, in the third quarter of 2021, Exelon and Generation reversed approximately $81 million of severance benefit costs and $13 million of other one-time charges initially recorded in the third and fourth quarters of 2020 associated with the early retirements, which were excluded from Exelon's and Generation’s Adjusted (non-GAAP) Operating Earnings.

The following table summarizes the incremental expense for Byron, Dresden, and Mystic Units 8 and 9 and the reversal of one-time charges for Byron and Dresden recorded in the three and nine months ended September 30, 2021. For Mystic Units 8 and 9, the projected amounts for the remainder of 2021 and through the retirement date of 2024 are not expected to be material.

Income statement expense (pre-tax)	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Depreciation and amortization		
Accelerated depreciation[(a)]	$ 574	$ 1,845
Accelerated nuclear fuel amortization	42	148
Operating and maintenance		
Reversal of one-time charges	(94)	(94)
Other charges	4	8
Contractual offset[(b)]	(60)	(451)
Total	$ 466	$ 1,456

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(b) Reflects contractual offset for ARO accretion, ARC depreciation, and net impacts associated with the remeasurement of the ARO for Byron and Dresden and exclude any changes in earnings in the NDT funds. Decommissioning-related activities were not offset for the Byron units starting in the second quarter of 2021 due to the inability to recognize a regulatory asset at ComEd. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date. Based on the regulatory agreement with the ICC, decommissioning-related activities are offset in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income as long as the net cumulative decommissioning-related activities result in a regulatory liability at ComEd. Recognition of a regulatory asset for nuclear decommissioning-related activities at ComEd is not permissible. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd.

See Note 7 — Early Plant Retirements, Note 8 — Nuclear Decommissioning, and Note 9 - Asset Impairments of the Combined Notes to Consolidated Financial Statements for additional information.

Impacts of the February 2021 Extreme Cold Weather Event and Texas-based Generating Assets Outages

Beginning on February 15, 2021, Generation’s Texas-based generating assets within the ERCOT market, specifically Colorado Bend II, Wolf Hollow II, and Handley, experienced outages as a result of extreme cold weather conditions. In addition, those weather conditions drove increased demand for service, dramatically increased wholesale power prices, and also increased gas prices in certain regions.

The estimated impact to Exelon’s and Generation’s Net income for the nine months ended September 30, 2021 arising from these market and weather conditions was a reduction of approximately $880 million. The estimated impact to Exelon's and Generation's Net income for the three months ended September 30, 2021 was not material. The nine months ended estimated impact includes certain charges associated with the natural gas business that may be reduced through waivers and/or recoveries from customers. Therefore, such charges are not included in the estimated full year earnings impact. Exelon and Generation estimate a reduction in Net income of approximately $670 million to $820 million for the full year 2021. The ultimate impact to Exelon’s and Generation’s consolidated financial statements may be affected by a number of factors, the impacts of customer and counterparty credit losses, any state or federal solutions to address the financial challenges caused by the event, and related litigation and contract disputes. See Note 3 — Regulatory Matters and Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information.

Exelon expects to offset between $410 million and $490 million of this impact for the full year 2021 primarily at Generation through a combination of enhanced revenue opportunities, deferral of selected non-essential maintenance, and primarily one-time cost savings.

Agreement for the Sale of a Generation Biomass Facility

On April 28, 2021, Generation and ReGenerate entered into a purchase agreement, under which ReGenerate agreed to purchase Generation's interest in the Albany Green Energy biomass facility. As a result, in the second quarter of 2021, Exelon and Generation recorded a pre-tax impairment charge of $140 million which is excluded from Exelon's and Generation's Adjusted (non-GAAP) Operating Earnings. The sale was completed on June 30, 2021 for a net purchase price of $36 million. See Note 2 — Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

Utility Rates and Base Rate Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future financial statements.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2021. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on these and other regulatory proceedings.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement (Decrease) Increase	Approved Revenue Requirement (Decrease) Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois	April 16, 2020	Electric	$ (11)	$ (14)	8.38 %	December 9, 2020	January 1, 2021
PECO - Pennsylvania	September 30, 2020	Natural Gas	69	29	10.24 %	June 22, 2021	July 1, 2021
BGE - Maryland	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - District of Columbia	May 30, 2019 (amended June 1, 2020)	Electric	136	109	9.275 %	June 8, 2021	July 1, 2021
Pepco - Maryland	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Delaware	March 6, 2020 (amended February 2, 2021)	Electric	23	14	9.60 %	September 15, 2021	October 6, 2020
ACE - New Jersey	December 9, 2020 (amended February 26, 2021)	Electric	67	41	9.60 %	July 14, 2021	January 1, 2022

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois	April 16, 2021	Electric	$ 51	7.36 %	Fourth quarter of 2021
PECO - Pennsylvania	March 30, 2021	Electric	246	10.95 %	Fourth quarter of 2021
DPL - Maryland	September 1, 2021	Electric	29	10.10 %	First quarter of 2022

Transmission Formula Rates

The following total increases/(decreases) were included in the Utility Registrants' 2021 electric transmission formula rate updates. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Registrant	Initial Revenue Requirement Increase (Decrease)	Annual Reconciliation Increase	Total Revenue Requirement Increase	Allowed Return on Rate Base	Allowed ROE
ComEd	$ 33	$ 12	$ 45	8.20 %	11.50 %
PECO	(2)	26	24	7.37 %	10.35 %
BGE	38	27	65	7.35 %	10.50 %
Pepco	(9)	21	12	7.68 %	10.50 %
DPL	19	33	52	7.20 %	10.50 %
ACE	27	24	51	7.45 %	10.50 %

Other Key Business Drivers and Management Strategies

The following discussion of other key business driver and management strategies includes current developments of previously disclosed matters and new issues arising during the period that may impact future financial statements. This section should be read in conjunction with ITEM 1. Business and ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Key Business Drivers and Management Strategies in the Registrants' combined 2020 Form 10-K and Note 15 — Commitments and Contingencies to the Consolidated Financial Statements in this report for additional information on various environmental matters.

Power Markets

Complaint at FERC Seeking to Alter Capacity Market Default Offer Caps

On February 21, 2019, PJM's Independent Market Monitor (IMM) filed a complaint alleging that the number of performance assessment intervals used to calculate the default offer cap for bids to supply capacity in PJM is too high, resulting in an overstated default offer cap that obviates the need for most sellers to seek unit-specific approval of their offers. The IMM argued that this allows for the exercise of market power. The IMM asked FERC to require PJM to reduce the number of performance assessment intervals used to calculate the opportunity costs of a capacity supplier assuming a capacity obligation. This would, in turn, lower the default offer cap and allow the IMM to review more offers on a unit-specific basis. Several consumer advocates filed a complaint seeking similar relief several months after the IMM's complaint. On March 18, 2021, FERC granted the complaints, finding the current estimate of performance assessment intervals to be excessive compared to the reasonably expected number of performance assessment intervals which results in an unjust and unreasonable default offer cap. FERC did not establish the number of performance assessment intervals that should be used to calculate the default offer cap and instead requested briefs on the matter, including alternative approaches to mitigation in the capacity market. Exelon submitted an initial and reply briefs on May 3, 2021 and June 9, 2021, respectively, and an answer to briefs filed by other parties on June 24, 2021. On September 2, 2021, FERC issued an order adopting the IMM's unit-specific avoidable cost offer review methodology and directed PJM to submit a compliance filing establishing new deadlines for offer review and related other activities leading up to the base residual auction for the 2023-2024 planning year and an additional compliance filing revising the PJM Tariff to comply with FERC's order. Exelon filed at FERC for rehearing on this matter on October 4, 2021. Generation cannot predict the outcome of these proceedings or the financial statement impact.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. As of September 30, 2021, the percentage of expected generation hedged for the Mid-Atlantic, Midwest, New York, and ERCOT reportable segments is 96%-99% for the remainder of 2021. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk.

Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Approximately 60% of Generation's uranium concentrate requirements from 2021 through 2025 are supplied by three suppliers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's consolidated financial statements.

See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements and ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for additional information.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Environmental Regulation

Exelon is well positioned to support increasingly ambitious government climate policy and to partner with our customers and communities to reduce GHG emissions.

In August 2021, the Utility Registrants announced a “path to clean” goal to collectively reduce their operations-driven emissions 50% by 2030 against a 2015 baseline, and to reach net zero operations-driven emissions by 2050. This goal builds upon Exelon’s long-standing commitment to reducing our GHG emissions. The Utility Registrants “path to clean” will include efficiency and clean electricity for operations, vehicle fleet electrification, equipment and processes to reduce sulfur hexafluoride (SF6) leakage, modern natural gas infrastructure to minimize methane leaks and increase safety and reliability, and investment and collaboration to develop new technologies.

Generation produces electricity predominantly from low- and zero-carbon generating facilities (such as nuclear, hydroelectric, natural gas, wind, and solar PV) and neither owns nor operates any coal-fueled generating assets. Generation’s natural gas fired generating plants produce GHG emissions, most notably CO2. However, Generation’s owned-asset emission intensity, or rate of carbon dioxide equivalent (CO2e) emitted per unit of electricity generated, is among the lowest in the industry.

The United States has set an economy-wide target of reducing its net GHG emissions by 50-52% below 2005 levels by 2030.

Other Legislative and Regulatory Developments

FERC Supplemental Notice of Proposed Rulemaking

On April 15, 2021, FERC issued a Supplemental Notice of Proposed Rulemaking (NOPR) proposing to modify the current regulation permitting a continuous 50-basis-point ROE incentive adder for a transmission utility that joins and remains a member of a RTO. Under the NOPR, the ROE incentive adder would only be available for a period of up to three years after a transmission utility newly joins a RTO and all existing ROE incentive adders would end for transmission utilities that have been members for three or more years. The Utility Registrants’ existing transmission rates include the ROE incentive adder. Exelon submitted comments to FERC on this matter on June 25, 2021. Exelon cannot predict the outcome, but a final rule as proposed could have an adverse impact to Exelon’s and the Utility Registrants’ financial statements. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding the Utility Registrants’ transmission formula rates and regulatory proceedings at FERC.

City of Chicago Franchise Agreement

ComEd has had a Franchise Agreement with the City of Chicago (the City) since 1992. The Franchise Agreement grants rights to use the public right of way to install, maintain, and operate the wires, poles, and other infrastructure required to deliver electricity to residents and businesses across the City. The Franchise Agreement became terminable on one year notice as of December 31, 2020. It now continues in effect indefinitely unless and until either party issues a notice of termination, effective one year later, or it is replaced by mutual agreement with a new franchise agreement between ComEd and the City. If either party terminates and no new agreement is reached between the parties, the parties could continue with ComEd providing electric services within the City with no franchise agreement in place. The City also has an option to terminate and purchase the ComEd system (“municipalize”), which also requires one year notice. Neither party has issued a notice of termination at this time, the City has not exercised its municipalization option, and no new agreement has been reached. Accordingly, the 1992 Franchise Agreement remains in effect at this time. In April 2021, the City invited interested parties to respond to a Request for Information (RFI) regarding the franchise for electricity delivery. Under this process, the City could choose to terminate the ComEd Franchise Agreement on one year notice and grant a franchise to another party instead. Final responses to the RFI were due on July 30, 2021, however, on July 29, 2021, the City chose to extend the final submission deadline to September 30, 2021. ComEd submitted its response to the RFI by the due date and looks forward to continuing engagement with the City about its response. While Exelon and ComEd cannot predict the ultimate outcome of the RFI and the

Franchise Agreement, fundamental changes in the agreement or other adverse actions affecting ComEd's business in the City would require changes in their business planning models and operations and could have a material adverse impact on Exelon's and ComEd's consolidated financial statements. If the City were to disconnect from the ComEd system, ComEd would seek full compensation for the business and its associated property taken by the City, as well as for all damages resulting to ComEd and its system. ComEd would also seek appropriate compensation for stranded costs with FERC.

Employees

In the second quarter of 2021, Generation and PECO ratified CBAs as follows:

- Generation ratified its CBA with UGSOA, which covers 73 security officers at Three Mile Island. The CBA will expire in 2023.
- PECO ratified two CBAs with IBEW Local 614 which covers 1,140 operations employees and 185 customer service employees, respectively. Both CBAs expire in 2026.

In the third quarter of 2021, Generation ratified its CBA with the National Union of Nuclear Security Officers, which covers 88 security officers at Braidwood. The CBA will expire in 2024.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions, and judgments in the preparation of its financial statements. At September 30, 2021, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2020. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Critical Accounting Policies and Estimates in the Registrants' 2020 Form 10-K for further information.

Results of Operations by Registrant

Results of Operations — Generation

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	(Unfavorable) Favorable Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 4,406	$ 4,659	$ (253)	$ 14,117	$ 13,272	$ 845
Operating expenses						
Purchased power and fuel	1,546	2,314	768	8,103	6,961	(1,142)
Operating and maintenance	938	1,737	799	3,413	4,188	775
Depreciation and amortization	866	558	(308)	2,735	1,161	(1,574)
Taxes other than income taxes	115	118	3	354	364	10
Total operating expenses	3,465	4,727	1,262	14,605	12,674	(1,931)
Gain on sales of assets and businesses	65	—	65	144	12	132
Operating income (loss)	1,006	(68)	1,074	(344)	610	(954)
Other income and (deductions)						
Interest expense, net	(77)	(80)	3	(225)	(277)	52
Other, net	(115)	367	(482)	561	199	362
Total other income and (deductions)	(192)	287	(479)	336	(78)	414
Income (loss) before income taxes	814	219	595	(8)	532	(540)
Income taxes	177	100	(77)	108	41	(67)
Equity in losses of unconsolidated affiliates	(4)	(2)	(2)	(6)	(6)	—
Net income (loss)	633	117	516	(122)	485	(607)
Net income (loss) attributable to noncontrolling interests	26	68	(42)	125	(85)	210
Net income (loss) attributable to membership interest	$ 607	$ 49	$ 558	$ (247)	$ 570	$ (817)

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income attributable to membership interest** increased by $558 million primarily due to:

- Absence of an impairment in the New England asset group;
- Absence of one time charges recorded in the third quarter of 2020 associated with Generation's decision to early retire the Byron and Dresden nuclear facilities and Mystic Units 8 and 9, and the

reversal of one-time charges resulting from the reversal of the previous decision to early retire Byron and Dresden on September 15, 2021;

- Higher mark-to-market gains; and
- Higher New York ZEC revenues due to higher generation and an increase in ZEC prices.

The increases were partially offset by:

- Lower net unrealized and realized gains on NDT funds;
- Decommissioning-related activities that were not offset for the Byron units beginning in the second quarter of 2021 through September 15, 2021. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date;
- Accelerated depreciation and amortization associated with Generation's previous decision in the third quarter of 2020 to early retire Byron and Dresden nuclear facilities in 2021, a decision which was reversed on September 15, 2021, and Generation's decision in the third quarter of 2020 to early retire Mystic Units 8 and 9 in 2024; and
- Higher net unrealized and realized losses on equity investments.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income attributable to membership interest** decreased by $817 million primarily due to:

- Impacts of the February 2021 extreme cold weather event;
- Accelerated depreciation and amortization associated with Generation's previous decision in the third quarter of 2020 to early retire Byron and Dresden nuclear facilities in 2021, a decision which was reversed on September 15, 2021, and Generation's decision in the third quarter of 2020 to early retire Mystic Units 8 and 9 in 2024;
- Decommissioning-related activities that were not offset for the Byron units beginning in the second quarter of 2021 through September 15, 2021. With Generation's September 15, 2021 reversal of the previous decision to retire Byron, Generation resumed contractual offset for Byron as of that date;
- Impairments of the New England asset group, the Albany Green Energy biomass facility at Generation, and a wind project at Generation, partially offset by the absence of an impairment of the New England asset group in the third quarter of 2020; and
- The absence of a prior year one-time tax settlement.

The decreases were partially offset by:

- Higher mark-to-market gains;
- Higher net unrealized and realized gains on NDT funds;
- Absence of one time charges recorded in the third quarter of 2020 associated with Generation's decision to early retire the Byron and Dresden nuclear facilities and Mystic Units 8 and 9, and the reversal of one-time charges resulting from the reversal of the previous decision to early retire Byron and Dresden on September 15, 2021;
- Lower nuclear outage days; and
- Higher New York ZEC revenues due to higher generation and an increase in ZEC prices.

Operating revenues. The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Generation's five reportable segments are Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions. See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information on these reportable segments.

The following business activities are not allocated to a region and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to overall operating revenues or results of operations.

For the three and nine months ended September 30, 2021 compared to 2020, Operating revenues by region were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	Variance	% Change[(a)]	2021	2020	Variance	% Change[(a)]
Mid-Atlantic[(b)]	$ 1,272	$ 1,313	$ (41)	(3.1)%	$ 3,527	$ 3,561	$ (34)	(1.0)%
Midwest[(c)]	985	1,043	(58)	(5.6)%	2,945	3,007	(62)	(2.1)%
New York	455	406	49	12.1 %	1,173	1,061	112	10.6 %
ERCOT	358	330	28	8.5 %	890	754	136	18.0 %
Other Power Regions	1,260	1,109	151	13.6 %	3,729	2,984	745	25.0 %
Total electric revenues	4,330	4,201	129	3.1 %	12,264	11,367	897	7.9 %
Other	711	421	290	68.9 %	2,811	1,667	1,144	68.6 %
Mark-to-market (losses) gains	(635)	37	(672)		(958)	238	(1,196)	
Total Operating revenues	$ 4,406	$ 4,659	$ (253)	(5.4)%	$ 14,117	$ 13,272	$ 845	6.4 %

(a) % Change in mark-to-market is not a meaningful measure.
(b) Includes results of transactions with PECO, BGE, Pepco, DPL, and ACE.
(c) Includes results of transactions with ComEd.

Supply Sources. Generation's supply sources by region are summarized below:

Supply Source (GWhs)	Three Months Ended September 30, 2021	2020	Variance	% Change	Nine Months Ended September 30, 2021	2020	Variance	% Change
Nuclear Generation[a]								
Mid-Atlantic	13,753	13,679	74	0.5 %	40,203	39,630	573	1.4 %
Midwest	23,909	24,471	(562)	(2.3)%	70,363	71,929	(1,566)	(2.2)%
New York	7,188	6,734	454	6.7 %	21,323	19,296	2,027	10.5 %
Total Nuclear Generation	44,850	44,884	(34)	(0.1)%	131,889	130,855	1,034	0.8 %
Fossil and Renewables								
Mid-Atlantic	491	304	187	61.5 %	1,675	1,864	(189)	(10.1)%
Midwest	177	196	(19)	(9.7)%	763	852	(89)	(10.4)%
New York	—	1	(1)	(100.0)%	1	3	(2)	(66.7)%
ERCOT	4,670	4,394	276	6.3 %	10,250	10,658	(408)	(3.8)%
Other Power Regions	2,409	2,794	(385)	(13.8)%	7,641	8,905	(1,264)	(14.2)%
Total Fossil and Renewables	7,747	7,689	58	0.8 %	20,330	22,282	(1,952)	(8.8)%
Purchased Power								
Mid-Atlantic	4,565	8,252	(3,687)	(44.7)%	12,123	17,924	(5,801)	(32.4)%
Midwest	77	71	6	8.5 %	386	595	(209)	(35.1)%
ERCOT	595	1,104	(509)	(46.1)%	2,626	3,351	(725)	(21.6)%
Other Power Regions	13,585	14,512	(927)	(6.4)%	38,778	37,981	797	2.1 %
Total Purchased Power	18,822	23,939	(5,117)	(21.4)%	53,913	59,851	(5,938)	(9.9)%
Total Supply/Sales by Region								
Mid-Atlantic[b]	18,809	22,235	(3,426)	(15.4)%	54,001	59,418	(5,417)	(9.1)%
Midwest[b]	24,163	24,738	(575)	(2.3)%	71,512	73,376	(1,864)	(2.5)%
New York	7,188	6,735	453	6.7 %	21,324	19,299	2,025	10.5 %
ERCOT	5,265	5,498	(233)	(4.2)%	12,876	14,009	(1,133)	(8.1)%
Other Power Regions	15,994	17,306	(1,312)	(7.6)%	46,419	46,886	(467)	(1.0)%
Total Supply/Sales by Region	71,419	76,512	(5,093)	(6.7)%	206,132	212,988	(6,856)	(3.2)%

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(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants. Includes the total output for fully owned plants and the total output for CENG prior to the acquisition of EDF's interest on August 6, 2021 as CENG was fully consolidated. See Note 2 — Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information on Generation's acquisition of EDF's interest in CENG.

(b) Includes affiliate sales to PECO, BGE, Pepco, DPL, and ACE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region.

Nuclear Fleet Capacity Factor. The following table presents nuclear fleet operating data for the Generation-operated plants, which reflects ownership percentage of stations operated by Exelon, excluding Salem, which is operated by PSEG. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under

GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Nuclear fleet capacity factor	96.0 %	96.0 %	95.0 %	95.1 %
Refueling outage days	22	17	172	203
Non-refueling outage days	—	4	10	15

ZEC Prices. Generation is compensated through state programs for the carbon-free attributes of its nuclear generation. ZEC prices have a significant impact on Operating revenues. The following table presents the average ZEC prices ($/MWh) for each of Generation's major regions in which state programs have been enacted. Prices reflect the weighted average price for the various delivery periods within each calendar year.

	Three Months Ended September 30,				Nine Months Ended September 30,			
State (Region)	2021	2020	Variance	% Change	2021	2020	Variance	% Change
New Jersey (Mid-Atlantic)	$ 10.00	$ 10.00	$ —	— %	$ 10.00	$ 10.00	$ —	— %
Illinois (Midwest)	16.50	16.50	—	— %	16.50	16.50	—	— %
New York (New York)	21.38	19.59	1.79	9.1 %	20.78	19.59	1.19	6.1 %

Capacity Prices. Generation participates in capacity auctions in each of its major regions, except ERCOT which does not have a capacity market. Generation also incurs capacity costs associated with load served, except in ERCOT. Capacity prices have a significant impact on Generation's operating revenues and purchased power and fuel. The following table presents the average capacity prices ($/MW Day) for each of Generation's major regions. Prices reflect the weighted average price for the various auction periods within each calendar year.

	Three Months Ended September 30,				Nine Months Ended September 30,			
Location (Region)	2021	2020	Variance	% Change	2021	2020	Variance	% Change
Eastern Mid-Atlantic Area Council (Mid-Atlantic and Midwest)	$ 165.73	$ 187.87	$ (22.14)	(11.8)%	$ 178.03	$ 159.50	$ 18.53	11.6 %
ComEd (Midwest)	195.55	188.12	7.43	3.9 %	191.42	194.22	(2.80)	(1.4)%
Rest of State (New York)	160.44	89.30	71.14	79.7 %	94.12	54.32	39.80	73.3 %
Southeast New England (Other)	154.37	176.67	(22.30)	(12.6)%	166.76	200.69	(33.93)	(16.9)%

Electricity Prices. The price of electricity has a significant impact on Generation's operating revenues and purchased power cost. The following table presents the average day-ahead around-the-clock price ($/MWh) for each of Generation's major regions.

Location (Region)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Variance	% Change	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Variance	% Change
PJM West (Mid-Atlantic)	$ 41.77	$ 22.75	$ 19.02	83.6 %	$ 33.70	$ 20.24	$ 13.46	66.5 %
ComEd (Midwest)	39.68	20.98	18.70	89.1 %	31.76	18.57	13.19	71.0 %
Central (New York)	36.27	19.53	16.74	85.7 %	26.58	16.33	10.25	62.8 %
North (ERCOT)	42.67	27.14	15.53	57.2 %	182.23	21.83	160.40	734.8 %
Southeast Massachusetts (Other)[(a)]	45.23	22.95	22.28	97.1 %	41.54	21.26	20.28	95.4 %

(a) Reflects New England, which comprises the majority of the activity in the Other region.

