

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 March 31, 2006

or

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

<u>Commission File Number</u>	<u>Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number</u>	<u>IRS Employer Identification Number</u>
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street – 37th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (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
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348 (610) 765-6900	23-3064219

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 No

The number of shares outstanding of each registrant's common stock as of March 31, 2006 was:

Exelon Corporation Common Stock, without par value	668,497,574
Commonwealth Edison Company Common Stock, \$12.50 par value	127,016,519
PECO Energy Company Common Stock, without par value	170,478,507
Exelon Generation Company, LLC	not applicable

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

	<u>Large Accelerated Filer</u>	<u>Accelerated Filer</u>	<u>Non-accelerated Filer</u>
Exelon Corporation	ii		
Commonwealth Edison Company			ii
PECO Energy Company			ii
Exelon Generation Company, LLC			ii

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC Yes No

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<u>Certification for Exelon Generation Company, LLC</u>	

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation (Exelon), Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Exelon Generation Company, LLC (Generation) (collectively, the 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.

FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this Report are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by a registrant include (a) those factors discussed in the following sections of the Registrants' 2005 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Exelon — Note 20, ComEd — Note 17, PECO — Note 15 and Generation — Note 17; and (b) other factors discussed herein and in other filings with the United States Securities and Exchange Commission (SEC) by the Registrants. Readers 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 public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the web site maintained by the SEC at www.sec.gov and Exelon's website at www.exeloncorp.com. Information contained on Exelon's web site shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXELON CORPORATION

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

	Three Months Ended March 31,	
	2006	2005
(In millions, except per share data)		
Operating revenues	\$ 3,861	\$ 3,561
Operating expenses		
Purchased power	525	568
Fuel	924	622
Operating and maintenance	1,037	949
Depreciation and amortization	363	319
Taxes other than income	194	172
Total operating expenses	<u>3,043</u>	<u>2,630</u>
Operating income	<u>818</u>	<u>931</u>
Other income and deductions		
Interest expense	(153)	(106)
Interest expense to affiliates	(71)	(84)
Distributions on preferred securities of subsidiaries	(1)	(1)
Equity in losses of unconsolidated affiliates	(39)	(36)
Other, net	46	30
Total other income and deductions	<u>(218)</u>	<u>(197)</u>
Income from continuing operations before income taxes	600	734
Income taxes	201	227
Income from continuing operations	<u>399</u>	<u>507</u>
Discontinued operations		
Income (loss) from discontinued operations (net of taxes of \$0 and \$(1) for the three months ended March 31, 2006 and 2005, respectively)	1	(1)
Gain on disposal of discontinued operations (net of taxes of \$4 for the three months ended March 31, 2005)	—	15
Income from discontinued operations	<u>1</u>	<u>14</u>
Net income	<u>400</u>	<u>521</u>
Other comprehensive income, net of income taxes		
Minimum pension liability	—	2
Change in unrealized gain (loss) on cash-flow hedges	92	(101)
Unrealized gain (loss) on marketable securities	28	(15)
Foreign currency translation adjustment	—	(1)
Other comprehensive income (loss)	<u>120</u>	<u>(115)</u>
Comprehensive income	<u>\$ 520</u>	<u>\$ 406</u>
Average shares of common stock outstanding		
Basic	<u>669</u>	<u>666</u>
Diluted	<u>675</u>	<u>675</u>
Earnings per average common share — Basic:		
Income from continuing operations	\$ 0.60	\$ 0.76
Income from discontinued operations	—	0.02
Net income	<u>\$ 0.60</u>	<u>\$ 0.78</u>
Earnings per average common share — Diluted:		
Income from continuing operations	\$ 0.59	\$ 0.75
Income from discontinued operations	—	0.02
Net income	<u>\$ 0.59</u>	<u>\$ 0.77</u>
Dividends per common share	<u>\$ 0.40</u>	<u>\$ 0.40</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	For the Three Months Ended March 31,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 400	\$ 521
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation, amortization and accretion, including nuclear fuel	524	478
Deferred income taxes and amortization of investment tax credits	(35)	634
Provision for uncollectible accounts	25	12
Equity in losses of unconsolidated affiliates	39	36
Gain on sales of investments and wholly owned subsidiaries	—	(19)
Other decommissioning-related activities	(6)	(13)
Other non-cash operating activities	47	(3)
Changes in assets and liabilities		
Accounts receivable	253	101
Inventories	65	74
Other current assets	(139)	(180)
Accounts payable, accrued expenses and other current liabilities	(454)	(228)
Counterparty collateral asset	146	(22)
Counterparty collateral liability	(41)	(1)
Income taxes	35	(344)
Net realized and unrealized mark-to-market and hedging transactions	21	(83)
Pension and non-pension postretirement benefits obligation	56	(1,962)
Other noncurrent assets and liabilities	(88)	(10)
Net cash flows provided by (used in) operating activities	848	(1,009)
Cash flows from investing activities		
Capital expenditures	(613)	(489)
Proceeds from nuclear decommissioning trust fund sales	932	782
Investment in nuclear decommissioning trust funds	(1,000)	(834)
Acquisitions of businesses, net of cash acquired	—	(97)
Proceeds from sales of investments and wholly owned subsidiaries, net of \$32 of cash sold during the three months ended March 31, 2005	—	103
Investments in synthetic fuel-producing facilities	(33)	(28)
Change in restricted cash	5	(8)
Other investing activities	(4)	5
Net cash flows used in investing activities	(713)	(566)
Cash flows from financing activities		
Issuance of long-term debt	320	91
Retirement of long-term debt	(16)	(111)
Retirement of long-term debt to financing affiliates	(215)	(205)
Change in other short-term debt	30	1,836
Dividends paid on common stock	(267)	(267)
Proceeds from employee stock plans	81	103
Purchase of treasury stock	(54)	(8)
Other financing activities	20	(3)
Net cash flows provided by (used in) financing activities	(101)	1,436
Increase (decrease) in cash and cash equivalents	34	(139)
Cash and cash equivalents at beginning of period	140	499
Cash and cash equivalents at end of period	\$ 174	\$ 360