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For the three and nine months ended September 30, 2021 compared to 2020, changes in **Operating revenues** by region were approximately as follows:

	Variance	% Change[a]	Three Months Ended September 30, 2021	Variance	% Change[a]	Nine Months Ended September 30, 2021
Mid-Atlantic	$ (41)	(3.1)%	• unfavorable wholesale load revenue of $(185) primarily due to lower volumes; partially offset by • favorable settled economic hedges of $120 due to settled prices relative to hedged prices • favorable retail load revenue of $20 primarily due to higher prices	$ (34)	(1.0)%	• unfavorable wholesale load revenue of $(370) primarily due to lower volumes; partially offset by • favorable settled economic hedges of $305 due to settled prices relative to hedged prices • favorable retail load revenue of $35 primarily due to higher prices
Midwest	(58)	(5.6)%	• unfavorable settled economic hedges of $(185) due to settled prices relative to hedged prices; partially offset by • favorable net wholesale load and generation revenue of $120 due to higher load volumes and higher prices, partially offset by decreased generation due to higher nuclear outage days	(62)	(2.1)%	• unfavorable settled economic hedges of $(375) due to settled prices relative to hedged prices; partially offset by • favorable net wholesale load and generation revenue of $315 primarily due to higher prices, partially offset by decreased generation due to higher nuclear outage days
New York	49	12.1 %	• favorable nuclear generation revenue of $20 primarily due to lower outage days and higher prices • favorable ZEC revenue of $25 due to higher prices and higher nuclear generation	112	10.6 %	• favorable nuclear generation revenue of $40 primarily due to lower outage days and higher prices • favorable ZEC revenue of $65 due to higher prices and higher nuclear generation
ERCOT	28	8.5 %	• favorable settled economic hedges of $65 due to settled prices relative to hedged prices; partially offset by • unfavorable wholesale load revenue of $(15) primarily due to lower volumes	136	18.0 %	• favorable retail load revenue of $120 primarily due to higher prices in part due to the February 2021 extreme cold weather event
Other Power Regions	151	13.6 %	• favorable retail load revenue of $175 due to higher prices and higher volumes • favorable settled economic hedges of $110 due to settled prices relative to hedged prices; partially offset by • unfavorable wholesale load revenue of $(155) primarily due to lower volumes	745	25.0 %	• favorable settled economic hedges of $520 due to settled prices relative to hedged prices • favorable retail load revenue of $400 due to higher prices and higher volumes; partially offset by • unfavorable wholesale load revenue of $(205) primarily due to lower volumes
Other	290	68.9 %	• favorable gas revenue of $250 primarily due to higher prices	1,144	68.6 %	• favorable gas revenue of $1,060 primarily due to higher prices in part due to the February 2021 extreme cold weather event
Mark-to-market[b]	(672)		• losses on economic hedging activities of $(635) in 2021 compared to gains of $37 in 2020	(1,196)		• losses on economic hedging activities of $(958) in 2021 compared to gains of $238 in 2020
Total	$ (253)	(5.4)%		$ 845	6.4 %	

(a) % Change in mark-to-market is not a meaningful measure.
(b) See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on mark-to-market gains and losses.

Purchased power and fuel. See Operating revenues above for discussion of Generation's reportable segments and hedging strategies and for supplemental statistical data, including supply sources by region, nuclear fleet capacity factor, capacity prices, and electricity prices.

The following business activities are not allocated to a region and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to overall purchased power and fuel expense or results of operations, and accelerated nuclear fuel amortization associated with nuclear decommissioning.

For the three and nine months ended September 30, 2021 compared to 2020, Purchased power and fuel by region were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	Variance	% Change[(a)]	2021	2020	Variance	% Change[(a)]
Mid-Atlantic[(b)]	$ 702	$ 722	$ 20	2.8 %	$ 1,815	$ 1,878	$ 63	3.4 %
Midwest[(c)]	330	293	(37)	(12.6)%	930	829	(101)	(12.2)%
New York	109	121	12	9.9 %	293	336	43	12.8 %
ERCOT	179	183	4	2.2 %	1,812	429	(1,383)	(322.4)%
Other Power Regions	1,049	884	(165)	(18.7)%	3,165	2,446	(719)	(29.4)%
Total electric purchased power and fuel	2,369	2,203	(166)	(7.5)%	8,015	5,918	(2,097)	(35.4)%
Other	566	329	(237)	(72.0)%	2,288	1,277	(1,011)	(79.2)%
Mark-to-market gains	(1,389)	(218)	1,171		(2,200)	(234)	1,966	
Total purchased power and fuel	$ 1,546	$ 2,314	$ 768	33.2 %	$ 8,103	$ 6,961	$ (1,142)	(16.4)%

(a) % Change in mark-to-market is not a meaningful measure.
(b) Includes results of transactions with PECO, BGE, Pepco, DPL, and ACE.
(c) Includes results of transactions with ComEd.

For the three and nine months ended September 30, 2021 compared to 2020, changes in **Purchased power and fuel** by region were approximately as follows:

	Variance	% Change[(a)]	Three Months Ended September 30, 2021	Variance	% Change[(a)]	Nine Months Ended September 30, 2021
Mid-Atlantic	$ 20	2.8 %	• no significant changes	$ 63	3.4 %	• favorable purchased power and net capacity impact of $45 primarily due to lower load and higher capacity prices earned partially offset by lower cleared capacity volumes • favorable settlement of economic hedges of $40 due to settled prices relative to hedged prices
Midwest	(37)	(12.6)%	• unfavorable purchased power of $(35) primarily due to lower nuclear generation due to higher nuclear outage days, higher energy prices, and higher load	(101)	(12.2)%	• unfavorable purchased power and net capacity impact of $(140) primarily due to lower nuclear generation due to higher nuclear outage days, higher energy prices, lower cleared capacity volumes, and lower capacity prices
New York	12	9.9 %	• no significant changes	43	12.8 %	• favorable settlement of economic hedges of $70 due to settled prices relative to hedged prices; partially offset by • unfavorable purchased power and net capacity impact of $(35) primarily due to higher energy prices partially offset by higher capacity prices earned
ERCOT	4	2.2 %	• favorable purchased power of $85 primarily due to a favorable recovery related to the February 2021 extreme cold weather event and lower load; partially offset by • unfavorable settlement of economic hedges of $(75) due to settled prices relative to hedged prices	(1,383)	(322.4)%	• unfavorable purchased power of $(750) primarily due to higher energy prices primarily during the February 2021 extreme cold weather event • unfavorable settlement of economic hedges of $(460) due to settled prices relative to hedged prices • unfavorable fuel cost of $(150) primarily due to higher gas prices
Other Power Regions	(165)	(18.7)%	• unfavorable purchased power and net capacity impact of $(190) primarily due to lower generation, higher energy prices, and lower cleared capacity volumes; partially offset by • favorable settlement of economic hedges of $45 due to settled prices relative to hedged prices	(719)	(29.4)%	• unfavorable purchased power and net capacity impact of $(680) primarily due to higher load, lower generation, higher energy prices, lower cleared capacity volumes, and lower capacity prices • unfavorable RPS expense of $(55) primarily due to higher prices and higher load • unfavorable fuel cost of $(40) primarily due to higher gas prices; partially offset by • favorable settlement of economic hedges of $80 due to settled prices relative to hedged prices
Other	(237)	(72.0)%	• unfavorable net gas purchase costs and settlement of economic hedges of $(190) • unfavorable accelerated nuclear fuel amortization associated with announced early plant retirements of $(20)	(1,011)	(79.2)%	• unfavorable net gas purchase costs and settlement of economic hedges of $(830) • unfavorable accelerated nuclear fuel amortization associated with announced early plant retirements of $(125)
Mark-to-market[(b)]	1,171		• gains on economic hedging activities of $1,389 in 2021 compared to gains of $218 in 2020	1,966		• gains on economic hedging activities of $2,200 in 2021 compared to gains of $234 in 2020
Total	$ 768	33.2 %		$ (1,142)	(16.4)%	

(a) % Change in mark-to-market is not a meaningful measure.
(b) See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on mark-to-market gains and losses.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	(Decrease) Increase	Increase (Decrease)
Asset impairments	$ (456)	$ 23
Plant retirements and divestitures[(a)]	(314)	(706)
ARO update	(49)	(49)
Labor, other benefits, contracting, and materials	(25)	(29)
Change in environmental liabilities	(18)	(18)
Cost management program	(12)	(24)
Corporate allocations	(8)	(19)
Credit loss expense	3	46
Acquisition related costs	6	17
Separation costs	16	25
Nuclear refueling outage costs, including the co-owned Salem plants	17	(70)
Other	41	29
Total decrease	$ (799)	$ (775)

(a) Primarily reflects contractual offset of accelerated depreciation and amortization associated with Generation's previous decision to early retire the Byron and Dresden nuclear facilities. See Note 8 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information.

Depreciation and amortization expense increased for the three and nine months ended September 30, 2021 compared to the same period in 2020, primarily due to the accelerated depreciation and amortization associated with Generation's previous decision to early retire the Byron and Dresden nuclear facilities. This decision was reversed on September 15, 2021 and depreciation for Byron and Dresden was adjusted beginning September 15, 2021 to reflect the extended useful life estimates. A portion of this accelerated depreciation and amortization is offset in Operating and maintenance expense.

Gain on sales of assets and businesses increased for the three and nine months ended September 30, 2021 compared to the same period in 2020, primarily due to gains on sales of equity investments that became publicly traded entities in the fourth quarter of 2020 and the first half of 2021, and additionally increased for the nine months ended September 30, 2021 compared to the same period in 2020, due to a gain on sale of Generation's solar business.

Interest expense, net decreased for the nine months ended September 30, 2021 compared to the same period in 2020, primarily due to mark-to-market gains related to the EGR IV interest swaps entered into in December 2020 and decreases in interest rates. See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on the interest swaps.

Other, net decreased for the three months ended September 30, 2021 compared to the same period in 2020 and increased for the nine months ended September 30, 2021 compared to the same period in 2020, due to activity described in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net unrealized (losses) gains on NDT funds[a]	$ (94)	$ 254	$ 33	$ 1
Net realized gains on sale of NDT funds[a]	101	—	349	58
Interest and dividend income on NDT funds[a]	26	23	73	69
Contractual elimination of income tax expense[b]	11	89	150	46
Net unrealized losses from equity investments[c]	(179)	—	(83)	—
Other	20	1	39	25
Total other, net	$ (115)	$ 367	$ 561	$ 199

(a) Unrealized (losses) gains, realized gains, and interest and dividend income on the NDT funds are associated with the Non-Regulatory Agreement Units.
(b) Contractual elimination of income tax expense is associated with the income taxes on the NDT funds of the Regulatory Agreement units.
(c) Net unrealized losses from equity investments that became publicly traded entities in the fourth quarter of 2020 and the first half of 2021.

Effective income tax rates were 21.7% and 45.7% for the three months ended September 30, 2021 and 2020, respectively, and (1,350.0)% and 7.7% for the nine months ended September 30, 2021 and 2020, respectively. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Net income attributable to noncontrolling interests decreased for the three months ended September 30, 2021 compared to the same period in 2020, primarily due to lower net gains on NDT fund investments for CENG prior to Generation's acquisition of EDF's interest in CENG on August 6, 2021, and the noncontrolling portion of a wind project impairment, and increased for the nine months ended September 30, 2021 compared to the same period in 2020, primarily due to higher net gains on NDT fund investments for CENG prior to Generation's acquisition of EDF's interest in CENG on August 6, 2021, partially offset by the noncontrolling portion of a wind project impairment.

Results of Operations — ComEd

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 1,789	$ 1,643	$ 146	$ 4,840	$ 4,499	$ 341
Operating expenses						
Purchased power	703	606	(97)	1,728	1,557	(171)
Operating and maintenance	330	321	(9)	969	1,173	204
Depreciation and amortization	304	294	(10)	893	841	(52)
Taxes other than income taxes	91	81	(10)	243	227	(16)
Total operating expenses	1,428	1,302	(126)	3,833	3,798	(35)
Operating income	361	341	20	1,007	701	306
Other income and (deductions)						
Interest expense, net	(98)	(95)	(3)	(292)	(287)	(5)
Other, net	13	10	3	35	32	3
Total other income and (deductions)	(85)	(85)	—	(257)	(255)	(2)
Income before income taxes	276	256	20	750	446	304
Income taxes	56	60	4	141	142	1
Net income	$ 220	$ 196	$ 24	$ 609	$ 304	$ 305

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** increased by $24 million as compared to the same period in 2020, primarily due to increased electric distribution formula rate earnings (reflecting the impacts of higher rate base and higher allowed electric distribution ROE due to an increase in treasury rates).

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $305 million as compared to the same period in 2020, primarily due to increases in electric distribution formula rate earnings (reflecting the impacts of higher rate base and higher allowed electric distribution ROE due to an increase in treasury rates) and payments that ComEd made in 2020 under the Deferred Prosecution Agreement. See Note 15 - Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements for additional information related to the Deferred Prosecution Agreement.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021 Increase	Nine Months Ended September 30, 2021 Increase
Distribution	$ 25	$ 98
Transmission	10	14
Energy efficiency	10	34
Other	8	20
	53	166
Regulatory required programs	93	175
Total increase	$ 146	$ 341

Revenue Decoupling. The demand for electricity is affected by weather conditions and customer usage. Operating revenues are not impacted by abnormal weather, usage per customer or number of customers as a result of the revenue decoupling mechanisms as allowed by FEJA.

Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, (e.g., severe weather and storm restoration), investments being recovered, and allowed ROE. Electric distribution revenue increased for the three and nine months ended September 30, 2021 as compared to the same period in 2020, due to higher allowed ROE due to an increase in treasury rates and the impact of a higher rate base.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. Transmission revenue increased for the three and nine months ended September 30, 2021 as compared to the same periods in 2020 primarily due to the impact of a higher rate base.

Energy Efficiency Revenue. FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. Energy efficiency revenue remained relatively consistent for the three months ended September 30, 2021 as compared to the same period in 2020. Energy efficiency revenue increased during the nine months ended September 30, 2021 as compared to the same period in 2020, primarily due to increased regulatory asset amortization, which is fully recoverable.

Other Revenue primarily includes assistance provided to other utilities through mutual assistance programs. Other revenue increased for the three and nine months ended September 30, 2021 as compared to the same period in 2020, which primarily reflects mutual assistance revenues associated with storm restoration efforts.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as recoveries under the credit loss expense tariff, environmental costs associated with MGP sites, and costs related to electricity, ZEC and REC procurement. The riders are designed to provide full and current cost recovery. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries as ComEd remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ComEd either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore ComEd does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ComEd, ComEd is permitted to recover the electricity, ZEC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

The increase of $97 million and of $171 million for the three and nine months ended September 30, 2021 compared to the same period in 2020, respectively, in **Purchased power expense** is offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Increase (Decrease)		(Decrease) Increase	
Deferred Prosecution Agreement payments[a]	$	—	$	(200)
Storm-related costs		4		(10)
Pension and non-pension postretirement benefits expense		1		3
Labor, other benefits, contracting and materials		(4)		6
BSC costs		6		11
Other[b]		(3)		(25)
		4		(215)
Regulatory required programs[c]		5		11
Total increase (decrease)	$	9	$	(204)

(a) See Note 15 - Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements for additional information.
(b) Primarily reflects the absence of an impairment charge related to the acquisition of transmission assets in 2020.
(c) ComEd is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through a rider mechanism.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Increase (Decrease)		Increase	
Depreciation and amortization[a]	$	12	$	36
Regulatory asset amortization[b]		(2)		16
Total increase	$	10	$	52

(a) Reflects ongoing capital expenditures.
(b) Includes amortization of ComEd's energy efficiency formula rate regulatory asset and amortization related to the August 2020 storm regulatory asset.

Effective income tax rates were 20.3% and 23.4% for the three months ended September 30, 2021 and 2020, respectively, and 18.8% and 31.8% for the nine months ended September 30, 2021 and 2020, respectively. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PECO

	Three Months Ended September 30, 2021	2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	2020	Favorable (Unfavorable) Variance
Operating revenues	$ 818	$ 813	$ 5	$ 2,399	$ 2,306	$ 93
Operating expenses						
Purchased power and fuel	277	269	(8)	800	768	(32)
Operating and maintenance	263	251	(12)	706	742	36
Depreciation and amortization	86	85	(1)	259	259	—
Taxes other than income taxes	51	53	2	143	131	(12)
Total operating expenses	677	658	(19)	1,908	1,900	(8)
Operating income	141	155	(14)	491	406	85
Other income and (deductions)						
Interest expense, net	(40)	(39)	(1)	(119)	(108)	(11)
Other, net	7	6	1	20	12	8
Total other income and (deductions)	(33)	(33)	—	(99)	(96)	(3)
Income before income taxes	108	122	(14)	392	310	82
Income taxes	(3)	(16)	(13)	9	(7)	(16)
Net income	$ 111	$ 138	$ (27)	$ 383	$ 317	$ 66

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** decreased by $27 million primarily due to an increase in storm cost activity, net of tax repair deductions.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $66 million primarily due to favorable weather, an increase in primarily electric volume, and a decrease in storm cost activity, net of tax repair deductions.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (7)	$ (7)	$ (14)	$ 17	$ 17	$ 34
Volume	2	7	9	19	—	19
Pricing	2	4	6	(1)	(1)	(2)
Transmission	4	—	4	7	—	7
Other	—	—	—	(1)	—	(1)
	1	4	5	41	16	57
Regulatory required programs	3	(3)	—	46	(10)	36
Total increase	$ 4	$ 1	$ 5	$ 87	$ 6	$ 93

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2021 compared to the same period in 2020, Operating revenues related to weather fell due to unfavorable weather. During the nine months ended September 30, 2021 compared to the same period in 2020, revenues related to weather increased by the impact of favorable weather conditions in PECO's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in

PECO's service territory for the three and nine months ended September 30, 2021 compared to the same period in 2020 and normal weather consisted of the following:

Heating and Cooling Degree-Days Three Months Ended September 30,	2021	2020	Normal	% Change From 2020	% Change 2021 vs. Normal
Heating Degree-Days	4	37	25	(89.2)%	(84.0)%
Cooling Degree-Days	1,094	1,128	1,013	(3.0)%	8.0 %

Nine Months Ended September 30,	2021	2020	Normal	% Change From 2020	% Change 2021 vs. Normal
Heating Degree-Days	2,710	2,594	2,865	4.5 %	(5.4)%
Cooling Degree-Days	1,517	1,504	1,402	0.9 %	8.2 %

Volume. Electric volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2021, compared to the same period in 2020, increased on a net basis due to an increase in overall usage for customers further increased by customer growth. Natural gas volume for the three and nine months ended September 30, 2021 compared to the same period in 2020, increased due to retail load growth.

Electric Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]
Residential	4,318	4,477	(3.6)%	(1.4)%	11,201	10,874	3.0 %	1.0 %
Small commercial & industrial	2,157	2,017	6.9 %	7.7 %	5,796	5,493	5.5 %	3.9 %
Large commercial & industrial	3,880	3,791	2.3 %	2.7 %	10,627	10,393	2.3 %	1.8 %
Public authorities & electric railroads	155	145	6.9 %	7.2 %	425	407	4.4 %	4.3 %
Total electric retail deliveries[(a)]	10,510	10,430	0.8 %	2.0 %	28,049	27,167	3.2 %	2.0 %

Number of Electric Customers	As of September 30, 2021	As of September 30, 2020
Residential	1,514,836	1,505,080
Small commercial & industrial	155,006	154,183
Large commercial & industrial	3,108	3,105
Public authorities & electric railroads	10,271	10,149
Total	1,683,221	1,672,517

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Natural Gas Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]
Residential	2,244	2,121	5.8 %	8.2 %	27,945	25,867	8.0 %	0.8 %
Small commercial & industrial	1,926	2,157	(10.7)%	(11.7)%	15,217	13,020	16.9 %	7.5 %
Large commercial & industrial	4	9	(55.6)%	1.3 %	13	20	(35.0)%	7.7 %
Transportation	5,356	5,269	1.7 %	5.0 %	18,474	17,553	5.2 %	4.0 %
Total natural gas retail deliveries[(a)]	9,530	9,556	(0.3)%	2.0 %	61,649	56,460	9.2 %	3.3 %

Number of Natural Gas Customers	As of September 30, 2021	2020
Residential	495,752	490,158
Small commercial & industrial	44,435	44,138
Large commercial & industrial	6	5
Transportation	670	715
Total	540,863	535,016

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(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Pricing for the three and nine months ended September 30, 2021 compared to the same period in 2020 remained relatively consistent.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency, PGC, and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as PECO remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, PECO either acts as the billing agent or the competitive supplier separately bills its own customers and therefore PECO does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from PECO, PECO is permitted to recover the electricity, natural gas, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power and fuel expense related to the electricity, natural gas, and RECs.

Other revenue which primarily includes revenue related to late payment charges. Other revenues for the three and nine months ended September 30, 2021 compared to the same period in 2020, remained relatively consistent.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

The increase of $8 million and the increase of $32 million for the three and nine months ended September 30, 2021 compared to the same period in 2020, respectively, in Purchased power and fuel expense is partially offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Storm-related costs[(a)]	$ 5	(54)
Credit loss expense	10	(2)
Regulatory Required Programs	(6)	(7)
BSC costs	5	12
Labor, other benefits, contracting and materials	(4)	19
Pension and non-pension post retirement benefit expense	—	1
Other	2	(5)
Total increase (decrease)	$ 12	$ (36)

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(a) YTD primarily reflects the absence of costs in 2021 due to the June and August 2020 storms.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 6	$ 11
Regulatory asset amortization	(5)	(11)
Total increase	$ 1	$ —

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(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased $1 million and $11 million for the three and nine months ended September 30, 2021 compared to the same period in 2020, respectively, primarily due to the issuance of debt in March 2021 and June 2020.

Effective income tax rates were (2.8)% and (13.1)% for the three months ended September 30, 2021 and 2020 respectively, and 2.3% and (2.3)% for the nine months ended September 30, 2021 and 2020, respectively. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — BGE

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 770	$ 731	$ 39	$ 2,426	$ 2,284	$ 142
Operating expenses						
Purchased power and fuel	290	250	(40)	840	731	(109)
Operating and maintenance	205	191	(14)	595	567	(28)
Depreciation and amortization	142	133	(9)	434	405	(29)
Taxes other than income taxes	72	68	(4)	211	200	(11)
Total operating expenses	709	642	(67)	2,080	1,903	(177)
Operating income	61	89	(28)	346	381	(35)
Other income and (deductions)						
Interest expense, net	(36)	(34)	(2)	(103)	(99)	(4)
Other, net	7	6	1	23	17	6
Total other income and (deductions)	(29)	(28)	(1)	(80)	(82)	2
Income before income taxes	32	61	(29)	266	299	(33)
Income taxes	(4)	8	12	(24)	26	50
Net income	$ 36	$ 53	$ (17)	$ 290	$ 273	$ 17

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** decreased by $17 million primarily related to an increase in depreciation and amortization expense and an increase in various expenses, partially offset by favorable impacts of the multi-year plan.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $17 million primarily due to favorable impacts of the multi-year plan, partially offset by an increase in depreciation and amortization expense and an increase in storm costs. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plan.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021 Increase (Decrease)			Nine Months Ended September 30, 2021 Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution	$ 1	$ 1	$ 2	$ 7	$ 2	$ 9
Transmission	(6)	—	(6)	23	—	23
Other	7	—	7	5	1	6
	2	1	3	35	3	38
Regulatory required programs	29	7	36	70	34	104
Total increase	$ 31	$ 8	$ 39	$ 105	$ 37	$ 142

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and customer usage. However, Operating revenues are not impacted by abnormal weather or usage per customer as a result of a bill stabilization adjustment (BSA) that provides for a fixed distribution charge per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	As of September 30, 2021	2020
Residential	1,194,254	1,187,498
Small commercial & industrial	114,814	114,038
Large commercial & industrial	12,584	12,428
Public authorities & electric railroads	268	267
Total	1,321,920	1,314,231

Number of Natural Gas Customers	As of September 30, 2021	2020
Residential	649,745	644,872
Small commercial & industrial	38,216	38,173
Large commercial & industrial	6,167	6,083
Total	694,128	689,128

Distribution Revenue increased for the three and nine months ended September 30, 2021, compared to the same period in 2020, due to customer growth.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue decreased for the three months ended September 30, 2021, compared to the same period in 2020, primarily due to decreases in Operating and maintenance expense recoveries in 2021. Transmission revenue increased for the nine months ended September 30, 2021, compared to the same period in 2020, primarily due to the reduction in revenue in 2020 due to the settlement agreement of ongoing transmission related income tax regulatory liabilities.

Other Revenue includes revenue related to late payment charges, mutual assistance, off-system sales, and service application fees. Other revenue increased for both the three and nine months ended September 30, 2021, compared to the same period in 2020, as BGE had temporarily suspended customer disconnections for non-payment and temporarily ceased new late fees for customers in 2020 which has resumed in 2021.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as conservation, demand response, STRIDE, and the POLR mechanism. The riders are designed to provide full and current cost recovery, as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as BGE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, BGE either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore BGE does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from BGE, BGE is permitted to recover the electricity and natural gas procurement costs from customers and therefore records the amounts related to the electricity and/or natural gas in Operating revenues and Purchased power and fuel expense. BGE recovers electricity and natural gas procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

The increase of $40 million and $109 million for the three and nine months ended September 30, 2021 compared to the same period in 2020, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting, and materials	$ 3	$ 5
Storm-related costs	3	10
Pension and non-pension postretirement benefits expense	—	1
BSC costs	7	13
Credit loss expense	1	(5)
Other	(2)	(1)
	12	23
Regulatory required programs	2	5
Total increase	$ 14	$ 28

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 12	$ 31
Regulatory asset amortization	1	1
Regulatory required programs	(4)	(3)
Total increase	$ 9	$ 29

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Taxes other than income taxes increased for the three and nine months ended September 30, 2021 compared to the same period in 2020, primarily due to higher property taxes.

Effective income tax rates were (12.5)% and 13.1% for the three months ended September 30, 2021 and 2020, respectively, and (9.0)% and 8.7% for the nine months ended September 30, 2021 and 2020, respectively. The change is primarily due to the multi-year plan which resulted in the acceleration of certain income tax benefits and the April 24, 2020 settlement agreement of ongoing transmission related income tax regulatory liabilities. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plan, Note 3 — Regulatory Matters of the 2020 Exelon Form 10-K for additional information on the April 24, 2020 settlement agreement, and Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PHI

PHI’s Results of Operations include the results of its three reportable segments, Pepco, DPL, and ACE. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services and the costs are directly charged or allocated to the applicable subsidiaries. Additionally, the results of PHI’s corporate operations include interest costs from various financing activities. All material intercompany accounts and transactions have been eliminated in consolidation. The following table sets forth PHI's GAAP consolidated Net income, by Registrant, for the three and nine months ended September 30, 2021 compared to the same period in 2020. See the Results of Operations for Pepco, DPL, and ACE for additional information.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Favorable Variance	2021	2020	Favorable Variance
PHI	$ 266	$ 216	$ 50	$ 535	$ 418	$ 117
Pepco	130	118	12	264	227	37
DPL	50	27	23	135	91	44
ACE	90	75	15	141	106	35
Other[(a)]	(4)	(4)	—	(5)	(6)	1

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(a) Primarily includes eliminating and consolidating adjustments, PHI's corporate operations, shared service entities, and other financing and investing activities.

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** increased by $50 million primarily due to higher distribution rates, customer growth at Pepco, higher transmission revenues due to an increase in capital investments in ACE's service territories, and a decrease in storm costs due to the August 2020 storms in Delaware at DPL, partially offset by an increase in depreciation and amortization expense at Pepco.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $117 million primarily due to higher distribution rates, higher transmission revenues due to an increase in capital investments in DPL's and ACE's service territories, higher distribution revenues due to an increase in volume in ACE's service territory, favorable weather conditions in DPL's Delaware service territory, customer growth at Pepco, a decrease in credit loss expense at Pepco and DPL, and a decrease in storm costs due to the August 2020 storms in Delaware at DPL, partially offset by an increase in depreciation and amortization expense at Pepco.

Results of Operations — Pepco

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 660	$ 611	$ 49	$ 1,736	$ 1,650	$ 86
Operating expenses						
Purchased power	172	163	(9)	471	467	(4)
Operating and maintenance	120	106	(14)	341	336	(5)
Depreciation and amortization	104	96	(8)	302	282	(20)
Taxes other than income taxes	105	100	(5)	282	279	(3)
Total operating expenses	501	465	(36)	1,396	1,364	(32)
Operating income	159	146	13	340	286	54
Other income and (deductions)						
Interest expense, net	(35)	(35)	—	(104)	(103)	(1)
Other, net	12	10	2	37	28	9
Total other income and (deductions)	(23)	(25)	2	(67)	(75)	8
Income before income taxes	136	121	15	273	211	62
Income taxes	6	3	(3)	9	(16)	(25)
Net income	$ 130	$ 118	$ 12	$ 264	$ 227	$ 37

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** increased by $12 million primarily due to higher distribution rates and customer growth, partially offset by an increase in depreciation and amortization expense.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $37 million primarily due to higher distribution rates, customer growth, a decrease in credit loss expense, and decreases in various operating expenses, partially offset by an increase in depreciation and amortization expense.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase	Increase
Distribution	$ 18	$ 23
Transmission	6	28
Other	4	3
	28	54
Regulatory required programs	21	32
Total increase	$ 49	$ 86

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in both Maryland and the District of Columbia are not impacted by abnormal weather or usage per customer as a result of a bill stabilization adjustment (BSA) that provides for a fixed distribution charge per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	As of September 30, 2021	2020
Residential	839,574	828,578
Small commercial & industrial	53,849	53,813
Large commercial & industrial	22,586	22,485
Public authorities & electric railroads	179	167
Total	916,188	905,043

Distribution Revenue increased for both the three and nine months ended September 30, 2021 compared to the same period in 2020 due to higher distribution rates that became effective in Maryland and District of Columbia in Q3 2021 and customer growth.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended September 30, 2021 compared to the same period in 2020, primarily due to increases in underlying costs. Transmission revenue increased for the nine months ended September 30, 2021, compared to the same period in 2020, primarily due to the reduction in revenue in 2020 due to the settlement agreement of ongoing transmission related income tax regulatory liabilities and increases in underlying costs.

Other Revenue includes rental revenue, revenue related to late payment charges, mutual assistance revenues, and recoveries of other taxes.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DC PLUG, and SOS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as Pepco remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, Pepco either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore Pepco does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from Pepco, Pepco is permitted to recover the electricity and REC procurement costs from customers and therefore records the amounts related to the electricity and RECs in Operating revenues and Purchased power expense. Pepco recovers electricity and REC procurement costs from customers with a slight mark-up.

See Note 5 - Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

The increase of $9 million and $4 million for the three and nine months ended September 30, 2021, respectively compared to the same period in 2020, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Storm-related costs	$ 5	$ 5
BSC and PHISCO costs	2	1
Credit loss expense	—	(4)
Pension and non-pension postretirement benefits expense	(1)	(3)
Labor, other benefits, contracting and materials	(2)	(13)
Other	6	14
	10	—
Regulatory required programs	4	5
Total increase	$ 14	$ 5

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 5	$ 13
Regulatory asset amortization	(3)	(10)
Regulatory required programs	6	17
Total increase	$ 8	$ 20

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Effective income tax rates were 4.4% and 2.5% for the three months ended September 30, 2021 and 2020, respectively, and 3.3% and (7.6)% for the nine months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021, the change is primarily due to the April 24, 2020 settlement agreement of ongoing transmission related income tax regulatory liabilities, partially offset by the multi-year plan which resulted in the acceleration of certain income tax benefits. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric distribution multi-year plan, Note 3 — Regulatory Matters of the 2020 Exelon Form 10-K for additional information on the April 24, 2020 settlement agreement, and Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — DPL

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 360	$ 337	$ 23	$ 1,040	$ 954	$ 86
Operating expenses						
Purchased power and fuel	138	131	(7)	402	379	(23)
Operating and maintenance	87	101	14	249	272	23
Depreciation and amortization	53	48	(5)	157	143	(14)
Taxes other than income taxes	17	16	(1)	50	49	(1)
Total operating expenses	295	296	1	858	843	(15)
Operating income	65	41	24	182	111	71
Other income and (deductions)						
Interest expense, net	(15)	(15)	—	(47)	(47)	—
Other, net	3	2	1	9	7	2
Total other income and (deductions)	(12)	(13)	1	(38)	(40)	2
Income before income taxes	53	28	25	144	71	73
Income taxes	3	1	(2)	9	(20)	(29)
Net income	$ 50	$ 27	$ 23	$ 135	$ 91	$ 44

***Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020*. Net income** increased by $23 million primarily due to higher electric distribution rates and a decrease in storm costs due to the August 2020 storms in Delaware.

***Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020*. Net income** increased by $44 million primarily due to higher electric distribution rates, a decrease in storm costs due to the August 2020 storms in Delaware, higher transmission revenues due to an increase in capital investments, a decrease in credit loss expense, and favorable weather conditions at DPL's Delaware electric service territories.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	(Decrease) Increase			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ —	$ (2)	$ (2)	$ 4	$ —	$ 4
Volume	(2)	1	(1)	—	(1)	(1)
Distribution	11	(1)	10	20	1	21
Transmission	5	—	5	33	—	33
Other	—	1	1	1	—	1
	14	(1)	13	58	—	58
Regulatory required programs	9	1	10	27	1	28
Total increase	$ 23	$ —	$ 23	$ 85	$ 1	$ 86

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in Maryland are not impacted by abnormal weather or usage per customer as a result of a bill stabilization adjustment (BSA) that provides for a fixed distribution charge per customer by customer class. While Operating revenues from electric distribution customers in Maryland are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Weather. The demand for electricity and natural gas in Delaware is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2021 compared to the same period in 2020, Operating revenues related to weather decreased due to the impact of unfavorable weather conditions in DPL's Delaware natural gas service territory. During the nine months ended September 30, 2021 compared to the same period in 2020, Operating revenues related to weather increased due to the impact of favorable weather conditions in DPL's Delaware electric service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's Delaware electric service territory and a 30-year period in DPL's Delaware natural gas service territory. The changes in heating and cooling degree days in DPL's Delaware service territory for the three and nine months ended September 30, 2021 compared to same period in 2020 and normal weather consisted of the following:

Delaware Electric Service Territory				% Change	
Three Months Ended September 30,	2021	2020	Normal	2021 vs. 2020	2021 vs. Normal
Heating Degree-Days	11	55	29	(80.0)%	(62.1)%
Cooling Degree-Days	969	961	894	0.8 %	8.4 %
				% Change	
Nine Months Ended September 30,	2021	2020	Normal	2021 vs. 2020	2021 vs. Normal
Heating Degree-Days	2,848	2,664	2,993	6.9 %	(4.8)%
Cooling Degree-Days	1,333	1,260	1,228	5.8 %	8.6 %

Delaware Natural Gas Service Territory				% Change	
Three Months Ended September 30,	2021	2020	Normal	2021 vs. 2020	2021 vs. Normal
Heating Degree-Days	11	55	38	(80.0)%	(71.1)%
				% Change	
Nine Months Ended September 30,	2021	2020	Normal	2021 vs. 2020	2021 vs. Normal
Heating Degree-Days	2,848	2,664	3,025	6.9 %	(5.9)%

Volume, exclusive of the effects of weather, remained relatively consistent for the three and nine months ended September 30, 2021 compared to the same period in 2020.

Electric Retail Deliveries to Delaware Customers (in GWhs)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	% Change	Weather - Normal % Change[(b)]
Residential	973	1,028	(5.4)%	(5.1)%	2,530	2,474	2.3 %	(0.3)%
Small commercial & industrial	412	373	10.5 %	10.8 %	1,111	943	17.8 %	16.3 %
Large commercial & industrial	860	775	11.0 %	11.2 %	2,359	2,408	(2.0)%	(2.5)%
Public authorities & electric railroads	7	6	16.7 %	21.6 %	26	23	13.0 %	11.0 %
Total electric retail deliveries[(a)]	2,252	2,182	3.2 %	3.6 %	6,026	5,848	3.0 %	1.5 %

Number of Total Electric Customers (Maryland and Delaware)	As of September 30, 2021	2020
Residential	476,008	471,875
Small commercial & industrial	62,990	62,291
Large commercial & industrial	1,215	1,234
Public authorities & electric railroads	605	610
Total	540,818	536,010

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(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 20-year average.

Natural Gas Retail Deliveries to Delaware Customers (in mmcf)	Three Months Ended September 30, 2021	2020	% Change	Weather - Normal % Change[b]	Nine Months Ended September 30, 2021	2020	% Change	Weather - Normal % Change[b]
Residential	399	441	(9.5)%	8.8 %	5,507	5,256	4.8 %	(1.2)%
Small commercial & industrial	352	339	3.8 %	13.9 %	2,647	2,567	3.1 %	(2.2)%
Large commercial & industrial	395	402	(1.7)%	(1.8)%	1,247	1,265	(1.4)%	(1.6)%
Transportation	1,303	1,231	5.8 %	7.2 %	4,997	4,811	3.9 %	2.3 %
Total natural gas deliveries[a]	2,449	2,413	1.5 %	6.9 %	14,398	13,899	3.6 %	0.3 %

Number of Delaware Natural Gas Customers	As of September 30, 2021	2020
Residential	127,740	126,659
Small commercial & industrial	9,935	9,885
Large commercial & industrial	21	17
Transportation	158	160
Total	137,854	136,721

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(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Distribution Revenue increased for the three months ended September 30, 2021 compared to the same period in 2020 primarily due to higher electric distribution rates in Delaware that became effective in October 2020. Distribution revenue increased for the nine months ended September 30, 2021 compared to the same period in 2020 primarily due to higher electric distribution rates in Maryland that became effective in July 2020 and higher electric distribution rates in Delaware that became effective in October 2020.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended September 30, 2021 compared to the same period in 2020, primarily due to increases in underlying costs. Transmission revenue increased for the nine months ended September 30, 2021, compared to the same period in 2020, primarily due to the reduction in revenue in 2020 due to the settlement agreement of ongoing transmission related income tax regulatory liabilities and increases in underlying costs and capital investments.

Other Revenue includes rental revenue, revenue related to late payment charges, mutual assistance revenues, and recoveries of other taxes.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DE Renewable Portfolio Standards, SOS procurement and administrative costs, and GCR costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries as DPL remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, DPL either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore DPL does not record Operating revenues or Purchased power and fuel expense related to the electricity. For customers that choose to purchase electric generation from DPL, DPL is permitted to recover the electricity and REC procurement costs from customers with a slight mark-up and therefore records the amounts related to the electricity and RECs in Operating revenues and Purchased power and fuel expense. DPL recovers natural gas costs without mark-up and records the amount in Operating revenues and Purchased power and fuel expense.

See Note 5 - Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

The increase of $7 million and $23 million for the three and nine months ended September 30, 2021, compared to the same period in 2020, respectively, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	(Decrease) Increase	(Decrease) Increase
Storm-related costs	$ (16)	$ (20)
Pension and non-pension postretirement benefits expense	(1)	(2)
Credit loss expense	(1)	(7)
Labor, other benefits, contracting and materials	2	(1)
BSC and PHISCO costs	3	5
Other	(1)	3
	(14)	(22)
Regulatory required programs	—	(1)
Total decrease	$ (14)	$ (23)

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase	Increase (Decrease)
Depreciation and amortization[(a)]	$ 3	$ 10
Regulatory asset amortization	—	(1)
Regulatory required programs	2	5
Total increase	$ 5	$ 14

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(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Effective income tax rates were 5.7% and 3.6% for the three months ended September 30, 2021 and 2020, respectively, and 6.3% and (28.2)% for the nine months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021, compared to the same period in 2020, the change is primarily due to the April 24, 2020 settlement agreement of ongoing transmission related income tax regulatory liabilities. See Note 3 — Regulatory Matters of the 2020 Exelon Form 10-K for additional information on the April 24, 2020 settlement agreement, and Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — ACE

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Favorable (Unfavorable) Variance
Operating revenues	$ 451	$ 420	$ 31	$ 1,080	$ 952	$ 128
Operating expenses						
Purchased power	230	211	(19)	541	469	(72)
Operating and maintenance	81	77	(4)	231	238	7
Depreciation and amortization	46	48	2	133	134	1
Taxes other than income taxes	2	2	—	6	6	—
Total operating expenses	359	338	(21)	911	847	(64)
Gain on sales of assets	—	—	—	—	2	(2)
Operating income	92	82	10	169	107	62
Other income and (deductions)						
Interest expense, net	(14)	(15)	1	(43)	(45)	2
Other, net	1	1	—	3	5	(2)
Total other income and (deductions)	(13)	(14)	1	(40)	(40)	—
Income before income taxes	79	68	11	129	67	62
Income taxes	(11)	(7)	4	(12)	(39)	(27)
Net income	$ 90	$ 75	$ 15	$ 141	$ 106	$ 35

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020. **Net income** increased by $15 million primarily due to higher distribution rates and higher transmission revenues due to an increase in capital investments.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020. **Net income** increased by $35 million primarily due to higher distribution rates, higher distribution revenues due to an increase in volume in ACE's service territory, and higher transmission revenues due to an increase in capital investments.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2021 (Decrease) Increase	Nine Months Ended September 30, 2021 Increase (Decrease)
Weather	$ (3)	$ —
Volume	3	19
Distribution	4	3
Transmission	10	46
Other	(1)	(1)
	13	67
Regulatory required programs	18	61
Total increase	$ 31	$ 128

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in New Jersey are not impacted by abnormal weather or usage per customer as a result of the Conservation Incentive Program (CIP) which became effective, prospectively, in the third quarter of 2021. The CIP compares current distribution revenues by customer class to approved target revenues established in ACE's most recent distribution base rate case. The CIP is calculated annually, and recovery is subject to certain conditions, including an earnings test and ceilings on customer rate increases. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers. See Note 3 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information.

Weather. Prior to the third quarter of 2021, the demand for electricity was affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended September 30, 2021 compared to the same period in 2020, Operating revenues related to weather decreased due to the absence of impacts in the third quarter of 2021 as a result of the CIP. During the nine months ended September 30, 2021 compared to the same period in 2020, Operating revenues related to weather remained relatively consistent.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the nine months ended September 30, 2021 compared to same period in 2020 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Nine Months Ended September 30,	2021	2020	Normal	2021 vs. 2020	2021 vs. Normal
Heating Degree-Days	2,884	2,618	3,042	10.2 %	(5.2)%
Cooling Degree-Days	1,246	1,300	1,165	(4.2)%	7.0 %

Volume, exclusive of the effects of weather, increased for the nine months ended September 30, 2021 compared to the same period in 2020, primarily due to customer growth and usage.

	Nine Months Ended September 30,			
Electric Retail Deliveries to Customers (in GWhs)	2021	2020	% Change	Weather - Normal % Change[(b)]
Residential	3,443	3,193	7.8 %	7.1 %
Small commercial & industrial	1,073	967	11.0 %	11.1 %
Large commercial & industrial	2,351	2,287	2.8 %	3.1 %
Public authorities & electric railroads	33	33	— %	0.7 %
Total electric retail deliveries[(a)]	6,900	6,480	6.5 %	6.3 %

	As of September 30,	
Number of Electric Customers	2021	2020
Residential	499,775	497,222
Small commercial & industrial	61,838	61,521
Large commercial & industrial	3,209	3,305
Public authorities & electric railroads	707	694
Total	565,529	562,742

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(a) Reflects delivery volumes from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 20-year average.

Distribution Revenue increased for the three and nine months ended September 30, 2021 compared to the same period in 2020 due to higher distribution rates.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended September 30, 2021 compared to the same period in 2020, primarily due to increases in capital investment. Transmission revenue increased for the nine months ended September 30, 2021 compared to the same period in 2020, primarily due to the reduction in revenue in 2020 due to the settlement agreement of ongoing transmission related income tax regulatory liabilities and increases in capital investment.

Other Revenue includes rental revenue, service connection fees, and mutual assistance revenues.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, Societal Benefits Charge, Transition Bonds, and BGS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as ACE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ACE either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore ACE does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ACE, ACE is permitted to recover the electricity, ZEC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, and RECs.

See Note 5 - Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

The increase of $19 million and $72 million for the three and nine months ended September 30, 2021 compared to the same period in 2020, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
BSC and PHISCO costs	$ 2	$ 4
Labor, other benefits, contracting and materials	2	(2)
Pension and non-pension postretirement benefits expense	—	(1)
Storm-related costs	(2)	(5)
Other	(3)	(2)
	(1)	(6)
Regulatory required programs[(a)]	5	(1)
Total increase (decrease)	$ 4	$ (7)

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(a) ACE is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through the Societal Benefits Charge.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 4	$ 11
Regulatory asset amortization	—	(1)
Regulatory required programs	(6)	(11)
Total decrease	$ (2)	$ (1)

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(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Effective income tax rates were (13.9)% and (10.3)% for the three months ended September 30, 2021 and 2020, respectively, and (9.3)% and (58.2)% for the nine months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021, compared to the same period in 2020, the change is primarily due to the April 24, 2020 settlement agreement of ongoing transmission related income tax regulatory liabilities, partially offset by the July 14, 2021 settlement which allowed ACE to retain certain tax benefits. See Note 3 — Regulatory Matters of the 2020 Exelon Form 10-K for additional information on the April 24, 2020 settlement. See Note 3 — Regulatory Matters and Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information on the July 14, 2021 settlement agreement and regarding the components of the effective income tax rates, respectively.

Liquidity and Capital Resources

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations, the sale of certain receivables, as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each of the Registrants annually evaluates its financing plan, dividend practices, and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations, and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to credit facilities with aggregate bank commitments of $10.3 billion. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs, and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and OPEB obligations, and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, the Utility Registrants operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements (Exelon and Generation)

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are typically based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 8 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT funds could appreciate in value. A shortfall could require that Generation address the shortfall by providing additional financial assurances such as surety bonds, letters of credit, or parent company guarantees for Generation's share of the funding assurance. However, the amount of any assurance will ultimately depend on the decommissioning approach, the associated level of costs, and the NDT fund investment performance going forward. No later than two years after shutting down a plant, Generation must submit a PSDAR to the NRC that includes the planned option for decommissioning the site. As a result of the early retirement reversal, additional financial assurance is no longer required for Byron.

Upon issuance of any required financial assurance, subject to satisfying various regulatory preconditions, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, under the regulations, the NRC must approve an exemption in order for Generation to utilize the NDT funds to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs, if applicable). If a unit does not receive this exemption, those costs would be borne by Generation without reimbursement from or access to the NDT funds.

As of September 30, 2021, Generation is not required to provide any additional financial assurances for TMI Unit 1 under the SAFSTOR scenario which is the planned decommissioning option as described in the TMI Unit 1 PSDAR filed by Generation with the NRC on April 5, 2019. On October 16, 2019, the NRC granted Generation's exemption request to use the TMI Unit 1 NDT funds for spent fuel management costs. An additional exemption request to allow the TMI Unit 1 NDT funds to be used for site restoration costs was submitted to the NRC on May 20, 2021 and is pending NRC review.

Cash Flows from Operating Activities (All Registrants)

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

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

See Note 3 — Regulatory Matters and Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2020 Form 10-K for additional information on regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the change in cash flows from operating activities for the nine months ended September 30, 2021 and 2020 by Registrant:

(Decrease) increase in cash flows from operating activities	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net income	$ (78)	$ (607)	$ 305	$ 66	$ 17	$ 117	$ 37	$ 44	$ 35
Adjustments to reconcile net income to cash:									
Non-cash operating activities	(899)	(527)	(216)	1	(4)	(22)	8	(10)	(23)
Pension and non-pension postretirement benefit contributions	(22)	12	(31)	3	(2)	(8)	(1)	—	—
Income taxes	281	65	13	7	(43)	31	1	31	6
Changes in working capital and other noncurrent assets and liabilities	(775)	(611)	(28)	(75)	(25)	(92)	(134)	28	27
Option premiums paid, net	(55)	(55)	—	—	—	—	—	—	—
Collateral received, net	1,467	1,334	65	—	—	—	—	—	—
(Decrease) increase in cash flows from operating activities	$ (81)	$ (389)	$ 108	$ 2	$ (57)	$ 26	$ (89)	$ 93	$ 45

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2021 and 2020 were as follows:

- See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **non-cash operating activities**.

- See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **income taxes**.

- **Changes in working capital and other noncurrent assets and liabilities** include a decrease in Accounts receivable resulting from the impact of cash received at Exelon and Generation in 2020 related to the revolving accounts receivable financing arrangement entered into on April 8, 2020 and an increase in Accounts payable and accrued expenses resulting from the impact of certain penalties for natural gas delivery associated with the February 2021 extreme cold weather event at Exelon and Generation. See Note 6 – Accounts Receivable and Note 3 – Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the sales of customer accounts receivable and on the February 2021 extreme cold weather event, respectively.

- Depending upon whether Generation is in a net mark-to-market liability or asset position, **collateral** may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the over-the-counter markets. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' collateral.

Cash Flows from Investing Activities (All Registrants)

The following table provides a summary of the change in cash flows from investing activities for the nine months ended September 30, 2021 and 2020 by Registrant:

Increase (decrease) in cash flows from investing activities	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Capital expenditures	$ (364)	$ 126	$ (140)	$ (54)	$ (69)	$ (227)	$ (129)	$ (42)	$ (55)
Proceeds from NDT fund sales, net	(66)	(66)	—	—	—	—	—	—	—
Proceeds from sales of assets and businesses	755	756	—	—	—	—	—	—	—
Changes in intercompany money pool	—	—	—	(68)	—	—	117	—	—
Collection of DPP	534	534	—	—	—	—	—	—	—
Other investing activities	42	—	20	1	13	(4)	1	4	(4)
Increase (decrease) in cash flows from investing activities	$ 901	$ 1,350	$ (120)	$ (121)	$ (56)	$ (231)	$ (11)	$ (38)	$ (59)

Significant investing cash flow impacts for the Registrants for nine months ended September 30, 2021 and 2020 were as follows:

- Variances in **capital expenditures** are primarily due to the timing of cash expenditures for capital projects. Refer below for additional information on projected capital expenditure spending.

- **Proceeds from sales of assets and businesses** increased primarily due to the sale of a significant portion of Generation's solar business and a biomass facility and proceeds received on sales of equity investments. See Note 2 – Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information on the sale of Generation's solar business and biomass facility.

- Changes in **intercompany money pool** are driven by short-term borrowing needs. Refer below for more information regarding the intercompany money pool.

- See Note 6 – Accounts Receivable of the Combined Notes to Consolidated Financial Statements for additional information on the **Collection of DPP**.