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 174	\$ 140
Restricted cash and investments	44	49
Accounts receivable, net		
Customer	1,606	1,858
Other	292	337
Mark-to-market derivative assets	637	916
Inventories, at average cost		
Fossil fuel	248	311
Materials and supplies	357	351
Deferred income taxes	96	80
Other	583	595
Total current assets	<u>4,037</u>	<u>4,637</u>
Property, plant and equipment, net	<u>22,295</u>	<u>21,981</u>
Deferred debits and other assets		
Regulatory assets	4,235	4,386
Nuclear decommissioning trust funds	5,832	5,585
Investments	815	813
Goodwill	3,475	3,475
Mark-to-market derivative assets	369	311
Prepaid pension asset	373	377
Other	863	824
Total deferred debits and other assets	<u>15,962</u>	<u>15,771</u>
Total assets	<u>\$ 42,294</u>	<u>\$ 42,389</u>

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Commercial paper and notes payable	\$ 1,320	\$ 1,290
Long-term debt due within one year	408	407
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transition Trust due within one year	702	507
Accounts payable	1,153	1,467
Mark-to-market derivative liabilities	953	1,282
Accrued expenses	845	1,005
Other	879	605
Total current liabilities	6,260	6,563
Long-term debt	8,064	7,759
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transition Trust	3,045	3,456
Long-term debt to other financing trusts	545	545
Deferred credits and other liabilities		
Deferred income taxes	4,908	4,816
Unamortized investment tax credits	259	262
Asset retirement obligations	4,220	4,157
Pension obligations	285	268
Non-pension postretirement benefits obligations	1,049	1,014
Spent nuclear fuel obligation	915	906
Regulatory liabilities	2,268	2,170
Mark-to-market derivative liabilities	437	462
Other	767	798
Total deferred credits and other liabilities	15,108	14,853
Total liabilities	33,022	33,176
Commitments and contingencies		
Minority interest of consolidated subsidiaries	—	1
Preferred securities of subsidiaries	87	87
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 668.5 and 666.4 shares outstanding at March 31, 2006 and December 31, 2005, respectively)	8,119	7,987
Treasury stock, at cost (10.4 and 9.4 shares held at March 31, 2006 and December 31, 2005, respectively)	(498)	(444)
Retained earnings	3,068	3,206
Accumulated other comprehensive loss	(1,504)	(1,624)
Total shareholders' equity	9,185	9,125
Total liabilities and shareholders' equity	\$ 42,294	\$ 42,389

See the Combined Notes to Consolidated Financial Statements

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

(Dollars in millions, shares in thousands)	<u>Issued Shares</u>	<u>Common Stock</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Shareholders' Equity</u>
Balance, December 31, 2005	675.8	\$ 7,987	\$ (444)	\$ 3,206	\$ (1,624)	\$ 9,125
Net income	—	—	—	400	—	400
Long-term incentive plan activity	3.1	132	—	—	—	132
Common stock purchases	—	—	(54)	—	—	(54)
Common stock dividends declared	—	—	—	(538)	—	(538)
Other comprehensive income, net of income taxes of \$102	—	—	—	—	120	120
Balance, March 31, 2006	<u>678.9</u>	<u>\$ 8,119</u>	<u>\$ (498)</u>	<u>\$ 3,068</u>	<u>\$ (1,504)</u>	<u>\$ 9,185</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31,	
	2006	2005
Operating revenues		
Operating revenues	\$ 1,423	\$ 1,383
Operating revenues from affiliates	3	3
Total operating revenues	1,426	1,386
Operating expenses		
Purchased power	91	67
Purchased power from affiliate	771	753
Operating and maintenance	164	159
Operating and maintenance from affiliates	52	44
Depreciation and amortization	98	97
Taxes other than income	81	78
Total operating expenses	1,257	1,198
Operating income	169	188
Other income and deductions		
Interest expense	(56)	(49)
Interest expense to affiliates	(20)	(25)
Equity in losses of unconsolidated affiliates	(3)	(4)
Interest income from affiliates	—	2
Other, net	1	4
Total other income and deductions	(78)	(72)
Income before income taxes	91	116
Income taxes	37	46
Net income	54	70
Other comprehensive loss, net of income taxes		
Change in unrealized loss on cash-flow hedges	—	(2)
Other comprehensive loss	—	(2)
Comprehensive income	\$ 54	\$ 68

See the Combined Notes to Consolidated Financial Statements

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

	For the Three Months Ended March 31,	
(In millions)	2006	2005
Cash flows from operating activities		
Net income	\$ 54	\$ 70
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation, amortization and accretion	98	97
Deferred income taxes and amortization of investment tax credits	(8)	257
Provision for uncollectible accounts	4	6
Equity in losses of unconsolidated affiliates	3	4
Other non-cash operating activities	11	11
Changes in assets and liabilities		
Accounts receivable	58	18
Inventories	(3)	(1)
Other current assets	(7)	(4)
Accounts payable, accrued expenses and other current liabilities	(25)	(43)
Changes in receivables and payables to affiliates	27	47
Income taxes	59	(211)
Net realized and unrealized mark-to-market and hedging transactions	10	—
Pension and non-pension postretirement benefits obligation	17	(785)
Other noncurrent assets and liabilities	(1)	(9)
Net cash flows provided by (used in) operating activities	297	(543)
Cash flows from investing activities		
Capital expenditures	(234)	(184)
Changes in Exelon intercompany money pool contributions	—	207
Change in restricted cash	(2)	(2)
Net cash flows provided by (used in) investing activities	(236)	21
Cash flows from financing activities		
Changes in short-term debt	(151)	—
Issuance of long-term debt	320	91
Retirement of long-term debt	—	(91)
Retirement of Exelon intercompany money pool borrowings	(140)	—
Retirement of long-term debt to ComEd Transitional Funding Trust	(89)	(97)
Dividends paid on common stock	—	(138)
Contributions from parent	—	834
Other financing activities	(3)	(2)
Net cash flows provided by (used in) financing activities	(63)	597
Increase (decrease) in cash and cash equivalents	(2)	75
Cash and cash equivalents at beginning of period	38	30
Cash and cash equivalents at end of period	\$ 36	\$ 105

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 36	\$ 38
Restricted cash	2	—
Accounts receivable, net		
Customer	717	806
Other	43	46
Inventories, at average cost	53	50
Deferred income taxes	15	13
Receivables from affiliates	15	37
Other	41	34
Total current assets	<u>922</u>	<u>1,024</u>
Property, plant and equipment, net	10,054	9,906
Deferred debits and other assets		
Investments	42	41
Investments in affiliates	31	34
Goodwill	3,475	3,475
Receivables from affiliates	1,530	1,447
Prepaid pension asset	932	938
Other	352	346
Total deferred debits and other assets	<u>6,362</u>	<u>6,281</u>
Total assets	<u>\$ 17,338</u>	<u>\$ 17,211</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 328	\$ 328
Long-term debt to ComEd Transitional Funding Trust due within one year	306	307
Accounts payable	206	223
Accrued expenses	432	417
Payables to affiliates	284	278
Commercial paper	308	459
Borrowing from Exelon intercompany money pool	—	140
Customer deposits	114	110
Other	60	46
Total current liabilities	2,038	2,308
Long-term debt	2,822	2,500
Long-term debt to ComEd Transitional Funding Trust	592	680
Long-term debt to other financing trusts	361	361
Deferred credits and other liabilities		
Deferred income taxes	2,143	2,147
Unamortized investment tax credits	42	43
Asset retirement obligations	153	151
Non-pension postretirement benefits obligation	186	175
Regulatory liabilities	2,268	2,170
Other	282	280
Total deferred credits and other liabilities	5,074	4,966
Total liabilities	10,887	10,815
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	4,890	4,890
Retained deficit	(26)	(81)
Accumulated other comprehensive loss	(1)	(1)
Total shareholders' equity	6,451	6,396
Total liabilities and shareholders' equity	\$ 17,338	\$ 17,211

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings Unappropriated	Retained Earnings Appropriated	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2005	\$ 1,588	\$4,890	\$ (1,180)	\$ 1,099	\$ (1)	\$ 6,396
Net income	—	—	54	—	—	54
Appropriation of Retained Earnings for future dividends	—	—	(54)	55	—	1
Other comprehensive income, net of income taxes of \$0	—	—	—	—	—	—
Balance, March 31, 2006	<u>\$ 1,588</u>	<u>\$4,890</u>	<u>\$ (1,180)</u>	<u>\$ 1,154</u>	<u>\$ (1)</u>	<u>\$ 6,451</u>