Capital Expenditure Spending

As of September 30, 2021, the most recent estimates of capital expenditures for plant additions and improvements for 2021 are as follows:

(In millions)	Transmission	Distribution	Gas	Total
Exelon	N/A	N/A	N/A	$ 8,175
Generation	N/A	N/A	N/A	1,450
ComEd	475	1,925	N/A	2,400
PECO	150	775	350	1,275
BGE	325	475	400	1,200
PHI	550	1,125	75	1,750
Pepco	250	650	N/A	900
DPL	100	250	75	425
ACE	200	225	N/A	425

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Cash Flows from Financing Activities (All Registrants)

The following table provides a summary of the change in cash flows from financing activities for the nine months ended September 30, 2021 and 2020 by Registrant:

Increase (decrease) in cash flows from financing activities	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Changes in short-term borrowings, net	$ 825	$ 320	$ (334)	$ —	$ 76	$ 127	$ 87	$ (68)	$ 108
Long-term debt, net	190	1,271	300	100	(100)	13	(24)	26	11
Changes in intercompany money pool	—	(285)	—	(40)	—	(14)	—	—	(117)
Dividends paid on common stock	(2)	—	(6)	1	(33)	—	(47)	(7)	(169)
Acquisition of noncontrolling interest	(885)	(885)	—	—	—	—	—	—	—
Distributions to member	—	33	—	—	—	(154)	—	—	—
Contributions from parent/member	—	—	105	166	(27)	174	(18)	8	186
Other financing activities	12	3	(2)	(4)	2	(2)	2	(3)	(4)
Increase (decrease) in cash flows from financing activities	$ 140	$ 457	$ 63	$ 223	$ (82)	$ 144	$ —	$ (44)	$ 15

Significant financing cash flow impacts for the Registrants for the nine months ended September 30, 2021 and 2020 were as follows:

- **Changes in short-term borrowings, net**, is driven by repayments on and issuances of notes due in less than 365 days. Refer to Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on short-term borrowings.
- **Long-term debt, net**, varies due to debt issuances and redemptions each year. Refer to Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on debt issuances. Refer to the debt redemptions table below for additional information.
- **Changes in intercompany money pool** are driven by short-term borrowing needs. Refer below for more information regarding the intercompany money pool.

- Exelon's ability to pay **dividends** on its common stock depends on the receipt of dividends paid by its operating subsidiaries. The payments of dividends to Exelon by its subsidiaries in turn depend on their results of operations and cash flows and other items affecting retained earnings. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2020 Form 10-K for additional information on dividend restrictions. See below for quarterly dividends declared.

- See Note 2 – Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information related to the **acquisition** of CENG noncontrolling interest.

- For the nine months ended September 30, 2021, **other financing activities** primarily consists of debt issuance costs. See Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt issuances.

Debt

See Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt issuances.

During the nine months ended September 30, 2021, the following long-term debt was retired and/or redeemed:

Company[(a)]	Type	Interest Rate	Maturity	Amount
Exelon	Senior Notes	2.45 %	April 15, 2021	$ 300
Exelon	Long-Term Software License Agreement	3.95 %	May 1, 2024	24
Exelon	Long-Term Software License Agreements	3.62 %	December 1, 2025	1
Generation	Continental Wind Nonrecourse Debt[(b)]	6.00 %	February 28, 2033	35
Generation	EGR IV Nonrecourse Debt[(b)]	3 month LIBOR + 2.50 % [(c)]	December 15, 2027	17
Generation	SolGen Nonrecourse Debt[(b)]	3.93 %	September 30, 2036	7
Generation	Antelope Valley DOE Nonrecourse Debt[(b)]	2.29% - 3.56%	January 5, 2037	13
Generation	West Medway II Nonrecourse Debt[(b)]	LIBOR + 3% [(d)]	March 31, 2026	8
Generation	RPG Nonrecourse Debt[(a)]	4.11 %	March 31, 2035	9
ComEd	First Mortgage Bonds	3.40 %	September 1, 2021	350
PECO	First Mortgage Bonds	1.70 %	September 15, 2021	300
BGE	Senior Notes	3.50 %	November 15, 2021	300
ACE	First Mortgage Bonds	4.35 %	April 1, 2021	200
ACE	Tax-Exempt First Mortgage Bonds	6.80 %	March 1, 2021	39
ACE	Transition Bonds	5.55 %	October 20, 2021	15

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(a) On October 5, 2021, Generation redeemed $11 million of 2.29% - 3.56% Antelope Valley DOE nonrecourse debt. On October 20, 2021, ACE redeemed $6 million of 5.55% transition bonds.
(b) See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on nonrecourse debt.
(c) The interest rate was amended to 3 month LIBOR + 2.50 % on June 16, 2021.
(d) The nonrecourse debt has an average blended interest rate.

Dividends

Quarterly dividends declared by the Exelon Board of Directors during the nine months ended September 30, 2021 and for the fourth quarter of 2021 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share[(a)]
First Quarter 2021	February 21, 2021	March 8, 2021	March 15, 2021	$ 0.3825
Second Quarter 2021	April 27, 2021	May 14, 2021	June 10, 2021	$ 0.3825
Third Quarter 2021	July 27, 2021	August 13, 2021	September 10, 2021	$ 0.3825
Fourth Quarter 2021	October 29, 2021	November 15, 2021	December 10, 2021	$ 0.3825

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(a) Exelon's Board of Directors approved an updated dividend policy for 2021. The 2021 quarterly dividend will remain the same as the 2020 dividend of $0.3825 per share.

Credit Matters (All Registrants)

The Registrants fund liquidity needs for capital investment, working capital, energy hedging, and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets, and large, diversified credit facilities. The credit facilities include $10.3 billion in aggregate total commitments of which $7.7 billion was available to support additional commercial paper as of September 30, 2021, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper markets and had availability under their revolving credit facilities during the nine months ended September 30, 2021 to fund their short-term liquidity needs, when necessary. Generation used its available credit facilities to manage short-term liquidity needs as a result of the impacts of the February 2021 extreme cold weather event and continues to believe it has sufficient cash on hand and available capacity on its revolver to meet its liquidity requirements. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels, and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising, and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2020 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets, and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2021, it would have been required to provide incremental collateral of approximately $3.0 billion to meet collateral obligations for derivatives, non-derivatives, normal purchases and normal sales contracts, and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within the $4.3 billion of available credit capacity of its revolver.

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at September 30, 2021 and available credit facility capacity prior to any incremental collateral at September 30, 2021:

	PJM Credit Policy Collateral	Other Incremental Collateral Required(a)	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 27	$ —	$ 998
PECO	1	23	600
BGE	4	46	600
Pepco	3	—	260
DPL	4	11	278
ACE	1	—	75

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(a) Represents incremental collateral related to natural gas procurement contracts.

Project Financing (Exelon and Generation)

Project financing is used to help mitigate risk of specific generating assets. Project financing is based upon a nonrecourse financial structure, in which project debt is paid back from the cash generated by the specific asset or portfolio of assets. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. Additionally, project financing has credit facilities. Refer to Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K and Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on credit facilities and nonrecourse debt.

Credit Facilities (All Registrants)

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

See Note 13 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' short-term borrowing activity. See Note 17 — Debt and Credit Agreements of the Exelon 2020 Form 10-K for additional information on the Registrants' credit facilities.

Security Ratings (All Registrants)

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

The credit ratings for Exelon Corporate and the Utility Registrants did not change for the nine months ended September 30, 2021.

On February 24, 2021, S&P lowered Generation's senior unsecured debt rating to 'BBB-' from 'BBB' in response to the financial impacts of the February 2021 weather event and Texas-based generating assets outages. See Significant 2021 Transactions and Developments for additional information. The S&P ratings changes did not materially impact Generation's financial statements. Furthermore, there were no material increases in required collateral or financial assurances or material impacts to our anticipated access to liquidity or cost of financing.

Intercompany Money Pool (All Registrants)

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2021, are presented in the following table. ACE had no activity within the PHI Intercompany Money Pool for the nine months ended September 30, 2021.

Exelon Intercompany Money Pool	During the Nine Months Ended September 30, 2021		As of September 30, 2021
	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 735	$ —	$ 239
Generation	—	(426)	—
PECO	303	(100)	—
BSC	—	(435)	(273)
PHI Corporate	—	(40)	(16)
PCI	60	—	50

PHI Intercompany Money Pool	During the Nine Months Ended September 30, 2021		As of September 30, 2021
	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Pepco	$ —	$ (30)	$ —
DPL	30	—	—

Shelf Registration Statements (All Registrants)

Exelon, Generation, and the Utility Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2022. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations (All Registrants)

The Utility Registrants are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	As of September 30, 2021					
	Short-term Financing Authority[(a)(b)]			Remaining Long-term Financing Authority[(a)]		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd[(c)]	FERC	December 31, 2021	$ 2,500	ICC	February 1, 2023	$ 93
PECO[(d)]	FERC	December 31, 2021	1,500	PAPUC	December 31, 2021	475
BGE	FERC	December 31, 2021	700	MDPSC	N/A	500
Pepco	FERC	December 31, 2021	500	MDPSC / DCPSC	December 31, 2022	625
DPL	FERC	December 31, 2021	500	MDPSC / DPSC	December 31, 2022	172
ACE	NJBPU	December 31, 2021	350	NJBPU	December 31, 2022	250

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(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) On October 15, 2021, ComEd, PECO, BGE, Pepco, and DPL filed applications with FERC and on July 21, 2021, ACE filed an application with NJBPU for renewal of their short-term financing authority through December 31, 2023. ComEd, PECO, BGE, Pepco, DPL, and ACE expect approval of their applications by December 31, 2021.
(c) ComEd had $93 million available in new money long-term debt financing authority from the ICC as of September 30, 2021 and has an expiration date of February 1, 2023. On June 29, 2021, ComEd filed an application for $2 billion in new money long-term debt financing authority from the ICC and expects approval by December 31, 2021.
(d) PECO is currently in the process of renewing its long-term financing authority with PAPUC and expects approval by December 31, 2021.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information.

Generation, ComEd, PECO, BGE, Pepco, DPL, and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd and PECO have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements in the Exelon 2020 Form 10-K for additional information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2020 Form 10-K and Note 6 — Accounts Receivable of the Combined Notes to Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates, and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer, and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2020 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the total amount of energy Exelon generates and purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce commodity price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including swaps, futures, forwards, and options, with approved counterparties to hedge anticipated exposures. Generation uses derivative instruments as economic hedges to mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2021 through 2023.

As of September 30, 2021, the percentage of expected generation hedged for the Mid-Atlantic, Midwest, New York, and ERCOT reportable segments is 96%-99% for the remainder of 2021. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire economic hedge portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2021 market conditions and hedged position would be immaterial for 2021. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Fuel Procurement

Approximately 60% of Generation's uranium concentrate requirements from 2021 through 2025 are supplied by three suppliers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact in Exelon's and Generation's financial statements.

Utility Registrants

There have been no significant changes or additions to the Utility Registrants exposures to commodity price risk that were described in ITEM 1A. RISK FACTORS of Exelon's 2020 Annual Report on Form 10-K. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding commodity price risk exposure.

Trading and Non-Trading Marketing Activities

The following table detailing Exelon's, Generation's, and ComEd's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, and ComEd's commodity mark-to-market net asset or liability balance sheet position from December 31, 2020 to September 30, 2021. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all NPNS contracts and does not segregate proprietary trading activity. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2021 and December 31, 2020.

	Exelon	Generation	ComEd
Total mark-to-market energy contract net assets (liabilities) at December 31, 2020[(a)]	$ 428	$ 729	$ (301)
Total change in fair value during 2021 of contracts recorded in results of operations	1,434	1,434	—
Reclassification to realized at settlement of contracts recorded in results of operations	(186)	(186)	—
Changes in fair value — recorded through regulatory assets[(b)]	87	—	87
Changes in allocated collateral	(2,061)	(2,061)	—
Net option premium paid	186	186	—
Option premium amortization	(45)	(45)	—
Upfront payments and amortizations[(c)]	(107)	(107)	—
Total mark-to-market energy contract net liabilities at September 30, 2021[(a)]	$ (264)	$ (50)	$ (214)

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(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd, the changes in fair value are recorded as a change in regulatory assets. As of September 30, 2021, ComEd recorded a regulatory asset of $214 million related to its mark-to-market derivative liabilities with unaffiliated suppliers. For the nine months ended September 30, 2021, ComEd recorded $72 million of increases in fair value and an increase for realized losses due to settlements of $15 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(c) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortizations.

Fair Values

The following tables present maturity and source of fair value for Exelon, Generation, and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 14 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2021	2022	2023	2024	2025	2026 and Beyond	
Normal Operations, Commodity derivative contracts[a][b]:							
Actively quoted prices (Level 1)	$ 302	$ 578	$ 63	$ 53	$ 38	$ 23	$ 1,057
Prices provided by external sources (Level 2)	17	737	40	(40)	—	—	754
Prices based on model or other valuation methods (Level 3)[c]	(566)	(1,304)	17	(15)	(18)	(189)	(2,075)
Total	$ (247)	$ 11	$ 120	$ (2)	$ 20	$ (166)	$ (264)

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid/(received) from counterparties (and offset against mark-to-market assets and liabilities) of $(1,645) million at September 30, 2021.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2021	2022	2023	2024	2025	2026 and Beyond	
Normal Operations, Commodity derivative contracts[a][b]:							
Actively quoted prices (Level 1)	$ 302	$ 578	$ 63	$ 53	$ 38	$ 23	$ 1,057
Prices provided by external sources (Level 2)	17	737	40	(40)	—	—	754
Prices based on model or other valuation methods (Level 3)	(565)	(1,293)	39	8	5	(55)	(1,861)
Total	$ (246)	$ 22	$ 142	$ 21	$ 43	$ (32)	$ (50)

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid/(received) from counterparties (and offset against mark-to-market assets and liabilities) of $(1,645) million at September 30, 2021.

ComEd

	Maturities Within						Total Fair Value
	2021	2022	2023	2024	2025	2026 and Beyond	
Commodity derivative contracts[a]:							
Prices based on model or other valuation methods (Level 3)[a]	$ (1)	$ (11)	$ (22)	$ (23)	$ (23)	$ (134)	$ (214)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that execute derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for detailed discussion of credit risk.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2021. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The amounts in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, and commodity exchanges, which are discussed below.

Rating as of September 30, 2021	Total Exposure Before Credit Collateral	Credit Collateral[(a)]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 701	$ 254	$ 447	—	$ —
Non-investment grade	23	2	21	—	—
No external ratings					
Internally rated — investment grade	110	1	109	—	—
Internally rated — non-investment grade	309	48	261	—	—
Total	$ 1,143	$ 305	$ 838	—	$ —

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(a) As of September 30, 2021, credit collateral held from counterparties where Generation had credit exposure included $188 million of cash and $117 million of letters of credit.

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2021	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 579	$ 69	$ 53	$ 701
Non-investment grade	23	—	—	23
No external ratings				
Internally rated — investment grade	96	10	4	110
Internally rated — non-investment grade	251	49	9	309
Total	$ 949	$ 128	$ 66	$ 1,143

Net Credit Exposure by Type of Counterparty	As of September 30, 2021
Financial institutions	$ 53
Investor-owned utilities, marketers, power producers	652
Energy cooperatives and municipalities	62
Other	71
Total	$ 838

The Utility Registrants

There have been no significant changes or additions to the Utility Registrants exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2020 Annual Report on Form 10-K. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding credit exposure to suppliers.

Credit-Risk-Related Contingent Features (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas, and other commodities. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding collateral requirements. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding the letters of credit supporting the cash collateral.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's financial statements. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. To post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 17 — Debt and Credit Agreements of Exelon's 2020 Annual Report on Form 10-K for additional information.

Utility Registrants

As of September 30, 2021, the Utility Registrants were not required to post collateral under their energy and/or natural gas procurement contracts. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Rate and Foreign Exchange Risk (Exelon and Generation)

Exelon and Generation use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. Exelon and Generation may also utilize interest rate swaps to manage their interest rate exposure. A hypothetical 50 basis point increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $1 million decrease in Exelon pre-tax income for the nine months ended September 30, 2021. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. See Note 12 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of September 30, 2021, Generation's NDT funds are reflected at fair value in its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 25 basis points increase in interest rates and 10% decrease in equity prices would result in a $863 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices.

ITEM 4. CONTROLS AND PROCEDURES

During the third quarter of 2021, each of the Registrants' management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing, and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by the Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2021, the principal executive officer and principal financial officer of each of the Registrants concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. The Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There were no changes in internal control over financial reporting during the third quarter of 2021 that materially affected, or are reasonably likely to materially affect, any of the Registrants' internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2020 Form 10-K and (b) Notes 3 — Regulatory Matters and 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

ITEM 1A. RISK FACTORS

Risks Related to All Registrants

At September 30, 2021, the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2020 Form 10-K in ITEM 1A. RISK FACTORS, except for the updates below.

We could be negatively affected by the impacts of weather (Exelon and Generation).

Our operations are affected by weather, which affects demand for electricity and natural gas, the price of energy commodities, as well as operating conditions. To the extent that weather is warmer in the summer or colder in the winter than assumed, we could require greater resources to meet our contractual commitments. Extreme weather conditions or storms have affected the availability of generation and its transmission, limiting our ability to source or send power to where it is sold, and have also affected the transportation of natural gas to our generating assets and our ability to supply natural gas to our customers. In addition, drought-like conditions limiting water usage could impact our ability to run certain generating assets at full capacity. These conditions, which cannot be accurately predicted, could cause us to seek additional capacity at a time when wholesale markets are tight or to seek to sell excess capacity at a time when markets are weak.

Climate change projections suggest increases to summer temperature and humidity trends, as well as more erratic precipitation and storm patterns over the long-term in the areas where we have generation assets. The frequency in which weather conditions emerge outside the current expected climate norms could contribute to weather-related impacts discussed above.

Beginning on February 15, 2021, our Texas-based generating assets within the ERCOT market, specifically Colorado Bend II, Wolf Hollow II, and Handley, experienced periodic outages as a result of historically severe cold weather conditions. We estimate a reduction in Net income at Exelon and Generation of approximately $670 million to $820 million for the full year 2021 arising from these market and weather conditions. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Significant 2021 Transactions and Developments — Impacts of February 21 Extreme Weather Event and Texas-based Generating Assets Outages for additional information.

ITEM 4. MINE SAFETY DISCLOSURES

All Registrants

Not applicable to the Registrants.

ITEM 5. OTHER INFORMATION

All Registrants

None.

ITEM 6. EXHIBITS

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture, dated as of August 2, 2021, from ComEd to BNY Mellon Trust Company of Illinois, as trustee, and D.G. Donovan, as co-trustee (File No. 001-01839, Form 8-K dated August 12, 2021, Exhibit 4.1)
4.2	One Hundred and Twentieth Supplemental Indenture dated as of September 1, 2021 from PECO to U.S. Bank National Association, as trustee (File No. 000-16844, Form 8-K dated September 14, 2021, Exhibit 4.1).
10.1	Settlement Agreement, dated August 6, 2021, between Generation and EDF Inc.*
10.2	364-Day Term Loan Credit Agreement, dated August 6, 2021, between Generation and Barclays Bank PLC*
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 filed by the following officers for the following companies:

Exhibit No.	Description
31-1	Filed by Christopher M. Crane for Exelon Corporation
31-2	Filed by Joseph Nigro for Exelon Corporation
31-3	Filed by Joseph Dominguez for Exelon Generation Company, LLC
31-4	Filed by Daniel L. Eggers for Exelon Generation Company, LLC
31-5	Filed by Calvin G. Butler for Commonwealth Edison Company
31-6	Filed by Jeanne M. Jones for Commonwealth Edison Company
31-7	Filed by Michael A. Innocenzo for PECO Energy Company
31-8	Filed by Robert J. Stefani for PECO Energy Company
31-9	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
31-10	Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11	Filed by David M. Velazquez for Pepco Holdings LLC
31-12	Filed by Phillip S. Barnett for Pepco Holdings LLC
31-13	Filed by David M. Velazquez for Potomac Electric Power Company
31-14	Filed by Phillip S. Barnett for Potomac Electric Power Company
31-15	Filed by David M. Velazquez for Delmarva Power & Light Company
31-16	Filed by Phillip S. Barnett for Delmarva Power & Light Company
31-17	Filed by David M. Velazquez for Atlantic City Electric Company
31-18	Filed by Phillip S. Barnett for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 filed by the following officers for the following companies:

Exhibit No.	Description
32-1	Filed by Christopher M. Crane for Exelon Corporation
32-2	Filed by Joseph Nigro for Exelon Corporation
32-3	Filed by Joseph Dominguez for Exelon Generation Company, LLC
32-4	Filed by Daniel L. Eggers for Exelon Generation Company, LLC
32-5	Filed by Calvin G. Butler for Commonwealth Edison Company
32-6	Filed by Jeanne M. Jones for Commonwealth Edison Company
32-7	Filed by Michael A. Innocenzo for PECO Energy Company
32-8	Filed by Robert J. Stefani for PECO Energy Company
32-9	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
32-10	Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11	Filed by David M. Velazquez for Pepco Holdings LLC
32-12	Filed by Phillip S. Barnett for Pepco Holdings LLC
32-13	Filed by David M. Velazquez for Potomac Electric Power Company
32-14	Filed by Phillip S. Barnett for Potomac Electric Power Company
32-15	Filed by David M. Velazquez for Delmarva Power & Light Company
32-16	Filed by Phillip S. Barnett for Delmarva Power & Light Company
32-17	Filed by David M. Velazquez for Atlantic City Electric Company
32-18	Filed by Phillip S. Barnett for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE	/s/ JOSEPH NIGRO
Christopher M. Crane	Joseph Nigro
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ FABIAN E. SOUZA	
Fabian E. Souza	
Senior Vice President and Corporate Controller (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ JOSEPH DOMINGUEZ	/s/ DANIEL L. EGGERS
Joseph Dominguez	Daniel L. Eggers
Chief Executive Officer (Principal Executive Officer)	Chief Financial Officer (Principal Financial Officer)
/s/ MATTHEW N. BAUER	
Matthew N. Bauer	
Vice President and Controller (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ CALVIN G. BUTLER	/s/ JEANNE M. JONES
Calvin G. Butler	Jeanne M. Jones
Interim Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ STEVEN J. CICHOCKI	
Steven J. Cichocki	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ MICHAEL A. INNOCENZO	/s/ ROBERT J. STEFANI
Michael A. Innocenzo	Robert J. Stefani
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ CAROLINE FULGINITI	
Caroline Fulginiti	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CARIM V. KHOUZAMI	/s/ DAVID M. VAHOS
Carim V. Khouzami	David M. Vahos
Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JASON T. JONES	
Jason T. Jones	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/s/ DAVID M. VELAZQUEZ	/s/ PHILLIP S. BARNETT
David M. Velazquez	Phillip S. Barnett
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/s/ DAVID M. VELAZQUEZ	/s/ PHILLIP S. BARNETT
David M. Velazquez	Phillip S. Barnett
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/s/ DAVID M. VELAZQUEZ	/s/ PHILLIP S. BARNETT
David M. Velazquez President and Chief Executive Officer (Principal Executive Officer)	Phillip S. Barnett Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese Director, Accounting (Principal Accounting Officer)	

November 3, 2021

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/s/ DAVID M. VELAZQUEZ	/s/ PHILLIP S. BARNETT
David M. Velazquez	Phillip S. Barnett
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 3, 2021

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Settlement Agreement"), effective as of August 6, 2021 ("Effective Settlement Date"), is made between Exelon Generation Company, LLC ("ExGen", and together with its Affiliates, "Exelon") and EDF Inc. ("EDFI", and together with its Affiliates, "EDF") (Exelon and EDF each a "Party", and together the "Parties"), in connection with the settlement of ongoing disputes between the Parties related to EDFI's interest in Constellation Energy Nuclear Group, LLC ("CENG") and EDFI's put option to sell to ExGen, EDFI's 49.99% interest in CENG (the "Disputes"), including but not limited to the arbitration styled *Exelon Generation Company, LLC v. EDF Inc.*, ICC Case No. 25479/MK/PDP ("ICC Case 25479" or the "Arbitration"). Capitalized terms used in this Settlement Agreement without a separate definition shall have the respective meanings given to them in the Put Agreement (as defined below).

WHEREAS, on April 1, 2014, ExGen, EDFI and CENG signed a Put Agreement (as amended and modified, the "Put Agreement") that provided EDFI with the ability to sell, transfer and convey its 49.99% Membership Interest in CENG ("Designated Interest") to ExGen at a price to be agreed upon between the Parties or determined through the Baseball Arbitration procedure in the Put Agreement ("Put Option"). The Purchase Price at which ExGen must purchase EDFI's Designated Interest is the amount, expressed in U.S. dollars, of the "Fair Market Value", a term defined under the Put Agreement;

WHEREAS, on November 20, 2019, EDFI notified ExGen of its intent to exercise the Put Option in 60 days;

WHEREAS, ExGen and EDFI were unable to agree on the Fair Market Value of the Designated Interest and, thus, commenced the Baseball Arbitration procedure, as defined in the Put Agreement;

WHEREAS, in connection with claims relating to its interpretation of the Put Agreement for the purposes of the Baseball Arbitration ("Exelon's Claims"), ExGen filed a Request for Arbitration on July 8, 2020, which commenced ICC Case 25479, and EDFI filed its Answer to the Request for Arbitration on September 14, 2020, advancing its counterclaims in the same Arbitration ("EDFI's Counterclaims");

WHEREAS, the arbitral tribunal constituted in ICC Case 25479 rendered a partial final award on May 6, 2021 ("Award"), and reserved certain issues for determination (if necessary) in a subsequent final award;

WHEREAS, following issuance of the Award, ExGen and EDFI have not yet resolved their disagreement over the Fair Market Value of the Designated Interest and are continuing to engage in a Baseball Arbitration process under the Put Agreement but have not yet appointed a third independent investment bank ("Third Bank") to select a valuation that shall constitute Fair Market Value;

WHEREAS, on February 24, 2021, Exelon Corporation announced the planned separation of ExGen from Exelon Corporation (together with any corporate restructuring Exelon Corporation may undertake in connection with such planned separation, the "Spin Transaction"), and on February 25, 2021 ExGen filed requests for approval of the Spin Transaction from the U.S. Nuclear

Regulatory Commission ("NRC") (*Docket Nos. 50-317, 50-318, 50-220, 50-410, 72-1036, 50-244, and 72-67*, the "NRC Proceeding"), the New York Public Service Commission ("NY PSC") (*Case 21-E-0130*, the "NY PSC Proceeding"), and the Federal Energy Regulatory Commission ("FERC") (*Docket No. EC21-57-000*);

WHEREAS, on June 14, 2021, EDFI filed a Petition for Leave to Intervene and Request for Hearing in the NRC Proceeding, and on June 8, 2021, EDFI filed Comments and a Request for Hearing in the NY PSC Proceeding;

WHEREAS, pursuant to Exelon's request on July 20, 2021, the Parties have engaged in negotiations on a strict confidentiality basis with a view to achieving a possible settlement of their Disputes;

WHEREAS, ExGen and EDFI have signed a Mutual Non-Disclosure Agreement on July 22, 2021, and a second Non-Disclosure Agreement on July 28, 2021 (together, the "NDAs");

WHEREAS, certain of the EDF Parties have delivered to certain of the Exelon Parties on the date hereof agreements terminating power purchase agreements with respect to certain CENG facilities: (i) the letter agreement dated August 6, 2021 terminating (x) the Confirmation for Physically Settled Power Transactions (Calvert Cliffs Unit 1) dated November 3, 2010 between EDF Trading North America, LLC and Calvert Cliffs Nuclear Power Plant, LLC, pursuant to the certain 1992 ISDA Master Agreement (U.S. Version) Multicurrency – Cross Border) (Calvert Cliffs Unit 1), dated as of November 6, 2009, each as amended and extended from time to time; and (y) the Confirmation for Physically Settled Power Transactions (Calvert Cliffs Unit 2) dated November 3, 2010 between EDF Trading North America, LLC and Calvert Cliffs Nuclear Power Plant, LLC, pursuant to the certain 1992 ISDA Master Agreement (U.S. Version) Multicurrency – Cross Border) (Calvert Cliffs Unit 2), dated as of November 6, 2009, each as amended and extended from time to time (collectively, the "CC Power Purchase Termination Agreement"); (ii) the letter agreement dated August 6, 2021 terminating the Confirmation for Physically Settled Power Transactions dated November 3, 2010 between EDF Trading North America, LLC and R.E. Ginna Nuclear Power Plant, LLC, pursuant to the certain 1992 ISDA Master Agreement (U.S. Version) Multicurrency – Cross Border) (Ginna), dated as of November 6, 2009, each as amended and extended from time to time (collectively, the "Ginna Power Purchase Termination Agreement"); and (iii) the letter agreement dated August 6, 2021 terminating (x) the Confirmation for Physically Settled Power Transactions (Nine Mile Point 1) dated November 3, 2010 between EDF Trading North America, LLC and Nine Mile Point Nuclear Station, LLC, pursuant to the certain 1992 ISDA Master Agreement (U.S. Version) Multicurrency – Cross Border) (Nine Mile Point Unit 1), dated as of November 6, 2009, each as amended and extended from time to time; and (y) the Confirmation for Physically Settled Power Transactions (Nine Mile Point 2) dated November 6, 2009 between EDF Trading North America, LLC and Nine Mile Point Nuclear Station, LLC, pursuant to the certain 1992 ISDA Master Agreement (U.S. Version) Multicurrency – Cross Border) (Nine Mile Point Unit 2), dated as of November 6, 2009, each as amended and extended from time to time (collectively, the "NM Power Purchase Termination Agreement" and together with the CC Power Purchase Termination Agreement and the Ginna Power Purchase Termination Agreement, the "PPA Termination Agreements");

WHEREAS, the Parties have expressed their resolve to settle their Disputes amicably and to terminate the Arbitration in accordance with the terms of this Settlement Agreement; and

NOW THEREFORE, the Parties have agreed to enter into this Settlement Agreement in consideration of the mutual covenants and other valuable consideration (the receipt of which each Party hereby acknowledges) set out below:

1. Recitals Incorporated. The Parties acknowledge and agree that the above recitals are incorporated in and made a part of this Settlement Agreement.

2. Entry into Force. This Settlement Agreement comes into force on the Effective Settlement Date.

3. Closing; Assignment of Membership Interest. ExGen and EDFI acknowledge and agree that as of the Effective Settlement Date, all of the conditions precedent to closing set forth in Section 6.1 of the Put Agreement have been satisfied. Simultaneously with the execution of this Settlement Agreement, and all on the Effective Settlement Date, ExGen and EDFI will cause the remaining conditions precedent to closing set forth in Sections 6.2 and 6.3 of the Put Agreement to be satisfied and to close the sale of the Designated Interest pursuant to the Put Option on the Effective Settlement Date by delivering the instruments and other documents, and taking the actions (including payment of the Purchase Price) set forth in Section 2.3 of the Put Agreement, except as expressly modified in this Settlement Agreement, and by transferring the Designated Interest from EDFI to ExGen's wholly-owned subsidiary, Constellation Nuclear, LLC ("CNL") (it being agreed that ExGen shall, nonetheless, remain obligated under the Put Agreement as the Purchaser). Such Effective Settlement Date shall be the date of closing irrespective of Section 2.2 of the Put Agreement, and in all other respects the closing shall be deemed the "Put Closing" under the Put Agreement and comply with the requirements for the Put Closing under the Put Agreement and shall result in CNL becoming the legal and beneficial owner of the Designated Interest and EDFI ceasing to be a Member (as defined in the CENG Operating Agreement) of CENG.

4. Purchase Price and Fair Market Value.

4.1. The Parties agree that the Fair Market Value of EDFI's Designated Interest, and thus the Purchase Price to be paid to EDFI pursuant to the Put Agreement and the Assignment of Membership Interest in exchange for the Designated Interest (the "Put Transaction"), is **US $885,000,000.00** (eight hundred eighty-five million dollars).

4.2. The Parties agree that, upon the Put Closing, ExGen shall cause CNL to pay the Purchase Price to EDFI.

4.3. Upon the Put Closing, EDFI agrees to accept, as satisfaction of ExGen's obligation to pay the Purchase Price under the Put Agreement, payment of the Purchase Price by CNL.

5. Discontinuance of the Baseball Arbitration. After the Put Closing, the Parties shall refrain from sending any communications to each other or to any third party in connection with the ongoing Baseball Arbitration process, unless ExGen and EDFI agree otherwise in writing. Within twenty four (24) hours of the Put Closing, ExGen and EDFI shall deliver a mutually agreed written notice to Credit Suisse advising that they will not require its services as a Third Bank.

6. Discontinuance of the Arbitration. Within twenty four (24) hours of the Put Closing, ExGen and EDFI shall transmit a notice to the ICC and the arbitral tribunal constituted in the Arbitration that reads as follows:

Dear Members of the Tribunal,

The Parties wish to inform you that this matter has been fully and finally resolved pursuant to a binding settlement agreement effective as of August 6, 2021.

The Claimant and Respondent have agreed that each shall bear its own legal fees and costs incurred in, or in connection with, all disputes. The Claimant and Respondent shall bear in equal parts all fees and expenses of the Tribunal and of the ICC in this arbitration that have been paid or which remain to be paid.

For the avoidance of doubt, nothing in the present communication to the Tribunal shall be construed as a modification or interpretation of the settlement agreement itself.

For the further avoidance of doubt, nothing contained in the settlement agreement shall affect the final and binding effect of the partial final award dated May 6, 2021 upon the parties to the arbitration pursuant to Article 7.10(a) of the Put Agreement.

In accordance with the above, the Parties withdraw any remaining unresolved claims with prejudice and request that the Tribunal and the ICC close this matter. In addition, we would ask that the ICC provide an updated statement of accounts and, after accounting for any outstanding fees or costs, remit to the Parties any sums remaining on deposit.

The Parties are grateful for the Tribunal members' service.

The contents of this communication have been agreed by the Claimant and the Respondent.

7. Suspension and Discontinuance of the Regulatory Proceedings.

7.1. After the Put Closing, EDF shall refrain from commencing or continuing any action before any regulatory or other Governmental Entity, including but not limited to filing any submission with, making any request to or appearing before any such entity, regarding Exelon's Spin Transaction and, as promptly as practicable (and in any event within five (5) Business Days after the Put Closing), EDFI shall notify the NRC, the NY PSC, and any other Governmental Entity with which it has filed a pleading or other submission seeking to oppose or otherwise intervene with respect to the Spin Transaction that EDFI: (a) withdraws as a party to any such proceeding; (b) withdraws its pleadings or other submissions, including but not limited to requests for hearings in the NRC Proceeding and the NY PSC Proceeding; and (c) confirms that the Put Closing has occurred and that EDFI no longer is a Member of or has any ongoing Membership Interest or any other interest in CENG. All such notifications to regulatory or other Governmental Entities shall be provided in advance to ExGen for its review and shall be mutually agreed by ExGen and EDFI, such agreement not to be unreasonably withheld. Each Party will pay its own costs in connection with these regulatory proceedings.

7.2. After the Closing, EDF agrees not to take any action to oppose, or any action that is intended or reasonably likely to delay, condition, impede, prohibit, or otherwise frustrate or interfere with, the Spin Transaction in any action, claim, lawsuit, appeal, arbitration, regulatory action, or any other proceeding or forum.

7.3. For a period of five (5) years after the Effective Settlement Date, EDF shall not commence, intervene in or continue any action before any regulatory entity, commission, or authority or other Governmental Entity in each case within the United States, including but not limited to filing any submission where such action is intended to delay, condition, impede, prohibit, or otherwise frustrate or interfere with any current or future benefits, concessions or other forms of support by a Governmental Entity applicable to CENG or its subsidiaries that recognizes specifically the attributes of nuclear energy including for example zero emission, carbon-free, baseload resilient energy production ("Nuclear Support Measures"). Nor, through 2029, shall EDF commence, intervene in or continue any action before any regulatory entity, commission, or authority or other Governmental Entity in each case within the United States, including but not limited to filing any submission where such action is intended to delay, condition, impede, prohibit, or otherwise frustrate or interfere with the current zero emission credit program in New York or any extension of such program. For the avoidance of doubt, for purposes of this Section 7.3 only, the term "EDF" shall exclude any joint venture, partnership or other Person in which EDFI or its Affiliates have an interest but which are not directly or indirectly controlled by or under common control with EDFI. Notwithstanding the foregoing, nothing herein shall prohibit or limit EDF from: (i) filing submissions and appearing before any Government Entity (a) in support of any proposed law or regulation, or any component of any proposed law or regulation, that recognizes specifically the zero emission or carbon free attributes of renewable energy, or (b) in opposition to any proposed law or regulation, or any component of any proposed law or regulation, that is not a Nuclear Support Measure; or (ii) defending itself or any of its subsidiaries in any action whatsoever brought by any party and, its right to defend itself shall include, but not be limited to, the right to cross-claim, counterclaim, seek permanent or temporary injunctive relief or other similar remedies.

8. Release, Discharge and Covenant Not to Sue

8.1. In return for payment of the Purchase Price and Exelon's agreement to the terms of this Settlement Agreement, EDFI, on behalf of itself and the other EDF Parties, confirms, for the avoidance of any doubt, that Section 7.4(a) of the Put Agreement shall be effective as of the completion of the Put Closing (including payment of the Purchase Price).

8.2. In addition to Section 7.4(a) of the Put Agreement, EDFI, on behalf of itself and the other EDF Parties, agrees that Exelon and the other Exelon Parties are released and discharged without exception, totally and irrevocably, from liability for all of EDFI's Counterclaims in the Arbitration, as well as from liability for any other claims (including all rights, proceedings, legal action or recourse of any kind) arising out of EDFI's Counterclaims, up to and including the present date, including all rights arising out of or in connection with the Award.

8.3. The Parties agree that all obligations to EDFI under that certain Employee Matters Agreement, dated April 1, 2014, by and among ExGen, EDFI, CENG and Nine Mile Point

Nuclear Station, LLC ("NMP") (as amended, the "EMA"), are deemed fully and completely satisfied. Accordingly, EDFI, on behalf of itself and the other EDF Parties, further agrees that ExGen, CENG, NMP and the other Exelon Parties are released and discharged without exception, totally and irrevocably, from all liabilities and obligations, whether or not known now, heretofore, or hereafter, whether anticipated or unanticipated, suspected or claimed, fixed or contingent, under the EMA. The Parties further agree that to the extent the EDF Parties have any obligations under the EMA, such obligations have been fully satisfied.

8.4. In return for EDFI and the other EDF Parties' compromise, release and discharge given above and EDFI's agreement to the terms of this Settlement Agreement, ExGen, on behalf of itself and the other Exelon Parties, confirms, for the avoidance of any doubt, that Section 7.4(b) of the Put Agreement shall be effective as of the completion of the Put Closing (including payment of the Purchase Price).

8.5. In addition to Section 7.4(b) of the Put Agreement, ExGen, on behalf of itself and the other Exelon Parties, agrees that EDFI and the other EDF Parties are released and discharged without exception, totally and irrevocably, from liability for all of Exelon's Claims in the Arbitration, as well as from liability for any other claims (including rights, proceedings, legal action or recourse of any kind) arising out of Exelon's Claims, up to and including the present date, including all rights arising out of or in connection with the Award.

8.6. In return for the mutual covenants given above, Exelon and EDF covenant not to bring any claims or commence any legal, arbitral, administrative, regulatory or other action or proceedings whatsoever in any jurisdiction against each other arising out of or relating to Exelon's Claims, EDFI's Counterclaims, the Purchase Price, or the Award, or that are subject to the waivers and releases set forth in Section 7.4(a) and 7.4(b) of the Put Agreement (after giving effect to Section 8.7 below) or in Section 8.3 above, save for the purpose of enforcing their rights pursuant to the terms of this Settlement Agreement.

8.7. Notwithstanding anything else in this Settlement Agreement or in Section 7.4 of the Put Agreement to the contrary, the Parties agree that, solely as to the Persons that are signatories to the PPA Termination Agreements, the waivers, releases and other promises in Sections 8.1 through 8.5 of this Settlement Agreement and in Section 7.4 of the Put Agreement shall not apply to, and shall have no effect on, the matters covered by such PPA Termination Agreements, and with respect to such matters each such Person shall be subject to the terms and conditions of (including the waivers and releases in) each PPA Termination Agreement to which it is a signatory.

8.8. For the avoidance of doubt, other than as set out in Section 8.7 above, nothing contained in this Settlement Agreement shall waive or release the rights of any Person under Section 7.4 of the Put Agreement.

9. Governing Law. This Settlement Agreement will be governed by the laws of the State of New York, without reference to its choice of law rules.

10. Arbitration. All disputes arising out of or in connection with this Settlement Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with said Rules. The seat of the arbitration shall be New York, New York, United States of America, and the language of the arbitration shall be English. The Parties agree that, once confirmed, the arbitral award may be enforced against the Parties to the arbitration proceeding or their assets wherever they may be found and that a judgment upon the arbitral award may be entered in any court having jurisdiction thereof.

11. Miscellaneous Provisions

11.1. The Parties declare that this Settlement Agreement constitutes an accurate reflection of the prior settlement negotiations between them and thereby constitutes the entire agreement and understanding between the Parties relating to the subject matter. They declare that they are satisfied with its terms and agree with the nature and scope of their respective obligations. Each Party hereby acknowledges that it has negotiated this agreement at arm's length and with the advice of legal counsel and that it is relying solely on its own best judgment and is not relying on any representation or statement, express or implied, by the other, or any agent, employee, attorney or other representative of the other Party, unless such representation or statement is expressed in writing in this Settlement Agreement. They declare that they accept this Settlement Agreement as a final settlement of their Disputes and commit to execute it in good faith.

11.2. This Settlement Agreement is confidential. Neither Party shall make any communications regarding the existence or content of this Settlement Agreement to third parties, such as press releases, except as mutually agreed in writing. The foregoing restriction shall not apply to any information that (a) is disclosed to a regulatory authority or other Governmental Entity by a Party to the extent that disclosure is, in that Party's good faith judgment, required, provided, however, that such Party requests confidential treatment for any information so disclosed or (b) is otherwise required to be disclosed in compliance with applicable laws, stock exchange rules or regulations or by a court or other regulatory body having competent jurisdiction, provided, however, that in the case of either (a) or (b) above, such Party provides the other Party with prior notice of such disclosure to the extent permitted by applicable laws, stock exchange rules, or regulations.

11.3. Each Party will comply with all laws, rules, and regulations applicable to its performance under this Settlement Agreement.

11.4. This Settlement Agreement may be amended, modified, or waived only with the mutual written consent of the Parties hereto.

11.5. Subject to the terms of this Settlement Agreement, after the Put Closing, the Put Agreement remains in force with respect to rights and obligations that survive the Put Closing, and nothing in this Agreement shall constitute a waiver of any such rights and obligations.

11.6. For purposes of this Agreement and Section 7.4 (Waiver and Release) of the Put Agreement, the Parties agree that any Person that is an Affiliate of Exelon (or is an Exelon Party or Purchaser Released Party, as applicable) as of the Effective Settlement Date shall be deemed to remain such regardless of the completion of the Spin Transaction.

11.7. If any term or provision of this Settlement Agreement is held invalid under any applicable law, such invalidity will not affect any other term or provision of this Settlement Agreement that can be given effect without the invalid term or provision. Further, all terms and conditions of this Settlement Agreement will be deemed enforceable to the fullest extent permissible under applicable law.

11.8. The Parties acknowledge that any breach of the terms of this Settlement Agreement would cause irreparable harm to the other Party as to which monetary damages may be difficult to ascertain or an inadequate remedy. The Parties therefore acknowledge that, in the event of a breach, the other Party will have the right, in addition to its other rights and remedies, to injunctive relieve for any violation of this Settlement Agreement, including with respect to breach of the confidentiality provisions contained herein, without the necessity for posting any bond.

11.9. Each of ExGen and EDFI represents and warrants that it has full authority to enter into this Settlement Agreement and that, to the extent required, its board of directors, shareholders, and/or officers have approved the performance of any and all obligations contemplated by this Settlement Agreement.

11.10. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and assigns.

11.11. This Settlement Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Settlement Agreement by electronic means (including by means of facsimile or PDF signature pages) shall be effective as delivery of a manually executed counterpart hereof.

[Remainder of page intentionally left blank; signature page follows]

The Parties hereto have executed this Settlement Agreement as of the Effective Settlement Date.

Exelon Generation Company, LLC

By: ____________________________________

Name:
Email:

EDF Inc.

By: ____________________________________

Name: Philippe Castanet
Email: philippe.castanet@edf-inc.com

The Parties hereto have executed this Settlement Agreement as of the Effective Settlement Date.

Exelon Generation Company, LLC

By: ______________________________

Name: Bryan Hanson, Executive Vice President

Email: Bryan.hanson@exeloncorp.com

EDF Inc.

By: ______________________________

Name:

Email:

Execution Version

$880,000,000

364-DAY TERM LOAN CREDIT AGREEMENT

dated as of August 6, 2021

among

EXELON GENERATION COMPANY, LLC,
as Borrower,

VARIOUS FINANCIAL INSTITUTIONS,
as Lenders,

and

BARCLAYS BANK PLC,
as Administrative Agent and Sole Lead Arranger and Bookrunner

#94716785v22

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364-DAY TERM LOAN CREDIT AGREEMENT

THIS 364-DAY TERM LOAN CREDIT AGREEMENT dated as of August 6, 2021 is among EXELON GENERATION COMPANY, LLC, a Pennsylvania limited liability company, the banks and other financial institutions or entities listed on the signature pages hereof, and BARCLAYS BANK PLC, as Administrative Agent. The parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.01 Certain Defined Terms. As used in this Agreement, each of the following terms shall have the meaning set forth below (each such meaning to be equally applicable to both the singular and plural forms of the term defined):

"ABR", when used in reference to any Advance or Borrowing, refers to whether such Advance, or the Advances comprising such Borrowing, bear interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted Funds From Operations" means, for any period, Net Cash Flows From Operating Activities for such period plus Interest Expense for such period minus the portion (but not less than zero) of Net Cash Flows From Operating Activities for such period attributable to any consolidated Subsidiary that has no Debt other than Nonrecourse Indebtedness.

"Adjusted LIBO Rate" means, with respect to any Term Benchmark Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate; provided that if any Adjusted LIBO Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for the purposes of this Agreement.

"Administrative Agent" means Barclays Bank PLC in its capacity as administrative agent for the Lenders pursuant to Article VII, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Section 7.06.

"Administrative Questionnaire" means an administrative questionnaire, substantially in the form supplied by the Administrative Agent, completed by a Lender and furnished to the Administrative Agent in connection with this Agreement.

"Advance" means an advance by a Lender to the Borrower hereunder. An Advance may be a Base Rate Advance or a Term Benchmark Advance, each of which shall be a "Type" of Advance.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Aggregate Commitment Amount" means the total of the Commitment Amounts of all Lenders as in effect from time to time.

"Alternate Base Rate" means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for the purpose of this definition, the Adjusted LIBO Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the LIBO Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate, respectively; provided that if any Alternate Base Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for the purposes of this Agreement.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to money-laundering, bribery or corruption.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Term Benchmark Lending Office in the case of a Term Benchmark Advance.

"Applicable Margin" means (i) prior to March 31, 2022, (x) 0.875% with respect to Term Benchmark Advances and (y) 0.00% with respect to Base Rate Advances to Borrower and (ii) on or after March 31, 2022, (x) 1.00% with respect to Term Benchmark Advances and (y) 0.00% with respect to Base Rate Advances to Borrower.

"Approved Fund" has the meaning set forth in Section 8.07(a).

"Arranger" means Barclays Bank PLC, in its capacity as the sole lead arranger and bookrunner.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit A.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (f) of Section 2.07.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest in, or the acquisition of any ownership interest in or the exercise of control over, such Person or its parent company by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.06(a).

"Benchmark" means, initially, with respect to any Term Benchmark Advance, the Relevant Rate; provided that if a Benchmark Transition Event, a Term SOFR Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the applicable Relevant Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) or clause (c) of Section 2.07.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date; provided that, in the case of an Other Benchmark Rate Election, "Benchmark Replacement" shall mean the alternative set forth in (3) below:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in Dollars at such time in the United States and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided further that, in the case of clause (3), when such clause is used to determine the Benchmark Replacement in connection with the occurrence of an Other Benchmark Rate Election, the alternate benchmark rate selected by the Administrative Agent and the Borrower shall be the term benchmark rate that is used in lieu of a LIBOR-based rate in the relevant other Dollar-denominated syndicated credit facilities; provided further that, notwithstanding anything to the contrary in this Agreement, upon the occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the first proviso above).

If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and any documents executed in connection herewith.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in Dollars at such time;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and any agreements executed in connection therewith).

"Benchmark Replacement Date" means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein;

(3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the date a Term SOFR Notice is provided to the Lenders and the Borrower pursuant to Section 2.07(c); or

(4) in the case of an Early Opt-in Election or an Other Benchmark Rate Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election or Other Benchmark Rate Election, as applicable, is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election or Other Benchmark Rate Election, as applicable, is provided to the Lenders, written notice of objection to such Early Opt-in Election or Other Benchmark Rate Election, as applicable, from Lenders comprising the Majority Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder in accordance with Section 2.07 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder in accordance with Section 2.07.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate' (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Borrower" means Exelon Generation Company, LLC or any Eligible Successor thereof.

"Borrowing" means a group of Advances of the same Type made, continued or converted on the same day by the Lenders ratably according to their Pro Rata Shares and, in the case of a Borrowing of Term Benchmark Advances, having the same Interest Period.