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2006	2005
(In millions)		
Operating revenues		
Operating revenues	\$ 1,403	\$ 1,291
Operating revenues from affiliates	4	4
Total operating revenues	<u>1,407</u>	<u>1,295</u>
Operating expenses		
Purchased power	71	51
Purchased power from affiliate	416	381
Fuel	326	264
Fuel from affiliate	—	1
Operating and maintenance	117	109
Operating and maintenance from affiliates	31	25
Depreciation and amortization	171	136
Taxes other than income	65	54
Total operating expenses	<u>1,197</u>	<u>1,021</u>
Operating income	<u>210</u>	<u>274</u>
Other income and deductions		
Interest expense	(18)	(13)
Interest expense to affiliates	(51)	(59)
Equity in losses of unconsolidated affiliates	(3)	(4)
Interest income from affiliates	—	1
Other, net	3	1
Total other income and deductions	<u>(69)</u>	<u>(74)</u>
Income before income taxes	141	200
Income taxes	48	71
Net income	93	129
Preferred stock dividends	1	1
Net income on common stock	<u>\$ 92</u>	<u>\$ 128</u>
Comprehensive income, net of income taxes		
Net income	\$ 93	\$ 129
Other comprehensive loss, net of income taxes	—	—
Comprehensive income	<u>\$ 93</u>	<u>\$ 129</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	For the Three Months Ended March 31,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 93	\$ 129
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	171	136
Deferred income taxes and amortization of investment tax credits	(70)	(19)
Provision for uncollectible accounts	19	6
Equity in losses of unconsolidated affiliates	3	4
Other non-cash operating activities	4	(3)
Changes in assets and liabilities		
Accounts receivable	(3)	(20)
Inventories	44	74
Deferred/ over-recovered energy costs	50	27
Prepaid utility taxes	(139)	(149)
Other current assets	—	4
Accounts payable, accrued expenses and other current liabilities	(68)	(67)
Change in receivables and payables to affiliates, net	7	10
Income taxes	136	82
Pension asset and non-pension postretirement benefits obligation	5	(141)
Other noncurrent assets and liabilities	(5)	(1)
Net cash flows provided by operating activities	<u>247</u>	<u>72</u>
Cash flows from investing activities		
Capital expenditures	(90)	(56)
Changes in Exelon intercompany money pool contributions	8	34
Change in restricted cash	(1)	(4)
Other investing activities	(1)	3
Net cash flows used in investing activities	<u>(84)</u>	<u>(23)</u>
Cash flows from financing activities		
Retirement of long-term debt	—	(4)
Retirement of long-term debt to PECO Energy Transition Trust	(126)	(108)
Change in short-term debt	87	36
Dividends paid on common and preferred stock	(117)	(116)
Contributions from parent	36	144
Net cash flows used in financing activities	<u>(120)</u>	<u>(48)</u>
Increase in cash and cash equivalents	43	1
Cash and cash equivalents at beginning of period	37	74
Cash and cash equivalents at end of period	<u>\$ 80</u>	<u>\$ 75</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 80	\$ 37
Restricted cash	3	2
Accounts receivable, net		
Customer	436	454
Other	29	57
Affiliate	—	13
Inventories, at average cost		
Gas	107	151
Materials and supplies	11	11
Contributions to Exelon intercompany money pool	—	8
Deferred income taxes	21	7
Deferred energy costs	—	39
Prepaid utility taxes	139	—
Other	17	16
Total current assets	<u>843</u>	<u>795</u>
Property, plant and equipment, net	4,520	4,471
Deferred debits and other assets		
Regulatory assets	4,235	4,386
Investments	23	22
Investment in affiliates	71	73
Receivable from affiliate	88	68
Prepaid pension asset	195	195
Other	8	8
Total deferred debits and other assets	<u>4,620</u>	<u>4,752</u>
Total assets	<u>\$ 9,983</u>	<u>\$ 10,018</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Commercial paper	\$ 307	\$ 220
Long-term debt to PECO Energy Transition Trust due within one year	396	199
Accounts payable	128	182
Accrued expenses	177	92
Payables to affiliates	172	178
Customer deposits	57	54
Over-recovered energy costs	11	—
Other	9	11
Total current liabilities	1,257	936
Long-term debt	1,183	1,183
Long-term debt to PECO Energy Transition Trust	2,453	2,776
Long-term debt to other financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes	2,728	2,781
Unamortized investment tax credits	16	17
Asset retirement obligations	21	20
Non-pension postretirement benefits obligation	283	278
Other	142	139
Total deferred credits and other liabilities	3,190	3,235
Total liabilities	8,267	8,314
Commitments and contingencies		
Shareholders' equity		
Common stock	2,193	2,193
Preferred stock	87	87
Receivable from parent	(1,196)	(1,232)
Retained earnings	625	649
Accumulated other comprehensive income	7	7
Total shareholders' equity	1,716	1,704
Total liabilities and shareholders' equity	\$ 9,983	\$ 10,018

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	<u>Common Stock</u>	<u>Preferred Stock</u>	<u>Receivable from Parent</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Shareholders' Equity</u>
Balance, December 31, 2005	\$ 2,193	\$ 87	\$ (1,232)	\$ 649	\$ 7	\$ 1,704
Net income	—	—	—	93	—	93
Common stock dividends	—	—	—	(116)	—	(116)
Preferred stock dividends	—	—	—	(1)	—	(1)
Repayment of receivable from parent	—	—	36	—	—	36
Other comprehensive loss, net of income taxes of \$(1)	—	—	—	—	—	—
Balance, March 31, 2006	<u>\$ 2,193</u>	<u>\$ 87</u>	<u>\$ (1,196)</u>	<u>\$ 625</u>	<u>\$ 7</u>	<u>\$ 1,716</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31,	
	2006	2005
Operating revenues		
Operating revenues	\$ 1,032	\$ 885
Operating revenues from affiliates	1,188	1,135
Total operating revenues	2,220	2,020
Operating expenses		
Purchased power	363	450
Fuel	611	358
Operating and maintenance	593	541
Operating and maintenance from affiliates	75	68
Depreciation and amortization	67	62
Taxes other than income	43	35
Total operating expenses	1,752	1,514
Operating income	468	506
Other income and deductions		
Interest expense	(42)	(27)
Interest expense to affiliates	(1)	(2)
Equity in losses of unconsolidated affiliates	(3)	—
Other, net	7	18
Total other income and deductions	(39)	(11)
Income from continuing operations before income taxes	429	495
Income taxes	161	191
Income from continuing operations	268	304
Gain on disposal of discontinued operations (net of taxes of \$5 for the three months ended March 31, 2005)	—	16
Net income	268	320
Other comprehensive income (loss), net of income taxes		
Change in unrealized gain (loss) on cash-flow hedges	92	(124)
Unrealized gain (loss) on marketable securities	28	(15)
Other comprehensive income (loss)	120	(139)
Comprehensive income	\$ 388	\$ 181

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	For the Three Months Ended March 31,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 268	\$ 320
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation, amortization and accretion, including nuclear fuel	226	220
Deferred income taxes and amortization of investment tax credits	(1)	363
Equity in losses of unconsolidated affiliates	3	—
Gain on sale of investments	—	(21)
Net realized (gains) losses on nuclear decommissioning trust funds	2	(1)
Other decommissioning-related activities	(6)	(5)
Other non-cash operating activities	40	(7)
Changes in assets and liabilities		
Accounts receivable	150	59
Receivables and payables to affiliates, net	60	(58)
Inventories	24	4
Other current assets	(24)	(30)
Accounts payable, accrued expenses and other current liabilities	(307)	(57)
Counterparty collateral asset	146	(22)
Counterparty collateral liability	(41)	(1)
Income taxes	85	(66)
Net realized and unrealized mark-to-market and hedging transactions	23	(77)
Pension and non-pension postretirement benefits obligation	26	(855)
Other noncurrent assets and liabilities	(72)	(4)
Net cash flows provided by (used in) operating activities	<u>602</u>	<u>(238)</u>
Cash flows from investing activities		
Capital expenditures	(286)	(247)
Proceeds from nuclear decommissioning trust fund sales	932	782
Investment in nuclear decommissioning trust funds	(1,000)	(834)
Acquisitions of businesses, net of cash acquired	—	(97)
Proceeds from sales of wholly owned subsidiaries, net of \$32 of cash sold during the three months ended March 31, 2005	—	103
Change in restricted cash	1	(2)
Other investing activities	(1)	(3)
Net cash flows used in investing activities	<u>(354)</u>	<u>(298)</u>
Cash flows from financing activities		
Retirement of long-term debt	—	(1)
Changes in Exelon intercompany money pool borrowings	(88)	(246)
Distribution to member	(165)	(239)
Contribution from member	—	843
Other financing activities	2	—
Net cash flows provided by (used in) financing activities	<u>(251)</u>	<u>357</u>
Decrease in cash and cash equivalents	<u>(3)</u>	<u>(179)</u>
Cash and cash equivalents at beginning of period	34	263
Cash and cash equivalents at end of period	<u>\$ 31</u>	<u>\$ 84</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 31	\$ 34
Restricted cash and investments	2	3
Accounts receivable, net		
Customer	446	585
Other	85	109
Mark-to-market derivative assets	637	916
Receivable from affiliates	405	411
Inventories, at average cost		
Fossil fuel	141	160
Materials and supplies	293	290
Deferred income taxes	39	35
Prepayments and other current assets	364	497
Total current assets	<u>2,443</u>	<u>3,040</u>
Property, plant and equipment, net	7,586	7,464
Deferred debits and other assets		
Nuclear decommissioning trust funds	5,832	5,585
Investments	120	120
Mark-to-market derivative assets	331	286
Prepaid pension asset	1,007	1,013
Other	256	216
Total deferred debits and other assets	<u>7,546</u>	<u>7,220</u>
Total assets	<u>\$ 17,575</u>	<u>\$ 17,724</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2006	December 31, 2005
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 12	\$ 12
Accounts payable	728	954
Mark-to-market derivative liabilities	947	1,282
Payables to affiliates	58	4
Borrowings from Exelon intercompany money pool	4	92
Commercial paper	313	311
Accrued expenses	411	415
Other	314	330
Total current liabilities	2,787	3,400
Long-term debt	1,788	1,788
Deferred credits and other liabilities		
Asset retirement obligations	4,047	3,986
Pension obligation	17	13
Non-pension postretirement benefits obligations	556	541
Spent nuclear fuel obligation	915	906
Deferred income taxes	773	663
Unamortized investment tax credits	200	202
Payables to affiliates	1,605	1,503
Mark-to-market derivative liabilities	432	460
Other	251	280
Total deferred credits and other liabilities	8,796	8,554
Total liabilities	13,371	13,742
Commitments and contingencies		
Minority interest of consolidated subsidiary	1	2
Member's equity		
Membership interest	3,220	3,220
Undistributed earnings	1,105	1,002
Accumulated other comprehensive loss	(122)	(242)
Total member's equity	4,203	3,980
Total liabilities and member's equity	\$ 17,575	\$ 17,724

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY
(Unaudited)

<u>(In millions)</u>	<u>Membership Interest</u>	<u>Undistributed Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Member's Equity</u>
Balance, December 31, 2005	\$ 3,220	\$ 1,002	\$ (242)	\$ 3,980
Net income	—	268	—	268
Distribution to member	—	(165)	—	(165)
Other comprehensive income, net of income taxes of \$102	—	—	120	120
Balance, March 31, 2006	<u>\$ 3,220</u>	<u>\$ 1,105</u>	<u>\$ (122)</u>	<u>\$ 4,203</u>

See the Combined Notes to Consolidated Financial Statements

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

1. Basis of Presentation (Exelon, ComEd, PECO and Generation)

Exelon Corporation (Exelon) is a utility services holding company engaged, through its subsidiaries, in the energy delivery, generation and other businesses discussed below. The energy delivery businesses include the purchase and regulated retail and wholesale sale of electricity and distribution and transmission services by Commonwealth Edison Company (ComEd) in northern Illinois, including the City of Chicago, and by PECO Energy Company (PECO) in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and related distribution services by PECO in the Pennsylvania counties surrounding the City of Philadelphia. The generation business consists principally of the electric generating facilities and wholesale energy marketing operations of Exelon Generation Company, LLC (Generation), the competitive retail sales business of Exelon Energy Company (Exelon Energy) and certain other generation projects.

Exelon's consolidated financial statements include the accounts of entities in which it has a controlling financial interest, other than certain financing trusts of ComEd and PECO, and its proportionate interests in jointly owned electric utility plants, after the elimination of intercompany transactions. A controlling financial interest is evidenced by either a voting interest greater than 50% or a risk and rewards model that identifies Exelon or one of its subsidiaries as the primary beneficiary of the variable interest entity. Investments and joint ventures in which Exelon does not have a controlling financial interest and certain financing trusts of ComEd and PECO are accounted for under the equity or cost method of accounting.

Exelon owns 100% of all significant consolidated subsidiaries, either directly or indirectly, except for ComEd, of which Exelon owns more than 99%, and Southeast Chicago Energy Project, LLC (SCEP), of which Exelon owns 72%. Exelon has reflected the third-party interests in ComEd as minority interest in its consolidated financial statements. See Note 7 — Debt and Credit Agreements for further discussion of SCEP.