"Business Day" means a day on which banks are not required or authorized to close in Philadelphia, Pennsylvania, Chicago, Illinois or New York, New York, and, if the applicable Business Day relates to any Term Benchmark Advance, on which dealings are carried on in the London interbank market.

"Change in Control" means that (i) at any time that Exelon owns (directly or indirectly) less than a majority of the membership interests or capital stock (as applicable) of the Borrower, any person, entity or group (within the meaning of Rule 13d-5 under the Exchange Act), excluding Exelon, shall beneficially own, directly or indirectly, 30% or more of the membership interests or capital stock (as applicable) of the Borrower having ordinary voting power; or (ii) at any time after the Borrower has a Board of Directors or similar governing body (a "Board"), Continuing Directors shall fail to constitute a majority of the Board of the Borrower; provided that, for purposes of this definition, the planned separation of the Borrower from Exelon as approved by Exelon's Board of Directors on February 21, 2021 (the "Separation Transaction") shall not constitute a Change in Control. For purposes of the foregoing, "Continuing Director" means an individual who (x) is elected or appointed to be a member of the Board of the Borrower by Exelon or an affiliate of Exelon at a time when Exelon owns (directly or indirectly) a majority of the membership interests or capital stock (as applicable) of the Borrower or (y) is nominated to be a member of such Board by a majority of the Continuing Directors then in office.

"Change in Law" means (a) the adoption of any law, rule, regulation or treaty after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.11(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Code" means the Internal Revenue Code of 1986, as amended.

"ComEd" means Commonwealth Edison Company, an Illinois corporation, or any successor thereof.

"ComEd Entity" means ComEd and each of its Subsidiaries.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make an Advance, expressed as an amount representing the maximum principal amount of the Advance to be made by such Lender. The initial amount of each Lender's Commitment is set forth on Schedule I attached hereto.

"Commitment Amount" means, for any Lender after the initial Advance on the Effective Date, the aggregate principal amount of all outstanding Advances for such Lender.

"Commodity Trading Obligations" means the obligations of the Borrower under (i) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, commodity forward contract or derivative transaction and any put, call or other agreement, arrangement or transaction, including natural gas, power, electric energy, emissions forward contracts, renewable energy credits, or any combination of any such arrangements, agreements and/or transactions, employed in the ordinary course of the Borrower's business, including the Borrower's energy marketing, trading and asset optimization business, or (ii) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, commodity forward contract or derivative transaction and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by the Borrower pursuant to asset optimization and risk management policies and procedures adopted pursuant to authority delegated by the Board of Directors of the Borrower. The term "commodities" shall include electric energy and/or capacity, transmission rights, coal, petroleum, natural gas liquids, natural gas, fuel transportation rights, emissions allowances, weather derivatives and related products and by-products and ancillary services.

"Communication" shall have the meaning specified in Section 5.01(b).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Constellation" means Constellation Energy Group, Inc.

"Constellation Nuclear" means Constellation Energy Nuclear Group, LLC, a Maryland limited liability company.

"Constellation Nuclear Entity" means Constellation Nuclear, LLC, CE Nuclear, LLC and Constellation Nuclear and its Subsidiaries.

"Controlled Group" means each person (as defined in Section 3(9) of ERISA) that, together with the Borrower, would be deemed to be a "single employer" within the meaning of Section 414(b) or 414(c) of the Code.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning assigned to it in Section 8.23.

"Credit Extension" means the making of an Advance hereunder.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which may include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (iv) obligations as lessee under leases that shall have been or are required to be, in accordance with GAAP, recorded as capital leases or finance leases, (v) obligations (contingent or otherwise) under reimbursement or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of documentary letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business) and (vi) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) above.

"Debt Issuance" means the incurrence of Debt by the Borrower (excluding (i) intercompany debt among the Borrower and any Affiliate, (ii) credit extensions under the Existing Credit Facility as in effect as of the date hereof (including the renewal, replacement or refinancing thereof; provided that the aggregate commitments thereunder do not exceed the aggregate commitments in respect of the Existing Credit Facility as of the date hereof), (iii) any renewal, replacement or refinancing of that certain Credit Agreement dated as of March 31, 2020 among the Borrower, the lenders party thereto and Sumitomo Mitsui Banking Corporation, and that certain 364-Day Term Loan Agreement dated as of March 19, 2020 between the Borrower and Wells Fargo Bank, National Association (collectively, the "Existing Term Loan Credit Agreements"); provided that, in each case, the aggregate loans thereunder do not exceed the aggregate loans in respect of the applicable Existing Term Loan Credit Agreement as of the date hereof, (iv) up to $1,000,000,000 in new term loan facilities, (v) commercial paper issuances, (vi) ordinary course letter of credit facilities, overdraft protection and short term working capital facilities, ordinary course foreign credit facilities (including the renewal, replacement or refinancing thereof), capital leases, hedging and cash management, (vii) financing secured by accounts receivable or related contracts pursuant to that certain Receivables Purchase Agreement dated as of April 8, 2020 among NewEnergy Receivables LLC, Constellation NewEnergy, Inc., MUFG Bank, Ltd. as agent and the conduits, financial institutions and purchaser agents party thereto, and (viii) purchase money and equipment financings and similar obligations (collectively, "Excluded Debt")).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender, as reasonably determined by the Administrative Agent, that has (a) failed to fund any portion of its Advances within three Business Days after the date required to be funded by it hereunder, unless the subject of a good faith dispute of which such Lender has notified the Administrative Agent, (b) notified the Borrower, the Administrative Agent or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement relates to such Lender's obligation to fund an Advance hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default on the part of the Borrower, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) failed, within three Business Days after written request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances; provided that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days after the date when due, unless the subject of a good faith dispute of which such Lender has notified the Administrative Agent, or (e) has become the subject of a (1) Bankruptcy Event or (2) Bail-In Action, unless, in the case of any Lender referred to in clause (e)(1), the Borrower and the Administrative Agent shall determine in their sole and absolute discretion that such Lender intends and has all approvals to continue to perform its obligations as a Lender hereunder in accordance with all of the terms of this Agreement.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in its Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"Early Opt-in Election" means, if the then current Benchmark with respect to Dollars is LIBO Rate, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding Dollar denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from LIBO Rate and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which all conditions precedent set forth in Section 3.01 have been satisfied.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or any Lender and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any State thereof; (ii) a commercial bank organized under the laws of any other country that is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its "General Arrangements to Borrow", or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (iii) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business; (iv) the central bank of any country that is a member of the OECD; (v) any Lender; or (vi) any Affiliate (excluding any individual) of a Lender; provided that, unless otherwise agreed by the Borrower and the Administrative Agent in their sole discretion, (A) any Person described in clause (i), (ii) or (iii) above shall also (x) have outstanding unsecured long-term debt that is rated BBB- or better by S&P and Baa3 or better by Moody's (or an equivalent rating by another nationally recognized credit rating agency of similar standing if either such corporation is no longer in the business of rating unsecured indebtedness of entities engaged in such businesses) and (y) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than $100,000,000 (or its equivalent in foreign currency), and (B) any Person described in clause (ii), (iii), (iv), (v) or (vi) above shall, on the date on which it is to become a Lender hereunder, be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 2.14(e)). In no event shall an Eligible Assignee include an Ineligible Institution.

"Eligible Successor" means a Person that (i) is a corporation, limited liability company or business trust duly incorporated or organized, validly existing and in good standing under the laws of one of the states of the United States or the District of Columbia, (ii) as a result of a contemplated acquisition, consolidation or merger, will succeed to all or substantially all of the consolidated business and assets of the Borrower or Exelon, as applicable, (iii) upon giving effect to such contemplated acquisition, consolidation or merger, will have all or substantially all of its consolidated business and assets conducted and located in the United States and (iv) in the case of the Borrower, is acceptable to the Majority Lenders as a credit matter.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Equity Issuance" means the issuance of any Equity Interests by the Borrower (excluding (i) issuances pursuant to employee stock plans and retirement plans or issued as compensation to officers and/or non-employee directors or other benefit or employee incentive arrangements and (ii) issuances of directors' qualifying shares and/or other nominal amounts required to be held by persons other than the Borrower or its Subsidiaries under applicable law (collectively, "Excluded Equity Issuance")); provided that, for purposes of this definition, the Separation Transaction shall not constitute an Equity Issuance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Event of Default" shall have the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Advance or Commitment (other than pursuant to an assignment request by the Borrower under Section 8.07(g)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in an Advance or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.14(f) and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Exelon" means Exelon Corporation, a Pennsylvania corporation, or any Eligible Successor thereof.

"Existing Credit Agreement" means the credit facility evidenced by that certain Credit Agreement, dated as of March 23, 2011, as restated as of May 26, 2016 and as otherwise amended, restated or otherwise modified form time to time, by and among the Borrower, the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"FCA" has the meaning specified in Section 1.04.

"Federal Funds Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate; provided that if any Federal Funds Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for the purposes of this Agreement.

"Fee and Syndication Letter" means that certain Fee and Syndication Letter dated as of August 6, 2021 among the Borrower and Barclays Bank PLC.

"Fitch" means Fitch Ratings, Inc. or any successor.

"Fitch Rating" means, at any time, the rating issued by Fitch and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from Fitch for debt securities of such type, then such indicative rating shall be used for determining the "Fitch Rating").

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted LIBO Rate.

"Foreign Lender" means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"GAAP" shall have meaning specified in Section 1.03(a).

"Governmental Authority" means the government of the United States of America or any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Granting Bank" shall have the meaning specified in Section 8.07(i).

"Hedging Obligations" mean, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Impacted Interest Period" has the meaning assigned to it in the definition of "LIBO Rate."

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by the Borrower under this Agreement, and (b) Other Taxes.

"Ineligible Institution" has the meaning assigned to it in Section 8.07(a).

"Interest Coverage Ratio" means, for any period of four consecutive fiscal quarters of the Borrower, the ratio of Adjusted Funds From Operations for such period to Net Interest Expense for such period.

"Interest Election Request" means a request by the Borrower to convert or continue Borrowing in accordance with Section 2.16.

"Interest Expense" means, for any period, "interest expense" as shown on a consolidated statement of operations and comprehensive income of the Borrower for such period prepared in accordance with GAAP.

"Interest Period" means, for each Term Benchmark Advance, the period commencing on the date such Term Benchmark Advance is made or is converted from a Base Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 3 or 6 months, as the Borrower may select in accordance with Section 2.02 or 2.09; provided that:

(i) the Borrower may not select any Interest Period that ends after the latest scheduled Termination Date;

(ii) Interest Periods commencing on the same date for Advances made as part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, unless such extension would cause the last day of such Interest Period to occur in the next following calendar month, in which case the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) if there is no day in the appropriate calendar month at the end of such Interest Period numerically corresponding to the first day of such Interest Period, then such Interest Period shall end on the last Business Day of such appropriate calendar month.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Lenders" means each of the financial institutions listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"LIBO Interpolated Rate" means, at any time, with respect to any Term Benchmark Borrowing denominated in Dollars and for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period that is shorter than the Impacted LIBO Rate Interest Period; and (b) the LIBO Screen Rate for the shortest period that exceeds the Impacted LIBO Rate Interest Period, in each case, at such time; provided that if any LIBO Interpolated Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for the purposes of this Agreement.

"LIBO Rate" means, with respect to any Term Benchmark Advance for any Interest Period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an "Impacted LIBO Interest Period") then the LIBO Rate shall be the LIBO Interpolated Rate.

"LIBO Screen Rate" means, for any day and time, with respect to any Term Benchmark Borrowing and for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); provided that if the LIBO Screen Rate as so determined would be less than 0.00%, such rate shall be deemed to be 0.00% for the purposes of this Agreement.

"LIBOR" has the meaning assigned to such term in Section 1.04.

"Lien" means any lien (statutory or other), mortgage, pledge, security interest or other charge or encumbrance, or any other type of preferential arrangement in the nature of a security interest (including the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement).

"Majority Lenders" means Lenders having Pro Rata Shares of more than 50% (provided that, for purposes of this definition, neither the Borrower nor any of its Affiliates, if a Lender, shall be included in calculating the amount of any Lender's Pro Rata Share or the amount of the

Commitment Amounts or Outstanding Credit Extensions, as applicable, required to constitute more than 50% of the Pro Rata Shares).

"Material Adverse Change" and "Material Adverse Effect" each means, relative to any occurrence, fact or circumstances of whatsoever nature (including any determination in any litigation, arbitration or governmental investigation or proceeding), (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of the Borrower and its consolidated Subsidiaries, taken as a whole, provided that, except as otherwise expressly provided herein, the assertion against the Borrower or any Subsidiary of liability for any obligation arising under ERISA for which the Borrower or such Subsidiary bore joint and several liability with any ComEd Entity, or the payment by the Borrower or any Subsidiary of any such obligation, shall not be considered in determining whether a Material Adverse Change or Material Adverse Effect has occurred); or (ii) any materially adverse effect on the validity or enforceability against the Borrower of this Agreement.

"Moody's" means Moody's Investors Service, Inc. or any successor.

"Moody's Rating" means, at any time, the rating issued by Moody's and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from Moody's for debt securities of such type, then such indicative rating shall be used for determining the "Moody's Rating").

"Multiemployer Plan" means a Plan that meets the definition in Section 4001(a)(3) of ERISA.

"Net Cash Flows From Operating Activities" means, for any period, "Net Cash Flows provided by Operating Activities" as shown on a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP, excluding any "Changes in assets and liabilities" (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities.

"Net Cash Proceeds" means:

(i) with respect to any Debt Issuance, the excess, if any, of (A) cash received by the Borrower in connection with such incurrence, issuance, offering or placement over (B) the sum of (I) payments made to retire any Indebtedness that is required to be repaid in connection with such issuance, offering or placement (other than the Advances) and (II) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower in connection with such incurrence, issuance, offering or placement; and

(ii) with respect to any Equity Issuance, the excess of (A) the cash received by the Borrower in connection with such issuance over (B) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower in connection with such issuance.

"Net Interest Expense" means, for any period, Interest Expense for such period minus interest on Nonrecourse Indebtedness.

"Nonrecourse Indebtedness" means any Debt that finances the acquisition, development, ownership or operation of an asset in respect of which the Person to which such Debt is owed has no recourse whatsoever to the Borrower or any of its Affiliates other than:

(i) recourse to the named obligor with respect to such Debt (the "Debtor") for amounts limited to the cash flow or net cash flow (other than historic cash flow) from the asset;

(ii) recourse to the Debtor for the purpose only of enabling amounts to be claimed in respect of such Debt in an enforcement of any security interest or lien given by the Debtor over the asset or the income, cash flow or other proceeds deriving from the asset (or given by any shareholder or the like in the Debtor over its shares or like interest in the capital of the Debtor) to secure the Debt, but only if the extent of the recourse to the Debtor is limited solely to the amount of any recoveries made on any such enforcement; and

(iii) recourse to the Debtor generally or indirectly to any Affiliate of the Debtor, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for a breach of an obligation (other than a payment obligation or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the Person against which such recourse is available.

"Notice of Borrowing" has the meaning set forth in Section 2.02(a).

"NYFRB" means the Federal Reserve Bank of New York.

"OECD" means the Organization for Economic Cooperation and Development.

"Other Benchmark Rate Election" means, with respect to any Loan denominated in Dollars, if the then-current Benchmark is the LIBO Rate, the occurrence of:

(a) a request by the Borrower to the Administrative Agent to notify each of the other parties hereto that, at the determination of the Borrower, Dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed), in lieu of a LIBOR-based rate, a term benchmark rate as a benchmark rate, and

(b) the Administrative Agent, in its sole discretion, and the Borrower jointly elect to trigger a fallback from the LIBO Rate and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any document related hereto, or sold or assigned an interest in any Loan, Facility LC or document related thereto.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment under Section 8.07(g)).

"Outstanding Credit Extensions" means the sum of the aggregate principal amount of all outstanding Advances.

"Participant" has the meaning assigned to such term in Section 8.07(e).

"Participant Register" has the meaning assigned to such term in Section 8.07(e).

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Encumbrance" means (a) any right reserved to or vested in any municipality or other governmental or public authority (i) by the terms of any right, power, franchise, grant (including, without limitation, any financial assistance grant), license or permit granted or issued to the Borrower or (ii) to purchase or recapture or to designate a purchaser of any property of the Borrower; (b) any easement, restriction, exception or reservation in any property and/or right of way of the Borrower for the purposes of roads, pipelines, transmission lines, distribution lines, transportation lines or removal of minerals or timber or for other like purposes or for the joint or common use of real property, rights of way, facilities and/or equipment, and defects, irregularities and deficiencies in title of any property and/or rights of way, which, in each case described in this clause (b), whether considered individually or collectively with all other items described in this clause (b), do not materially impair the use of the relevant property and/or rights of way for the purposes for which such property and/or rights of way are held by the Borrower; (c) rights reserved to or vested in any municipality or other Governmental Authority to control or regulate any property of the Borrower or to use such property in a manner that does not materially impair the use of such property for the purposes for which it is held by the Borrower; and (d) obligations or duties of the Borrower to any municipality or other Governmental Authority that arise out of any franchise, grant, license or permit and that affect any property of the Borrower (including, without limitation, obligations with respect to nuclear waste disposal and related arrangements).

"Permitted Obligations" mean (1) Hedging Obligations of the Borrower or any Subsidiary arising in the ordinary course of business and in accordance with the applicable Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the applicable obligations being hedged and (2) Commodity Trading Obligations.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means an employee pension benefit plan that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any other member of the Controlled Group has or may have any liability (including contingent liability).

"Platform" means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Principal Subsidiary" means each Subsidiary, other than, except as provided in the proviso below, any Constellation Nuclear Entity, (i) the consolidated assets of which, as of the date of any determination thereof, constitute at least 10% of the consolidated assets of the Borrower (after giving effect to the acquisition of Constellation by Exelon and any related transfer of assets to the Borrower) or (ii) the consolidated earnings before taxes of which constitute at least 10% of the consolidated earnings before taxes of the Borrower for the most recently completed fiscal year; provided, that, regardless of whether Constellation Nuclear or any of its Subsidiaries is a consolidated Subsidiary of the Borrower, (A) the Constellation Nuclear Entities shall be subject to being tested as Principal Subsidiaries under clauses (i) and (ii) above only at any time that the Borrower shall own, directly or indirectly through one or more other Subsidiaries, 51% or more of the outstanding capital stock (or other comparable interest) of Constellation Nuclear having ordinary voting power (irrespective of whether or not at the time capital stock, or comparable interests, of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency), and (B) the assets and earnings of Constellation Nuclear and its Subsidiaries shall be included in the computation of the 10% tests set forth in clauses (i) and (ii) above, as applicable, only to the extent of the Borrower's proportional equity interest in Constellation Nuclear.

"Pro Rata Share" means, with respect to a Lender, the percentage that such Lender's Commitment Amount is of the Aggregate Commitment Amount (disregarding, in the case of Section 2.16 when a Defaulting Lender exists, any Defaulting Lender's Commitment Amount). If the Commitments have terminated or expired, the Pro Rata Shares shall be determined based upon the Commitment Amounts most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to it in Section 8.23.

"Recipient" means, as applicable, (a) the Administrative Agent and (b) any Lender.

"Reference Time" with respect to any setting of the then-current Benchmark means if such Benchmark is LIBO Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting.

"Register" has the meaning set forth in Section 8.07(c).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective trustees, administrators, managers, representatives, directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Relevant Governmental Body" means the Federal Reserve Board and/or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto.

"Relevant Rate" means with respect to any Term Benchmark Borrowing denominated in Dollars, the LIBO Rate.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and regulations issued under such Section with respect to a Single Employer Plan, excluding such events as to which the requirement of Section 4043(a) of ERISA that the PBGC be notified within 30 days after the occurrence of such event is waived under PBGC Regulation Section 4043, provided that a failure to meet the minimum funding standard of Section 412 of the Code and Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waivers in accordance with either Section 4043(a) of ERISA or Section 412(c) of the Code.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"S&P" means Standard and Poor's Financial Services, LLC, or any successor.

"S&P Rating" means, at any time, the rating issued by S&P and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from S&P for debt securities of such type, then such indicative rating shall be used for determining the "S&P Rating").

"Sanctioned Country" means, at any time, a country, region or territory which is itself, or whose government is, the subject or target of any Sanctions (as of the Effective Date, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

"Sanctioned Person" means, at any time, any Person that is the target of Sanctions, including, without limitation, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European

Union or any European Union member state or Her Majesty's Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clause (a) or (b).

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom.

"Single Employer Plan" means a Plan other than a Multiemployer Plan, maintained by the Borrower or any other member of the Controlled Group for employees of the Borrower or any other member of the Controlled Group.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website on the immediately succeeding Business Day.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SPC" has the meaning set forth in Section 8.07(i).

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Federal Reserve Board to which the Administrative Agent is subject, with respect to the Adjusted LIBO Rate, for Term Benchmark funding (currently referred to as "Term Benchmark Liabilities" in Regulation D of the Federal Reserve Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Term Benchmark Advances shall be deemed to constitute Term Benchmark funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether or not at the time capital stock, or comparable interests, of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person (whether directly or through one or more other Subsidiaries). Unless otherwise indicated, each reference to a "Subsidiary" means a Subsidiary of the Borrower.

"Supported QFC" has the meaning assigned to it in Section 8.23.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Benchmark" when used in reference to any Loan or Borrowing, refers to whether such Advance or Advances comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Term Benchmark Advance" means any Advance that bears interest as provided in Section 2.06(b).

"Term Benchmark Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Term Benchmark Lending Office" in its Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"Termination Date" means August 5, 2022.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Term SOFR Notice" means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.

"Term SOFR Transition Event" means the determination by the Administrative Agent that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event or an Early Opt-in Election, as applicable (and, for the avoidance of doubt, not in the case of an Other Benchmark Rate Election), has previously occurred resulting in a Benchmark Replacement in accordance with Section 2.07 that is not Term SOFR.

"Type" - see the definition of Advance.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unfunded Liabilities" means, (i) in the case of any Single Employer Plan, the amount (if any) by which the present value of all vested nonforfeitable benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent actuarial valuation date for such Plan using the actuarial assumptions set forth in the most recent actuarial valuation report for such Single Employer Plan, and (ii) in the case of any Multiemployer Plan, the Withdrawal Liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from such Multiemployer Plan.

"Unmatured Event of Default" means any event which (if it continues uncured) will, with lapse of time or notice or both, become an Event of Default.

"U.S. Person" means a "United States" person within the meaning of Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regime" has the meaning assigned to it in Section 8.23.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.14(f)(ii)(B)(3).

"Withdrawal Liability" shall have the meaning specified in Part 1 of Subtitle E of Title IV of ERISA.

"Withholding Agent" means the Borrower and the Administrative Agent.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Other Interpretive Provisions. In this Agreement, (a) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; (b) the term "including" means "including without limitation"; and (c) unless otherwise indicated, (i) any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; (ii) any reference to a time of day means such time in Chicago, Illinois; (iii) any reference to a law or regulation means such law or regulation as amended, modified or supplemented from time to time and includes all statutory and regulatory provisions consolidating, replacing or interpreting such law or regulation; and (d) any reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or otherwise modified from time to time. Except as expressly provided herein, all amounts payable by the Borrower hereunder shall be in Dollars.

SECTION 1.03 Accounting Principles.

(a) As used in this Agreement, "GAAP" means generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing the Borrower's audited consolidated financial statements as of December 31, 2020 and for the fiscal year then ended, as such principles may be revised as a result of changes in GAAP implemented by the Borrower subsequent to such date. In this Agreement, except to the extent, if any, otherwise provided herein, all accounting and financial terms shall have the meanings ascribed to such terms by GAAP, and all computations and determinations as to accounting and financial matters shall be made in accordance with GAAP. In the event that the financial statements generally prepared by the Borrower reflect a change in GAAP that affects the computation of any financial ratio or requirement set forth herein (as contemplated by Section 1.03(b)), the compliance certificate delivered pursuant to Section 5.01(b)(iv) accompanying such financial statements shall include information in reasonable detail reconciling such financial statements which reflect such change in GAAP to financial information that does not reflect such change to the extent relevant to the calculations set forth in such compliance certificate.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth herein and the Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Lenders); provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein.

(c) For purposes of any calculation or determination which is to be made on a consolidated basis (including compliance with Section 5.02(c)), such calculation or determination shall exclude any assets, liabilities, revenues and expenses that are included in Borrower's financial statements from "variable interest entities" as a result of the application of FIN No. 46, Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51, as updated through FIN No. 46-R and as modified by FIN No. 94.