The accompanying consolidated financial statements as of March 31, 2006 and 2005 and for the three months then ended are unaudited but, in the opinion of the management of each of Exelon, ComEd, PECO and Generation (collectively, the Registrants), include all adjustments that are considered necessary for a fair presentation of its respective financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2005 Consolidated Balance Sheets were taken from audited financial statements. These Combined Notes to Consolidated Financial Statements do not include all disclosures required by GAAP. Certain prior-year amounts have been reclassified for comparative purposes. These reclassifications had no effect on net income or shareholders' or Member's equity. These notes should be read in conjunction with the Notes to Consolidated Financial Statements of Exelon, ComEd, PECO and Generation included in ITEM 8 of their 2005 Annual Report on Form 10-K.

2. Discontinued Operations (Exelon and Generation)

As discussed in Note 4 — Acquisitions and Dispositions, on January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe Energies, Inc. (Sithe). In addition, during 2003 and 2004, Exelon sold or wound down substantially all components of Exelon Enterprises Company, LLC (Enterprises). As a result, the results of operations and any gain or loss on the sale of these entities are presented as discontinued operations for the three months ended March 31, 2005 within Exelon's (for Sithe and Enterprises) and Generation's (for Sithe) Consolidated Statements of Income

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and Comprehensive Income. Results for the three months ended March 31, 2005 related to these entities were as follows:

<u>Three Months Ended March 31, 2005</u>	<u>Sithe(a)</u>	<u>Enterprises(b)</u>	<u>Total</u>
Total operating revenues	\$ 30	\$ 4	\$ 34
Operating income (loss)	5	(2)	3
Income before income taxes	20(c)	(4)	16

- (a) Includes Sithe's results of operations from January 1, 2005 through January 31, 2005, which was the date of the sale. See Note 4 — Acquisitions and Dispositions for further information regarding the sale of Sithe.
- (b) Excludes certain investments.
- (c) Sithe includes a pre-tax gain on sale of \$21 million.

During the three months ended March 31, 2006, Exelon's Consolidated Statement of Income and Comprehensive Income included \$1 million of income from discontinued operations related to Enterprises. There were no discontinued operations related to Sithe during the three months ended March 31, 2006.

3. New Accounting Pronouncements (Exelon, ComEd, PECO and Generation)

SFAS No. 123-R

Exelon grants stock-based awards through its Long-Term Incentive Plans (LTIPs), which primarily include stock options and performance share awards. Prior to January 1, 2006, Exelon accounted for these stock-based awards under the intrinsic value method of Accounting Principles Board (APB) No. 25, "Accounting for Stock Issued to Employees" (APB No. 25). This method under APB No. 25 resulted in no expense being recorded for stock option grants in 2005. On January 1, 2006, Exelon adopted Financial Accounting Standards Board (FASB) Statement No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123-R), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) and supersedes APB No. 25. SFAS No. 123-R requires that compensation cost relating to stock-based payment transactions be recognized in the financial statements. That cost is measured on the fair value of the equity or liability instruments issued. SFAS No. 123-R applies to all of Exelon's outstanding unvested stock-based payment awards as of January 1, 2006 and all prospective awards using the modified prospective transition method without restatement of prior periods. At March 31, 2006, there were approximately 28.1 million shares remaining for issuance under the LTIPs.

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The following table presents the stock-based compensation expense included in Exelon's Consolidated Statements of Income and Comprehensive Income during the three months ended March 31, 2006 and 2005:

Components of Stock-based Compensation Expense	Three Months Ended March 31,	
	2006	2005
Stock options	\$ 17	\$ —
Performance shares	21	11
Other stock-based awards	1	1
Total stock-based compensation included in operating and maintenance expense	\$ 39	\$ 12
Income tax benefit	(15)	(5)
Total after-tax stock-based compensation expense	\$ 24	\$ 7

ComEd, PECO and Generation had stock-based compensation expense of \$10 million, \$5 million and \$22 million, respectively, during the three months ended March 31, 2006 and \$2 million, \$1 million and \$8 million, respectively, during the three months ended March 31, 2005.

Stock Options

Non-qualified stock options to purchase shares of Exelon's common stock are granted under the LTIPs. As a result of adopting SFAS No. 123-R, Exelon expensed \$17 million of stock options during the three months ended March 31, 2006.

The exercise price of the stock options is equal to the fair market value of the underlying stock on the date of option grant. Options granted under the LTIPs generally become exercisable upon a specified vesting date. Shares subject to options are typically issued from authorized but unissued common stock shares. All options expire 10 years from the date of grant. The vesting period of options outstanding as of March 31, 2006 generally ranged from 3 years to 4 years. The value of stock options at the date of grant is either amortized through expense over the requisite service period using the straight-line method or capitalized. For options granted to retirement eligible employees, the value of the option is recognized immediately on the date of grant. There were no significant capitalized stock-based compensation costs at March 31, 2006 and 2005.

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton option-pricing model with the following weighted average assumptions used for grants for the three months ended March 31, 2006 and 2005, respectively:

	Three Months Ended March 31,	
	2006	2005
Dividend yield	3.2%	3.6%
Expected volatility	25.5%	18.1%
Risk-free interest rate	4.27%	3.83%
Expected life (years)	6.25	6.25

The dividend yield is based on several factors, including Exelon's most recent dividend payment at the grant date and the average stock price over the previous twelve months. Expected volatility is based on implied

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

volatilities of traded stock options in Exelon's common stock and historical volatility over the estimated expected life of the options. The risk-free interest rate for a security with a term equal to the expected life is based on a yield curve constructed from U.S. Treasury strips at the time of grant. The expected life represents the period of time the options are expected to be outstanding and is based on the simplified model. Additionally, Exelon uses historical data to estimate employee forfeitures. Exelon reviews the actual and estimated forfeitures and records an adjustment if necessary.

Utilizing the Black-Scholes-Merton option-pricing model and the assumptions discussed above, the weighted average grant-date fair value of options granted during the three months ended March 31, 2006 and 2005 was \$13.22 and \$6.33, respectively.

Information with respect to the stock options at March 31, 2006 is as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at December 31, 2005	21,674,270	\$ 31.23		
Options granted/assumed	4,067,995	58.55		
Options exercised	(2,599,923)	29.62		
Options forfeited/cancelled	(85,205)	39.28		
Balance at March 31, 2006	<u>23,057,137</u>	36.20	7.25	\$ 385,022,603
Exercisable at March 31, 2006(a)	<u>11,843,040</u>	30.04	5.95	270,736,274

(a) Includes options issued to retirement-eligible employees.

Intrinsic value for stock-based instruments is defined as the difference between the current market value and the exercise price. The total intrinsic value of stock options exercised during the three months ended March 31, 2006 and 2005 was \$70 million and \$78 million, respectively.

During the three months ended March 31, 2006 and 2005, cash received from stock options exercised was \$77 million and \$100 million, respectively, and the actual tax benefit realized for tax deductions from stock options exercised was \$28 million and \$31 million, respectively. SFAS No. 123-R requires the benefits of tax deductions in excess of the compensation cost recognized for stock options exercised (excess tax benefits) to be classified as financing cash flows. There was \$21 million of excess tax benefits included as a cash inflow in other financing activities of Exelon's March 31, 2006 Consolidated Statement of Cash Flow. Prior to the adoption of SFAS No. 123-R, Exelon presented these benefits as operating cash flows in the Consolidated Statement of Cash Flows.

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The following table summarizes Exelon's nonvested stock option activity for the three months ended March 31, 2006:

	Shares	Weighted Average Exercise Price (per share)
Nonvested at December 31, 2005	12,000,284	\$ 35.42
Granted	4,067,995	58.55
Vested	(4,770,177)	37.83
Forfeited	(84,005)	39.55
Nonvested at March 31, 2006	<u>11,214,097</u>	<u>42.71</u>

As of March 31, 2006, \$68 million of total unrecognized compensation costs related to nonvested stock options are expected to be recognized over the weighted-average period of 3 years. The total grant date fair value of options vested during the three months ended March 31, 2006 and 2005 was \$19 million and \$6 million, respectively.

Performance Share Awards

In addition to the stock options discussed above, Exelon grants performance share awards under the LTIPs. During the three months ended March 31, 2006 and 2005, Exelon granted performance share awards of 1,099,723 and 739,633 shares, respectively, which generally will vest and settle over a three-year period. The payout of performance shares granted in the first quarter of 2006 will be based on market conditions, specifically on how Exelon's stock performs relative to certain stock market indices. The payout of performance shares granted in the first quarter of 2005 was based on market conditions in addition to certain performance conditions based upon internal cash flow and cost metrics. As a result of adopting SFAS No. 123-R, Exelon now recognizes ratably throughout the year of grant the entire compensation cost of new common stock awards in which retirement-eligible employees are fully vested in the year of grant (non-substantive vesting approach). Prior to the adoption of SFAS No. 123-R on January 1, 2006, such compensation cost was recognized over the nominal vesting period of performance with any remaining compensation cost recognized at the date of retirement. The impact of using this approach related to performance share awards was \$2 million during the three months ended March 31, 2006. For non retirement-eligible employees, compensation costs related to performance share awards subject to market conditions are accrued and expensed over the vesting period of three years using the graded vesting method, whereby a significant portion of the overall cost is recognized in the year of grant. Exelon recognized total stock-based compensation expense (pre-tax) of \$21 million and \$11 million related to the performance share awards for the three months ended March 31, 2006 and 2005, respectively.

The holders of the performance share awards will be paid shares of common stock and/or cash annually during the vesting period of 3 years. The combination of common stock and/or cash is based on certain stock ownership requirements. Cash-settled common stock awards are recorded at their then current fair value at the end of each reporting period through the end of the vesting period. At March 31, 2006 and December 2005, Exelon had an obligation of \$32 million and \$100 million, respectively, related to outstanding awards not yet settled.

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The fair value of each performance share award granted in the first quarter of 2006 was estimated using historical data for the previous two plan years and a Monte Carlo simulation model for the current plan year, which requires assumptions regarding Exelon's total shareholder return relative to certain stock market indices and the stock beta and volatility of Exelon's common stock and all stocks represented in these indices. Expected volatility is based on historical information. Additionally, Exelon uses historical data to estimate employee forfeitures, which are compared to actual forfeitures on a quarterly basis and adjusted if necessary.

Other Stock-Based Awards

Exelon also issues common stock through an employee stock purchase plan and through restricted stock units and accounts for these awards in accordance with SFAS No. 123-R. The compensation cost of these types of issuances were immaterial during the three months ended March 31, 2006 and 2005.

2005 Pro Forma Information

The table below shows the effect on Exelon's net income and earnings per share had Exelon elected to account for all of its stock-based compensation plans using the fair-value method under SFAS No. 123 for the three months ended March 31, 2005:

	Three Months Ended March 31, 2005	
Net income — as reported	\$	521
Add: Stock-based compensation expense included in reported net income, net of income taxes		7
Deduct: Total stock-based compensation expense determined under fair-value method for all awards, net of income taxes(a)		(11)
Pro forma net income	\$	517
Earnings per share:		
Basic — as reported	\$	0.78
Basic — pro forma	\$	0.78
Diluted — as reported	\$	0.77
Diluted — pro forma	\$	0.77

(a) The fair value of options granted was estimated using a Black-Scholes-Merton option-pricing model.