SECTION 1.04 Interest Rates; LIBOR Notification. The interest rate on a Loan denominated in Dollars may be derived from an interest rate benchmark that is, or may in the future become, the subject of regulatory reform. Regulators have signaled the need to use alternative benchmark reference rates for some of these interest rate benchmarks and, as a result, such interest rate benchmarks may cease to comply with applicable laws and regulations, may be permanently discontinued, and/or the basis on which they are calculated may change. The London interbank offered rate ("LIBOR") is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. On March 5, 2021, the U.K. Financial Conduct Authority ("FCA") publicly announced that: immediately after December 31, 2021, publication of all seven euro LIBOR settings, all seven Swiss Franc LIBOR settings, the spot next, 1-week, 2-month and 12-month Japanese Yen LIBOR settings, the overnight, 1-week, 2-month and 12-month British Pound Sterling LIBOR settings, and the 1-week and 2-month U.S. Dollar LIBOR settings will permanently cease; immediately after June 30, 2023, publication of the overnight and 12-month U.S. Dollar LIBOR settings will permanently cease; immediately after December 31, 2021, the 1-month, 3-month and 6-month Japanese Yen LIBOR settings and the 1-month, 3-month and 6-month British Pound Sterling LIBOR settings will cease to be provided or, subject to consultation by the FCA, be provided on a changed methodology (or "synthetic") basis and no longer be representative of the underlying market and economic reality they are intended to measure and that representativeness will not be restored; and immediately after June 30, 2023, the 1-month, 3-month and 6-month U.S. Dollar LIBOR settings will cease to be provided or, subject to the FCA's consideration of the case, be provided on a synthetic basis and no longer be representative of the underlying market and economic reality they are intended to measure and that representativeness will not be restored. There is no assurance that dates announced by the FCA will not change or that the administrator of LIBOR and/or regulators will not take further action that could impact the availability, composition, or characteristics of LIBOR or the currencies and/or tenors for which LIBOR is published. Each party to this agreement should consult its own advisors to stay informed of any such developments. Public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBOR. Upon the occurrence of a Benchmark Transition Event, a Term SOFR Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, Section 2.07(b) and (c) provide a mechanism for determining an alternative rate of interest. The Administrative Agent will promptly notify the Borrower, pursuant to Section 2.07(e), of any change to the reference rate upon which the interest rate on Term Benchmark Advances is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to LIBOR or other rates in the definition of "LIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation, any such alternative, successor or replacement rate implemented pursuant to Section 2.07(b) or (c), whether upon the occurrence of a Benchmark Transition Event, a Term SOFR Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, and the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 2.07(d)), including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term Benchmark, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. The parties hereto agree and acknowledge that the announcements resulted in the occurrence of a Benchmark Transition Event with respect to the London interbank offered rate pursuant to the terms of this Agreement and that any obligation of the Administrative Agent to notify any parties of such Benchmark Transition Event pursuant to clause (e) of Section 2.07 shall be deemed satisfied.

SECTION 1.05 Divisions. For all purposes under this Agreement, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

AMOUNTS AND TERMS OF THE COMMITMENTS

SECTION 2.01 Commitments. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make an Advance in Dollars to the Borrower on the Effective Date, in a principal amount not to exceed such Lender's Commitment. Amounts prepaid or repaid in respect of such Advances may not be reborrowed.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

(a) The Borrower shall request the Advance to be made on the Effective Date by giving notice (a "Notice of Borrowing") to the Administrative Agent (which shall promptly advise each Lender of its receipt thereof) not later than 10:00 A.M. on the second Business Day prior to the Effective Date of any proposed borrowing of Term Benchmark Advances and on the Effective Date of any proposed borrowing of Base Rate Advances. Each Notice of Borrowing shall be in substantially the form of Exhibit B, specifying therein (i) the requested date of borrowing (which shall be a Business Day), (ii) the Type of Advances requested, (iii) the aggregate principal amount of the requested Advances and (iv) in the case of a borrowing of Term Benchmark Advances, the initial Interest Period therefor. Each Lender shall, before 12:00 noon on the date of such borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of the requested borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. If a Notice of Borrowing requests Term Benchmark Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure of the Borrower to fulfill on or before the requested borrowing date the applicable conditions set forth in Article III, including any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the requested Advance to be made by such Lender.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the date of the requested borrowing (or, in the case of a borrowing of Base Rate Advances to be made on the same Business Day as the Administrative Agent's receipt of the relevant Notice of Borrowing, prior to 10:30 A.M. on such Business Day) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the requested borrowing date in accordance with Section 2.02(a) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances made in connection with such borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Advance to be made by it on any borrowing date shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make any Advance to be made by such other Lender.

(e) Each Borrowing of Base Rate Advances shall at all times be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000; and each Borrowing of Term Benchmark Advances shall at all times be in an aggregate amount of $10,000,000 or a higher integral multiple of $1,000,000. Notwithstanding anything to the contrary contained herein, the Borrower may not have more than five Borrowings of Term Benchmark Advances outstanding at any time.

SECTION 2.03 Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

SECTION 2.04 Termination of Commitments. The Commitments shall terminate in full on the Effective Date after the proceeds of the Advances have been made available to the Borrower.

SECTION 2.05 Repayment of Advances. The Borrower shall repay all outstanding Advances made by each Lender, and all other obligations of the Borrower to such Lender hereunder, on such Lender's Termination Date.

SECTION 2.06 Interest on Advances. The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount shall be paid in full, as follows:

(a) At all times such Advance is a Base Rate Advance, a rate per annum equal to the Alternate Base Rate in effect from time to time plus the Applicable Margin in effect from time to time, payable quarterly on the last day of each March, June, September and December, on the date such Base Rate Advance is converted to a Term Benchmark Advance or paid in full and on such Lender's Termination Date (and, if applicable, thereafter on demand).

(b) At all times such Advance is a Term Benchmark Advance, a rate per annum equal to the sum of the Adjusted LIBO Rate for each applicable Interest Period plus the Applicable Margin in effect from time to time, payable on the last day of each Interest Period for such Term Benchmark Advance (and, if any Interest Period for such Advance is six months, on the day that is three months after the first day of such Interest Period) or, if earlier, on the date such Term Benchmark Advance is converted to a Base Rate Advance or paid in full and on such Lender's Termination Date (and, if applicable, thereafter on demand).

SECTION 2.07 Alternate Rate of Interest.

(a) Subject to clauses (b), (c), (d), (e), (f) and (g) of this Section 2.07:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate for such Interest Period, including because the Relevant Screen Rate is not available or published on a current basis); or

(ii) the Administrative Agent is advised by the Majority Lenders that prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted LIBO Rate or the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period.

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (A) any interest election request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Term Benchmark Borrowing shall be ineffective and (B) if the Borrower requests a Term Benchmark Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then all other Types of Borrowings shall be permitted. Furthermore, if any Term Benchmark Advance is outstanding on the date of the Borrower's receipt of the notice from the Administrative Agent referred to in this Section 2.07(a) with respect to a Relevant Rate applicable to such Term Benchmark Advance, then until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, then on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), such Loan shall be converted by the Administrative Agent to, and shall constitute, an ABR Borrowing denominated in Dollars on such day.

(b) Notwithstanding anything to the contrary herein, if a Benchmark Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" with respect to Dollars for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders.

(c) Notwithstanding anything to the contrary herein and subject to the proviso below in this paragraph, with respect to a Loan denominated in Dollars, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement; provided that, this clause (c) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term SOFR Notice after the occurrence of a Term SOFR Transition Event and may do so in its sole discretion.

(d) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(e) The Administrative Agent will promptly notify the Borrower and the Lenders of (ii) any occurrence of a Benchmark Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, as applicable, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.07 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement, except, in each case, as expressly required pursuant to this Section 2.07.

(f) Notwithstanding anything to the contrary herein, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current

Benchmark is a term rate (including Term SOFR and LIBO Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (x) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (y) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(g) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Term Benchmark Borrowing, conversion to or continuation of Term Benchmark Advances to be made, converted or continued during any Benchmark Unavailability Period and, failing that the Borrower will be deemed to have converted any request for a Term Benchmark Borrowing denominated in Dollars into a request for a Borrowing of or conversion to ABR Borrowings. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

SECTION 2.08 [Reserved]

SECTION 2.09 Continuation and Conversion of Advances.

(a) The Borrower may on any Business Day, upon notice given to the Administrative Agent, substantially in the form of Exhibit F to this Agreement, not later than 10:00 A.M. on the third Business Day prior to the date of any proposed continuation of or conversion into Term Benchmark Advances, and on the date of any proposed conversion into Base Rate Advances, and subject to the provisions of Sections 2.08 and 2.12, continue Term Benchmark Advances for a new Interest Period or convert a Borrowing of Advances of one Type into Advances of the other Type; provided that any continuation of Term Benchmark Advances or conversion of Term Benchmark Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Term Benchmark Advances, unless, in the case of such a conversion, the Borrower shall also reimburse the Lenders pursuant to Section 8.04(b) on the date of such conversion. Each such notice of a continuation or conversion shall, within the restrictions specified above, specify (i) the date of such continuation or conversion, (ii) the Advances to be continued or converted, and (iii) in the case of continuation of or conversion into Term Benchmark Advances, the duration of the Interest Period for such Advances.

(b) If the Borrower fails to select the Type of any Advance or the duration of any Interest Period for any Borrowing of Term Benchmark Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01 and Section 2.09(a), the

Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, convert into Base Rate Advances.

SECTION 2.10 Prepayments.

(a) The Borrower may, upon notice to the Administrative Agent not later than 10:00 A.M. at least three Business Days prior to any prepayment of Term Benchmark Advances or on the date of any prepayment of Base Rate Advances, in each case stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided that (i) each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 or a higher integral multiple of \$1,000,000 in the case of any prepayment of Term Benchmark Advances and \$5,000,000 or a higher integral multiple of \$1,000,000 in the case of any prepayment of Base Rate Advances and (ii) in the case of any such prepayment of a Term Benchmark Advance, the Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment.

(b) In the event that the Borrower actually receives any Net Cash Proceeds arising from any Equity Issuance or Debt Issuance, then the Borrower shall prepay the Advances in an amount equal to 100% of such Net Cash Proceeds not later than one Business Day following the receipt by the Borrower of such Net Cash Proceeds. The Borrower shall promptly (and not later than the date of receipt thereof) notify the Agent of the receipt by the Borrower of such Net Cash Proceeds from any Equity Issuance or Debt Issuance, and such notice shall be accompanied by a reasonably detailed calculation of the Net Cash Proceeds. Each prepayment of Advances shall be applied ratably and shall be accompanied by accrued interest and fees on the amount prepaid to the date fixed for prepayment, plus, in the case of any Term Benchmark Advance, any amounts due to the Lenders under Section 8.04(b).

SECTION 2.11 Increased Costs. If any Change in Law, or other circumstance affecting the London interbank Eurodollar market, shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

(ii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Term Benchmark Advances made by such Lender; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting or maintaining any Term Benchmark Advance (or of maintaining its obligation to make any such Advance) or to reduce the amount of any sum received or receivable by such Lender or such other Recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Advances made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof, provided that such demand is made within 90 days after the implementation of such retroactive Change in Law.

SECTION 2.12 Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Term Benchmark Lending Office to perform its obligations hereunder to make Term Benchmark Advances or to fund or maintain Term Benchmark Advances hereunder, (i) the obligation of such Lender to make, continue or convert Advances into Term Benchmark Advances shall be suspended (subject to the following paragraph of this Section 2.12) until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) all Term Benchmark Advances of such Lender then outstanding shall, on the last day of the then applicable

Interest Period (or such earlier date as such Lender shall designate upon not less than five Business Days' prior written notice to the Administrative Agent), be automatically converted into Base Rate Advances.

If the obligation of any Lender to make, continue or convert into Term Benchmark Advances has been suspended pursuant to the preceding paragraph, then, unless and until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, (i) all Advances that would otherwise be made by such Lender as Term Benchmark Advances shall instead be made as Base Rate Advances and (ii) to the extent that Term Benchmark Advances of such Lender have been converted into Base Rate Advances pursuant to the preceding paragraph or made instead as Base Rate Advances pursuant to the preceding clause (i), all payments and prepayments of principal that would have otherwise been applied to such Term Benchmark Advances of such Lender shall be applied instead to such Base Rate Advances of such Lender.

SECTION 2.13 Payments and Computations.

(a) The Borrower shall make each payment hereunder not later than 10:00 A.M. on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds without setoff, counterclaim or other deduction. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest and upfront fees ratably (other than amounts payable pursuant to Section 2.02(b), 2.11, 2.14 or 8.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 8.07(d), from the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by the Borrower is not made when due hereunder, to charge from time to time against any of the Borrower's accounts with such Lender any amount so due. Each Lender agrees to notify the Borrower promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

(c) All computations of interest based on the Alternate Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all other computations of interest and of fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of any interest or fees, as the case may be; provided that if such extension would cause payment of interest on or principal of a Term Benchmark Advance to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due by the Borrower to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

(f) Notwithstanding anything to the contrary contained herein, any amount payable by the Borrower hereunder that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest from the date when due until paid in full at a rate per annum equal at all times to the Alternate Base Rate plus the Applicable Margin in effect from time to time plus 2%, payable upon demand.

SECTION 2.14 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.14) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.14, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such

Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 8.07(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement or any other agreement executed in connection herewith, an executed IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed IRS Form W-8BEN-E or IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.14 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under this Agreement.

(i) Defined Terms. For purposes of this Section 2.14, the term "applicable law" includes FATCA.

(j) Status. For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

SECTION 2.15 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it to the Borrower (other than pursuant to Section 2.02(b), 2.11, 2.14, or 8.04(b)) in excess of its ratable share of payments on account of the Advances to the Borrower, such Lender shall forthwith purchase from the other Lenders such participations in the Advances as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then for so long as such Lender is a Defaulting Lender, the Commitment Amount of such Defaulting Lender shall not be included in determining whether all Lenders or the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 8.01); provided that, any waiver, amendment or modification (i) requiring the consent of all Lenders or each affected Lender, which affects such Defaulting Lender differently than other affected Lenders or (ii) under Section 8.01(b), (c), (d) or (f) (except, in the case of Section 8.01(c) or (d), with respect to fees as contemplated under this Section 2.19), shall in each case require the consent of such Defaulting Lender.

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01 Conditions Precedent to Effectiveness. This Agreement (including the Commitments of the Lenders and the obligations of the Borrower hereunder) shall become effective if all of the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received (i) a counterpart of this Agreement signed on behalf of each party hereto or (ii) written evidence (which may include electronic transmission of a signed signature page of this Agreement) that each party hereto has signed a counterpart of this Agreement and each of the following documents, each dated a date reasonably satisfactory to the Administrative Agent and otherwise in form and substance satisfactory to the Administrative Agent:

(i) Certified copies of resolutions of the Board of Directors or equivalent managing body of the Borrower approving the transactions contemplated by this Agreement and of all documents evidencing other necessary organizational action of the Borrower with respect to this Agreement and the documents contemplated hereby;

(ii) A certificate of the Secretary or an Assistant Secretary of Borrower certifying (A) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered hereunder; (B) that attached thereto are true and correct copies of the organizational documents of the Borrower, in each case in effect on such date; and (C) that attached thereto are true and correct copies of all governmental and regulatory authorizations and approvals required for the due execution, delivery and performance by the Borrower of this Agreement and the documents contemplated hereby;

(iii) A certificate signed by either the chief financial officer, principal accounting officer or treasurer of the Borrower confirming compliance with the conditions set forth in paragraphs (f) and (g) below; and

(iv) A favorable opinion of Ballard Spahr LLP, counsel for the Borrower, in form and substance reasonably acceptable to the Administrative Agent; and

(b) the Administrative Agent shall have received evidence, satisfactory to the Administrative Agent, that the Borrower has paid (or will pay with the proceeds of the initial Credit Extensions) all fees and, to the extent billed, expenses payable by the Borrower hereunder on the Effective Date (including amounts then payable to the Arranger);

(c) upon the reasonable request of any Lender, the Borrower shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, in each case at least five days prior to the Effective Date;

(d) receipt by the Administrative Agent of the Beneficial Ownership Certification in relation to the Borrower; and

(e) receipt by the Administrative Agent of a Notice of Borrowing in accordance with the requirements hereof;

(f) the representations and warranties of the Borrower contained in Section 4.01 are true and correct on and as of the Effective Date, before and after giving effect to the Credit Extension and, in the case of the making of Advances, the application of the proceeds therefrom, as though made on and as of such date; and

(g) as of the Effective Date, no event has occurred and is continuing, or would result from the Credit Extension on such date or, in the case of the making of Advances, from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default.

Promptly upon the occurrence thereof, the Administrative Agent shall notify the Borrower and the Lenders as to the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a limited liability company (or after a transaction contemplated by Section 5.02(b)(iii), a corporation) duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

(b) The execution, delivery and performance by the Borrower of this Agreement are within the Borrower's organizational powers, have been duly authorized by all necessary organizational action on the part of the Borrower, and do not and will not contravene (i) the organizational documents of the Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of the Borrower or any Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement, except any order that has been duly obtained and is (i) in full force and effect and (ii) sufficient for the purposes hereof.

(d) This Agreement is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by equitable principles or bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(e) The consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2020 and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, certified by PricewaterhouseCoopers LLP, copies of which have been furnished to each Lender, fairly present in all material respects the consolidated financial condition of the Borrower and its Subsidiaries as of such dates and the consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (ii) since December 31, 2020, there has been no Material Adverse Change.

(f) Except as disclosed in the Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the Effective Date, there is no pending or threatened action, investigation or proceeding affecting the Borrower or any Subsidiary before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect. There is no pending or threatened action or proceeding against the Borrower or any Subsidiary that purports to affect the legality, validity, binding effect or enforceability against the Borrower of this Agreement.

(g) No proceeds of any Advance have been or will be used directly or indirectly in connection with the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act or any transaction subject to the requirements of Section 13 or 14 of the Exchange Act.

(h) The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Borrower and its Subsidiaries is represented by margin stock.

(i) The Borrower is not required to register as an "investment company" under the Investment Company Act of 1940.

(j) During the twelve consecutive month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Credit Extension, no steps have been taken by the Borrower or any member of the Controlled Group or, to the knowledge of the Borrower, by any other Person to terminate any Plan (excluding any termination arising out of the institution by or against any ComEd Entity of any bankruptcy, insolvency or similar proceeding so long as such termination would not constitute an Event of Default or Unmatured Event of Default under Section 6.01(g)), and there has been no failure to satisfy the minimum funding standard described in Section 412(a)(2) of the Code with respect to any Single Employer Plan that would reasonably be expected to result in a lien pursuant to Section 430(k) of the Code. To the knowledge of the Borrower, no condition exists or event or transaction has occurred with respect to any Plan, which would reasonably be expected to result in the incurrence by the Borrower or any other member of the Controlled Group of any material liability (other than to make contributions, pay annual PBGC premiums or pay out benefits in the ordinary course of business), fine or penalty (excluding any condition, event or transaction arising out of the institution by or against any ComEd Entity of any bankruptcy, insolvency or similar proceeding so long as such condition, event or transaction does not constitute an Event of Default or Unmatured Event of Default under Section 6.01(g)).

(k) The Borrower has implemented, and maintains in effect, policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower, its directors and agents, are in compliance with all Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby or the transactions contemplated hereby, is a Sanctioned Person. No Advance, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

(l) The Borrower is not an Affected Financial Institution.

(m) As of the Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01 Affirmative Covenants. The Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid, the Borrower will, and, in the case of Section

5.01(a), will cause its Principal Subsidiaries to, unless the Majority Lenders shall otherwise consent in writing:

(a) Keep Books; Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles in the United States, consistently applied;

(ii) subject to Section 5.02(b), preserve and keep in full force and effect its existence;

(iii) maintain and preserve all of its properties (except such properties the failure of which to maintain or preserve would not have, individually or in the aggregate, a Material Adverse Effect) which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted;

(iv) comply in all material respects with the requirements of all applicable laws, rules, regulations and orders (including those of any governmental authority and including with respect to environmental matters) to the extent the failure to so comply, individually or in the aggregate, would have a Material Adverse Effect;

(v) maintain insurance with responsible and reputable insurance companies or associations, or self-insure, as the case may be, in each case in such amounts and covering such contingencies, casualties and risks as is customarily carried by or self-insured against by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower and its Principal Subsidiaries operate;

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to the Borrower, permit any Lender, or any agent or representative of any thereof, to examine and, at such Lender's expense, make copies of, and abstracts from the records and books of account of, and visit the properties of, the Borrower and any Principal Subsidiary and to discuss the affairs, finances and accounts of the Borrower and any Principal Subsidiary with any of their respective officers; provided that any non-public information (which has been identified as such by the Borrower or the applicable Principal Subsidiary) obtained by any Lender or any of its agents or representatives pursuant to this clause (vi) shall be treated confidentially by such Person; provided, further, that such Person may disclose such information to (a) any other party to this Agreement, its examiners, Affiliates, outside auditors, counsel or other professional advisors in connection with this Agreement, (b) to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, (c) to any credit insurance provider or (d) if otherwise required to do so by law or regulatory process (it being understood that, unless prevented from doing so by any applicable law or governmental authority, such Person shall use reasonable efforts to notify the Borrower of any demand or request for any such information promptly upon receipt thereof so that the Borrower may seek a protective order or take other appropriate action);

(vii) use the proceeds of the Advances for general limited liability company or corporate purposes (including the making of acquisitions), but in no event for any purpose that would be contrary to Section 4.01(g), 4.01(h) or 4.01(k); and

(viii) pay, prior to delinquency, all of its federal income taxes and other material taxes and governmental charges, except to the extent that (a) such taxes or charges are being contested in good faith and by proper proceedings and against which adequate reserves are being maintained or (b) failure to pay such taxes or charges would not reasonably be expected to have a Material Adverse Effect.

(b) Reporting Requirements. Furnish to the Lenders:

(i) as soon as possible, and in any event within five Business Days after the occurrence of any Event of Default or Unmatured Event of Default with respect to the Borrower continuing on the date of such statement, a statement of an authorized officer of the Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which the Borrower proposes to take with respect thereto;

(ii) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if the Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of the Borrower as of the end of such quarter and the related consolidated statement of operations of the Borrower for the portion of the Borrower's fiscal year ending on the last day of such quarter, in each case prepared in accordance with GAAP, subject to the absence of footnotes and to year-end adjustments), together with a certificate of an authorized officer of the Borrower stating that no Event of Default or Unmatured Event of Default has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which the Borrower proposes to take with respect thereto;

(iii) as soon as available and in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if the Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of the Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of operations, changes in shareholders' equity (if applicable) and cash flows of the Borrower for such fiscal year, certified by PricewaterhouseCoopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of the Borrower stating that no Event of Default or Unmatured Event of Default has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which the Borrower proposes to take with respect thereto;

(iv) concurrently with the delivery of the quarterly and annual reports referred to in Sections 5.01(b)(ii) and 5.01(b)(iii), a compliance certificate in substantially the form set forth in Exhibit D, duly completed and signed by the Chief Financial Officer, Treasurer or an Assistant Treasurer of the Borrower;

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that the Borrower sends to its security holders generally, and copies of all Reports on Form 10-K, 10-Q or 8-K, and registration statements and prospectuses that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange (except to the extent that any such registration statement or prospectus relates solely to the issuance of securities pursuant to employee purchase, benefit or dividend reinvestment plans of the Borrower or a Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Plan, or the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a lien under section 430(k) of the Code, or the taking of any action with respect to a Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Plan, or the occurrence of any event with respect to any Plan which could result in the incurrence by the Borrower or any other member of the Controlled Group of any material liability, fine or penalty, notice thereof and a statement as to the action the Borrower or such member of the Controlled Group proposes to take with respect thereto;

(vii) promptly upon becoming aware thereof, notice of any change in the Moody's Rating, the Fitch Rating or the S&P Rating;

(viii) any change in the information provided by the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification; and

(ix) such other information respecting the condition, operations or business, financial or otherwise, of the Borrower or any Subsidiary as any Lender, through the Administrative Agent, may from time to time reasonably request (including any information that any Lender reasonably requests in order to comply with its obligations under any "know your customer" or anti-money laundering laws or regulations, including the Patriot Act and the Beneficial Ownership Regulation).

The Borrower may provide information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Section 5.01(b) and all other notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any communication that (i) relates to a request for a Credit Extension, (ii) relates to the payment of any amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Event of Default or Unmatured Event of Default or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement or any Credit Extension hereunder (any non-excluded communication described above, a "Communication"), electronically (including by posting such documents, or providing a link thereto, on Exelon's Internet website). Any document readily available on-line through the "Electronic Data Gathering Analysis and Retrieval" system (or any successor system thereof) maintained by the Securities and Exchange Commission (or any succeeding Governmental Authority), shall be deemed to have been furnished to the Administrative Agent for purposes of this Section 5.01(b) when the Borrower sends to the Administrative Agent notice (which may be by electronic mail) that such documents are so available. Notwithstanding the foregoing, the Borrower agrees that, to the extent requested by the Administrative Agent or any Lender, it will continue to provide "hard copies" of Communications to the Administrative Agent or such Lender, as applicable.

The Borrower further agrees that the Administrative Agent may make Communications available to the Lenders by posting such Communications on Electronic Systems or a substantially similar electronic transmission system.

THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE ADMINISTRATIVE AGENT DOES NOT WARRANT THE ACCURACY OR COMPLETENESS OF ANY COMMUNICATION OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS OR OMISSIONS IN ANY COMMUNICATION. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT IN CONNECTION WITH ANY COMMUNICATION OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT SUCH DAMAGES ARE FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITING THE FOREGOING, UNDER NO CIRCUMSTANCES SHALL THE ADMINISTRATIVE AGENT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF THE PLATFORM OR THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET.

Each Lender agrees that notice to it (as provided in the next sentence) specifying that a Communication has been posted to the Platform shall constitute effective delivery of such

Communication to such Lender for purposes of this Agreement. Each Lender agrees (i) to notify the Administrative Agent from time to time of the e-mail address to which the foregoing notice may be sent and (ii) that such notice may be sent to such e-mail address.

(c) Anti-Corruption Laws and Sanctions. Maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions and comply in all material respects with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.02 Negative Covenants. The Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid (except with respect to Section 5.02(a), which shall be applicable only as of the date hereof and at any time any Advance is outstanding or is to be made or issued, as applicable), the Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or permit any Lien on its property, revenues or assets, whether now owned or hereafter acquired, except as follows:

(i) Liens imposed by law, such as carriers', warehousemen's, landlords' repairmen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business;

(ii) Liens on the capital stock of or any other equity interest in any Subsidiary to secure Nonrecourse Indebtedness;

(iii) Liens for taxes, assessments or governmental charges, levies, or fines (including such amounts arising under environmental law) on property of the Borrower if the same shall not at the time be delinquent or thereafter can be paid without a material penalty, or are being contested in good faith and by appropriate proceedings;

(iv) Liens upon or in any property acquired in the ordinary course of business to secure the purchase price of such property or to secure any obligation incurred solely for the purpose of financing the acquisition of such property;

(v) Liens existing on property at the time of the acquisition thereof (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (iv));

(vi) Liens granted in connection with any financing arrangement for the purchase of nuclear fuel or the financing of pollution control facilities, limited to the fuel or facilities so purchased or acquired;

(vii) Liens arising in connection with sales or transfers of, or financing secured by, accounts receivable or related contracts, provided that any such sale, transfer or financing shall be on arms' length terms;

(viii) Liens securing Permitted Obligations and reimbursement obligations in respect of letters of credit issued to support Permitted Obligations (for the avoidance of doubt, the Electric Reliability Council of Texas (ERCOT) program and any other similar agreement or arrangement, including with any Independent System Operator or Regional Transmission Organization, are permitted under this clause (viii));

(ix) Permitted Encumbrances;

(x) Liens arising in connection with sale and leaseback transactions entered into by the Borrower, but only to the extent that the aggregate purchase price of all assets sold by the Borrower during the term of this Agreement pursuant to such sale and leaseback transactions does not exceed $1,000,000,000;

(xi) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, compensation arrangements, supplemental retirement plans arising out of pledges or deposits under worker's compensation laws, unemployment insurance, compensation arrangements, supplemental retirement plans or other social security or similar legislation;

(xii) Liens constituting attachment, judgment and other similar Liens arising in connection with court proceedings to the extent not constituting an Event of Default under Section 6.01(f);

(xiii) Liens created in the ordinary course of business to secure liability to insurance carriers and Liens on insurance policies and the proceeds thereof (whether accrued or not), rights or claims against an insurer or other similar asset securing insurance premium financings;

(xiv) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(xv) Liens in the nature of rights of setoff, bankers' liens, revocation, refund, chargeback, counterclaim, netting of cash amounts or similar rights as to deposit accounts, commodity accounts or securities accounts or other funds maintained with a credit or depository institution;

(xvi) Liens consisting of pledges of industrial development, pollution control or similar revenue bonds in connection with the remarketing of such bonds;

(xvii) Liens and similar customary cash collateralization obligations in respect of letter of credit exposure or swingline loan exposure relating to defaulting lenders in the Borrower's senior unsecured credit facilities;

(xviii) Liens arising under leases or subleases, licenses or sublicenses granted to others that do not materially interfere with the ordinary course of business of the Borrower;

(xix) Liens resulting from any restriction on any equity interest (or project interest, interests in any energy facility (including undivided interests)) of a Person providing for a breach, termination or default under any owners, participation, shared facility, joint venture, stockholder, membership, limited liability company or partnership agreement between such Person and one or more other holders of equity interest (or project interest, interests in any energy facility (including undivided interests)) of such Person, to the extent a security interest or other Lien is created on any such interest as a result thereof;

(xx) Liens granted on cash or cash equivalents to defease or repay Indebtedness of the Borrower no later than 60 days after the creation of such Lien;

(xxi) Liens created in connection with sales, transfers, leases, assignment or other conveyances or dispositions of assets, including (A) Liens on assets or securities granted or deemed to arise in connection with and as a result of the execution, delivery or performance of contracts to purchase or sell such assets or securities, and (B) rights of first refusal, options or other contractual rights or obligations to sell, assign or otherwise dispose of any interest therein; and

(xxii) Liens, other than those described above in this Section 5.02(a), provided that the aggregate amount of all Debt secured by Liens permitted by this clause (xxii) shall not exceed in the aggregate at any one time outstanding $100,000,000.

(b) Mergers and Consolidations; Disposition of Assets. Merge with or into or consolidate with or into, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person or permit any Principal Subsidiary to do so, except that (i) any Principal Subsidiary may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary, (ii) any Principal Subsidiary may merge with or into or consolidate with or transfer assets to the Borrower, (iii) the Borrower may merge or consolidate with or into a Subsidiary thereof formed for the purpose of converting the Borrower into a corporation and (iv) the Borrower or any Principal Subsidiary may merge with or into or consolidate with or transfer assets to any other Person, provided that, in each case, (A) immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default shall have occurred and be continuing (except in the case where any Principal Subsidiary may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary), (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, either (x) the Borrower shall be the surviving entity or transferee (as applicable) or (y) the surviving entity or transferee (as applicable), shall be an Eligible Successor and shall have assumed all of the obligations of the Borrower under this Agreement pursuant to a written instrument in form and substance satisfactory to the Administrative Agent, and the Administrative Agent shall have received an opinion of counsel in form and substance satisfactory to it as to the enforceability of such obligations assumed and (C) subject to clause (B) above, in the case of any such merger, consolidation or transfer of assets to which any Principal Subsidiary is a party, a Principal Subsidiary shall be the surviving entity or transferee (as applicable).

(c) Interest Coverage Ratio. Permit the Interest Coverage Ratio as of the last day of any fiscal quarter to be less than 3.00 to 1.00.

(d) Continuation of Businesses. Engage, or permit any Subsidiary to engage, in any line of business which is material to the Borrower and its Subsidiaries, taken as a whole, other than businesses engaged in by the Borrower and its Subsidiaries as of the date hereof and reasonable extensions thereof.

(e) Anti-Corruption Laws and Sanctions. Request any Borrowing or Advance and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Advance (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(f) Most Favored Lender. Enter, or permit any Subsidiary to enter, any amendment, waiver, consent, modification, refunding, refinancing or replacement of the Existing Credit Facility, with terms the effect of which is to (i) include a covenant and/or event of default which imposes a restriction, limitation or obligation in favor of another lender not imposed in favor of the Lenders by this Agreement, or (ii) revise or alter any covenant and/or event of default contained therein the effect of which is to impose a restriction, limitation or obligation in favor of another lender not imposed in favor of the Lenders by this Agreement, unless the Borrower or such Subsidiary, as the case may be, incorporates herein such additional covenant and/or event of default. Within ten Business Days, the Borrower shall deliver to the Administrative Agent an amendment to this Agreement incorporating such additional covenant and/or event of default. Prior to the execution and delivery of such amendment by the Borrower, this Agreement shall be deemed to contain each such additional covenant and/or event of default for the purposes of determining the rights and obligations hereunder.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing (any such event an "Event of Default"):

(a) The Borrower shall fail to pay (i) any principal of any Advance when the same becomes due and payable or (ii) any interest on any Advance or any other amount payable by the Borrower hereunder within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) pursuant to the terms of this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(a)(vii), Section 5.01(b)(i) or Section 5.02 or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender); or

(d) The Borrower or any Principal Subsidiary shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount in excess of $100,000,000 in the aggregate (but excluding Debt hereunder and Nonrecourse Indebtedness) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, other than any acceleration of any Debt secured by equipment leases or fuel leases of the Borrower or a Principal Subsidiary as a result of the occurrence of any event requiring a prepayment (whether or not characterized as such) thereunder, which prepayment will not result in a Material Adverse Change; or

(e) The Borrower or any Principal Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Principal Subsidiary seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any Principal Subsidiary shall take any corporate or limited liability company action to authorize or to consent to any of the actions set forth above in this Section 6.01(e); or

(f) One or more judgments or orders for the payment of money in an aggregate amount exceeding $100,000,000 (excluding any such judgments or orders to the extent covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has not denied coverage) shall be rendered against the Borrower or any Principal Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) Any Reportable Event that the Majority Lenders determine in good faith is reasonably likely to result in the termination of any Single Employer Plan or in the appointment by the appropriate United States District Court of a trustee to administer a Single Employer Plan shall have occurred and be continuing 60 days after written notice to such effect shall have been given to the Borrower by the Administrative Agent; (ii) any Single Employer Plan shall be terminated; (iii) a Trustee shall be appointed by an appropriate United States District Court to administer any Single Employer Plan; (iv) the PBGC shall institute proceedings to terminate any Single Employer Plan or to appoint a trustee to administer any Single Employer Plan; or (v) the Borrower or any other member of the Controlled Group withdraws from any Multiemployer Plan; provided that on the date of any event described in clauses (i) through (v) above, the Unfunded Liabilities of the applicable Plan exceed $100,000,000; and provided, further, that no event described in this Section 6.01(g) that arises out of the institution by or against any ComEd Entity of any bankruptcy, insolvency or similar proceeding shall constitute an Event of Default unless 15 days shall have elapsed after the Majority Lenders have reasonably determined, and notified the Borrower in writing, that such event has had or is reasonably likely to have a Material Adverse Effect (disregarding, solely for purposes of this Section 6.01(g), the proviso to clause (i) of the definition of Material Adverse Effect); or

(h) Exelon shall fail to own, directly or indirectly, free and clear of all Liens, 100% of the equity interests of the Borrower (other than as a result of the Separation Transaction); or

(i) A Change in Control shall occur;

then, and in any such event, the Administrative Agent shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the outstanding principal amount of the Advances, all interest thereon and all other amounts payable under this Agreement by the Borrower to be forthwith due and payable, whereupon the outstanding principal amount of the Advances, all such interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of an Event of Default under Section 6.01(e), (A) the obligation of each Lender to make any Advance to the Borrower shall automatically be terminated and (B) the outstanding principal amount of all Advances, all interest thereon and all other amounts payable by the Borrower hereunder shall automatically and immediately become due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE ADMINISTRATIVE AGENT

SECTION 7.01 Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including enforcement or collection of the obligations of the Borrower hereunder), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders; provided that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02 Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their respective own gross negligence or willful misconduct. Without limiting the generality of the foregoing: (i) the Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) the Administrative Agent makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iii) the Administrative Agent shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (iv) the Administrative Agent shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (v) the Administrative Agent shall not incur any liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Administrative Agent and Affiliates. With respect to its Commitment, Advances and other rights and obligations hereunder in its capacity as a Lender, Barclays Bank PLC shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall include Barclays Bank PLC in its individual capacity. Barclays Bank PLC and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any such Affiliate, all as if it were not Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 7.04 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05 Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to their respective Pro Rata Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are reimbursable by the Borrower but for which the Administrative Agent is not reimbursed by the Borrower.

SECTION 7.06 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank described in clause (i) or (ii) of the definition of "Eligible Assignee" having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. Notwithstanding the foregoing, if no Event of Default or Unmatured Event of Default shall have occurred and be continuing, then no successor Administrative Agent shall be appointed under this Section 7.06 without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed.

SECTION 7.07 Arranger. The title "Arranger" (in such capacity, a "Titled Person") is purely honorific, and no Person designated as a Titled Person shall have any duties or responsibilities in such capacity and no Titled Person shall have or be deemed to have any fiduciary relationship with any Lender or with the Borrower or any of its Affiliates.

SECTION 7.08 Acknowledgements of Lenders.

(a) Each Lender represents and warrants that (i) this Agreement sets forth the terms of a commercial lending facility, (ii) it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender in the ordinary course of business, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument (and each Lender agrees not to assert a claim in contravention of the foregoing), (iii) it has, independently and without reliance upon the Administrative Agent, the Arranger, or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Borrowings hereunder and (iv) it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, this Agreement and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

(c)

(i) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the

Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 7.08(c) shall be conclusive, absent manifest error.

(ii) (ii) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(iii) The Borrower and each other party to this Agreement hereby agree that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any obligations owed by the Borrower or any other party to this Agreement.

(iv) Each party's obligations under this Section 7.08(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all obligations under this Agreement.

SECTION 7.09 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, the Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any loan document or any documents related hereto or thereto).

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Amendments, Etc. No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and, in the case of an amendment, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no amendment, waiver or consent shall: (a) increase or extend the Commitment of any Lender, without the written consent of such Lender, (b) reduce the principal of, or rate of interest on, any Advance or any fees payable hereunder, without the written consent of each Lender directly affected thereby, (c) postpone any date fixed for any payment of principal of, or interest on, any Advance or any fees payable hereunder, without the written consent of each Lender directly affected thereby, (d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or the definition of "Majority Lenders", without the written consent of each Lender, (e) amend this Section 8.01, without the written consent of each Lender or (f) waive or amend any provision regarding pro rata sharing or otherwise relates to the distribution of payments among Lenders, without the written consent of each Lender; provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent, in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement. Without limiting the generality of the foregoing, the making of an Advance shall not be construed as a waiver of any Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Event of Default at the time. If the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other document executed in connection herewith, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

SECTION 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including facsimile transmission) and mailed, sent by facsimile or delivered, if to the Borrower, at 10 S. Dearborn, 54th Floor, Chicago, IL 60603, Attention: Chief Financial Officer, facsimile: 312-394-8867; if to any Lender, at its Domestic Lending Office specified in its Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Lender; and if to the Administrative Agent, (a) for payments and notices pursuant to Section 2.09 or 2.10, at its address at 400 Jefferson Park, Whippany, NY 07981, Attention: Michael Xu, email: michael.xu@barclays.com or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be effective (a) if mailed, three Business Days after being deposited in the U.S. mail, postage prepaid, (b) if sent by facsimile, when such facsimile is sent (except that if not sent during normal business hours for the recipient, such facsimile shall be deemed to have been sent at the opening of business on the next Business Day for the recipient), and (c) otherwise, when delivered, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent.

SECTION 8.03 No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04 Costs and Expenses; Indemnification.

(a) The Borrower agrees to pay on demand all costs and expenses incurred by the Administrative Agent and the Arranger in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement and the other documents to be delivered hereunder, including the reasonable fees, internal charges and out-of-pocket expenses of counsel (including in-house counsel) for the Administrative Agent and the Arranger with respect thereto and with respect to advising the Administrative Agent and the Arranger as to their respective rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses, if any (including counsel fees and expenses of outside counsel and of internal counsel), incurred by the Administrative Agent or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of the Borrower's obligations under this Agreement and the other documents to be delivered by the Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) In the event of any payment of principal of, or any conversion of, any Term Benchmark Advance is made other than on the last day of the Interest Period for such Advance, as a result of a payment or conversion pursuant to Section 2.09 or 2.12 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason, or the assignment of a Term Benchmark Advance other than on the last day of the Interest Period for such Advance as a result of a request by the Borrower pursuant to Section 8.07(g) or the failure to borrow any Term Benchmark Advance on the date specified in any notice delivered pursuant hereto, the Borrower shall, upon demand by any Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amount required to compensate such Lender for any additional loss, cost or expense which it may reasonably incur as a result of such event, including any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(c) The Borrower agrees to indemnify and hold each Lender and the Administrative Agent and each of their respective Related Parties (each, an "Indemnified Person") harmless from and against any claim, damage, loss, liability, cost or expense (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may pay or incur arising out of or relating to this Agreement or the transactions contemplated hereby, or the use by the Borrower or any Subsidiary of the proceeds of any Advance; provided that the Borrower shall not be liable for any portion of any such claim, damage, loss, liability, cost or expense resulting from such Indemnified Person's gross negligence or willful misconduct as determined in a final non-appealable order of a court of competent jurisdiction. The Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by the Borrower to the Lenders and the Administrative Agent under this Agreement and the termination of the Commitments and this Agreement. If and to the extent that the obligations of the Borrower under this Section 8.04(c) are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law. This Section 8.04(c) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim. In the case of an investigation, litigation or proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any of the Borrower's equityholders or creditors, an Indemnified Person or any other person or entity, whether or not an Indemnified Person is otherwise a party thereto.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees to notify the Borrower promptly after any such set-off and application made by such Lender or Affiliate thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 8.05 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 8.06 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) the Borrower shall not have the right to assign rights hereunder or any interest herein without the prior written consent of all Lenders.

SECTION 8.07 Assignments and Participations.

(a) Each Lender may, with the prior written consent of the Borrower and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by the Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances owing to it); provided that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the Commitment Amount of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than $5,000,000 or, if less, the entire amount of such Lender's Commitment Amount, and shall be an integral multiple of $1,000,000 or such Lender's entire Commitment Amount, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Assumption, together with a processing and recordation fee of $3,500 (which shall be payable by one or more of the parties to the Assignment and Assumption, and not by the Borrower (except in the case of a demand under Section 8.07(g)), and shall not be payable if the assignee is a Federal Reserve Bank), (v) the consent of the Borrower shall not be required after the occurrence and during the continuance of any Event of Default, and (vi) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Assumption, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (although an assigning Lender shall continue to be entitled to indemnification pursuant to Section 8.04(c)). Notwithstanding anything contained in this Section 8.07(a) to the contrary, (A) the consent of the Borrower and the Administrative Agent shall not be required with respect to any assignment by any Lender to an Affiliate of such Lender or to another Lender or to an Approved Fund, and (B) any Lender may at any time, without the consent of the Borrower or the Administrative Agent, and without any requirement to have an Assignment and Assumption executed, assign all or any part of its rights under this Agreement to a Federal Reserve Bank, provided that no such assignment shall release the transferor Lender from any of its obligations hereunder.

For the purposes of this Section 8.07(a), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof, (d) the Borrower or any of its Affiliates or (e) Lender, an Affiliate of a Lender or an Approved Fund that, in each case at the time of such assignment, is a Sanctioned Person; provided that, such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any Borrowings or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than $25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business.

(b) By executing and delivering an Assignment and Assumption, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment Amount of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Assumption executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Administrative Agent shall, if such Assignment and Assumption has been completed and is in substantially the form of Exhibit A (including any necessary consents of the Administrative Agent and the Borrower), (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities other than an Ineligible Institution (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 8.01 that affects such Participant. Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.11, 2.14 and 8.04(b) (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.15 and 8.07(g) as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.11 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.05 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Advances or its other obligations hereunder) except to the extent that such disclosure is necessary to establish that such Commitment, Advance, or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(f) [Reserved].

(g) If any Lender (i) shall make demand for payment under Section 2.11(a), 2.11(b) or 2.14, (ii) shall deliver any notice to the Administrative Agent pursuant to Section 2.12 resulting in the suspension of certain obligations of the Lenders with respect to Term Benchmark Advances, (iii) does not consent to an amendment or waiver that requires the consent of all Lenders and has been approved by the Majority Lenders or (iv) is a Defaulting Lender, then (A) in the case of clause (i), within 60 days after such demand (if, but only if, the payment demanded under

Section 2.11(a), 2.11(b) or 2.14 has been made by the Borrower), (B) in the case of clause (ii), within 60 days after such notice (if such suspension is still in effect), (C) in the case of clause (iii), within 60 days after the date the Majority Lenders approve the applicable amendment or waiver or (D) in the case of clause (iv), at any time so long as such Lender continues to be a Defaulting Lender, as the case may be, the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower and reasonably acceptable to the Administrative Agent all (but not less than all) of such Lender's rights and obligations hereunder within the next succeeding 30 days; provided that such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts). If any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignee for all of such Lender's Commitment and Advances, then such Lender may (but shall not be required to) assign such Commitment and Advances to any other Eligible Assignee in accordance with this Section 8.07 during such period. No replacement of a Defaulting Lender pursuant to this Section 8.07(g) shall be deemed to be a waiver of any right that the Borrower, the Administrative Agent or any other Lender may have against such Defaulting Lender. In the event that a Lender assigns any Term Benchmark Advances pursuant to this Section 8.07(g), such assignment shall be deemed to be a prepayment by the Borrower of such Term Benchmark Advances for purposes of Section 8.04(b).

(h) [Reserved].

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Advance, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Advance, the Granting Bank shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Advance were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 8.07, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Advance to the Granting Bank or to any financial institution (consented to by the Borrower and Administrative Agent, which consents shall be unreasonably withheld or delayed) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Advances and (ii) disclose on a confidential basis any non-public information relating to its Advances to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section 8.07(i) may not be amended in any manner which adversely affects a Granting Bank or an SPC without the written consent of such Granting Bank or SPC.

(j) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 8.08 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK**.

SECTION 8.09 Consent to Jurisdiction; Certain Waivers. **i) THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND ANY UNITED STATES DISTRICT COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.**

ii) EXCEPT AS PROHIBITED BY LAW, EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; *PROVIDED* THAT NOTHING CONTAINED IN THIS SENTENCE SHALL LIMIT ANY OF THE BORROWER'S INDEMNITY AND REIMBURSEMENT OBLIGATIONS TO ANY INDEMNITEE TO THE EXTENT SUCH INDEMNITEE IS ENTITLED TO INDEMNIFICATION WITH RESPECT TO THIRD PARTY CLAIMS.

SECTION 8.10 Waiver of Jury Trial. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT**

NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.11 Execution in Counterparts; Integration; Electronic Signatures.

(a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes all prior and contemporaneous agreements and understandings, oral or written, relating to the subject matter hereof.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, and/or (y) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 8.02), certificate, request, statement, disclosure or authorization related to this Agreement and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; *provided* that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; *provided*, *further*, without limiting the foregoing, (c) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (d) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower hereby (a) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Borrower, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement and/or any Ancillary

Document shall have the same legal effect, validity and enforceability as any paper original, (b) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (c) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (d) waives any claim against any Lender for any liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, the Administrative Agent and the Lenders will ask for the Borrower's name, tax identification number and business address and other information that will allow the Administrative Agent and the Lenders to identify the Borrower. The Administrative Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

SECTION 8.13 No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arranger and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arranger and the Lenders on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby; (ii) (A) the Administrative Agent, the Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) none of the Administrative Agent, the Arranger nor any Lender has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (iii) the Administrative Agent, the Arranger and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent, the Arranger nor any Lender has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arranger and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 8.14 [Reserved].

SECTION 8.15 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary herein or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under this Agreement, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any document executed in connection herewith; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 8.16 Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 8.17 Material Non-Public Information.

iii) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 8.16 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

iv) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 8.18 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Advance or Borrowing, together with all fees, charges and other amounts which are treated as interest on such Advance or Borrowing under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Advance or Borrowing in accordance with applicable law, the rate of interest payable in respect of such Advance or Borrowing hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Advance or Borrowing but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Advances or Borrowings or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

SECTION 8.19 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.20 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.21 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Advance, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Event of Default or Unmatured Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Advance or any fee or any other amount payable under this Agreement is outstanding and unpaid.

SECTION 8.22 Acknowledgement Regarding Any Supported QFCs. To the extent that this Agreement provides support, through a guarantee or otherwise, for any swap agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the this Agreement and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and this Agreement were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, Borrower, the Lenders and the Administrative Agent have executed this Agreement as of the date first above written.

EXELON GENERATION COMPANY, LLC, as Borrower

By:______________________________________
Name:
Title:

BARCLAYS BANK PLC, as Administrative Agent and Lender

By:______________________________________
Name:
Title:

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Nigro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH NIGRO

Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Dominguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH DOMINGUEZ

Chief Executive Officer

(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Daniel L. Eggers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ DANIEL L. EGGERS
Chief Financial Officer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER
Interim Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert J. Stefani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT J. STEFANI

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 3, 2021

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane
President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JOSEPH NIGRO

Joseph Nigro
Senior Executive Vice President and Chief Financial Officer

Date: November 3, 2021

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ JOSEPH DOMINGUEZ

Joseph Dominguez
Chief Executive Officer

Date: November 3, 2021

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ DANIEL L. EGGERS

Daniel L. Eggers
Chief Financial Officer

Date: November 3, 2021

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ CALVIN G. BUTLER

Calvin G. Butler
Interim Chief Executive Officer

Date: November 3, 2021

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JEANNE M. JONES

Jeanne M. Jones

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MICHAEL A. INNOCENZO
Michael A. Innocenzo
President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ ROBERT J. STEFANI

Robert J. Stefani
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI
Carim V. Khouzami
Chief Executive Officer

Date: November 3, 2021

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 3, 2021

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2021, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 3, 2021