Had Exelon recognized the entire compensation cost of its stock-based awards in which retirement-eligible employees were fully vested upon issuance for stock options, and in the first year for performance share awards (non-substantive vesting approach), as now required under SFAS No. 123-R, stock-based compensation expense would have been \$5 million higher after taxes than reflected in the table above for the three months ended March 31, 2005. This pro forma amount of \$5 million was calculated as if SFAS No. 123-R had always been implemented. However, at the time of adoption on January 1, 2006, the compensation cost of stock-based awards issued to retirement eligible employees was recognized using the non-substantive vesting approach prospectively.

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SFAS No. 151

In November 2004, the FASB issued FASB Statement No. 151, “Inventory Costs — an amendment of ARB No. 43, Chapter 4” (SFAS No. 151), which is the result of its efforts to converge U.S. accounting standards for inventories with International Accounting Standards. SFAS No. 151 requires abnormal amounts of idle facility expense, freight, handling costs and wasted material or spoilage to be recognized as current-period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 was effective for inventory costs incurred beginning January 1, 2006. The adoption of this standard did not have a material impact on the Registrants in the first quarter of 2006.

SFAS No. 154

In May 2005, the FASB issued FASB Statement No. 154, “Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3” (SFAS No. 154). Previously, APB Opinion No. 20, “Accounting Changes” and FASB Statement No. 3, “Reporting Accounting Changes in Interim Financial Statements” required the inclusion of the cumulative effect of changes in accounting principle in net income of the period of the change. SFAS No. 154 requires companies to recognize a change in accounting principle, including a change required by a new accounting pronouncement when the pronouncement does not include specific transition provisions, retrospectively to prior period financial statements. SFAS No. 154 was effective as of January 1, 2006 and the adoption of this standard did not have any impact on the Registrants in the first quarter of 2006.

EITF 04-13

In September 2005, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 04-13, “Accounting for Purchases and Sales of Inventory with the Same Counterparty” (EITF 04-13). EITF 04-13 provides guidance on whether two or more inventory purchase and sales transactions with the same counterparty should be viewed as a single exchange transaction within the scope of APB No. 29, “Accounting for Nonmonetary Transactions.” In addition, EITF 04-13 indicates whether nonmonetary exchanges of inventory within the same line of business should be recognized at cost or fair value. EITF 04-13 will be effective as of April 1, 2006 for the Registrants. The provisions of EITF 04-13 are applied prospectively. The impact on the Registrants in periods subsequent to the effective date is dependent on transactions that could occur in future periods, and therefore cannot be determined until the transaction occurs.

SFAS No. 155

In February 2006, the FASB issued FASB Statement No. 155, “Accounting for Certain Hybrid Financial Instruments, amendment of FASB Statements No. 133 and 140” (SFAS No. 155). SFAS No. 155 amends SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (SFAS No. 133) and SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities” (SFAS No. 140). SFAS No. 155 gives entities the option of applying fair value accounting to certain hybrid financial instruments in their entirety if they contain embedded derivatives that would otherwise require bifurcation under SFAS No. 133. SFAS No. 155 will be effective for the Registrants as of January 1, 2007 and the Registrants are currently assessing the impact that SFAS No. 155 may have on their financial statements.

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SFAS No. 156

In March 2006, the FASB issued FASB Statement No. 156, "Accounting for Servicing of Financial Assets, amendment of FASB Statement No. 140" (SFAS No. 156). SFAS No. 156 amends SFAS No. 140 with respect to the accounting for separately recognized servicing assets and liabilities. SFAS No. 156 primarily requires companies to initially record separately recognized servicing rights at fair value, allows companies to choose between two measurement methods and provides additional disclosure requirements. SFAS No. 156 will be effective for the Registrants as of January 1, 2007 and the Registrants are currently assessing the impact that SFAS No. 156 may have on their financial statements.

FSP No. FIN 46(R)-6

In April 2006, the FASB issued FASB Staff Position No. FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)" (FSP No. 46(R)-6). This pronouncement provides guidance on how a reporting enterprise should determine the variability to be considered in applying FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities," which could impact the assessment of whether certain variable interest entities are consolidated. FSP No. 46(R)-6 will be effective for the Registrants on July 1, 2006. The provisions of FSP No. 46(R)-6 are applied prospectively. The impact on the Registrants in periods subsequent to the effective date is dependent on transactions that could occur in future periods, and therefore cannot be determined until the transaction occurs.

4. Acquisitions and Dispositions (Exelon and Generation)

Proposed Merger with PSEG (Exelon)

On December 20, 2004, Exelon entered into an Agreement and Plan of Merger (Merger Agreement) with Public Service Enterprise Group Incorporated (PSEG), a public utility holding company primarily located and serving customers in New Jersey, whereby PSEG will be merged with and into Exelon (Merger). PSEG shareholders approved the Merger on July 19, 2005. Exelon shareholders approved the issuance of Exelon shares pursuant to the Merger on July 22, 2005. Under the Merger Agreement, each share of PSEG common stock will be converted into 1.225 shares of Exelon common stock.

As of April 25, 2006, all material regulatory approvals or reviews necessary to complete the Merger have been completed with the exception of the approval from the New Jersey Board of Public Utilities (NJBPU) and the United States Nuclear Regulatory Commission and the review by the United States Department of Justice. Hearings before the administrative law judge in the NJBPU proceedings were completed on March 31, 2006, and settlement discussions are expected to resume soon. Exelon currently expects that all regulatory actions required for the Merger will be completed in the third quarter of 2006.

Upon completion of the Merger, the generation business of PSEG known as PSEG Power will be merged with and into Generation, which will succeed to all the assets and liabilities of PSEG Power, and PSEG Power will cease to exist.

Exelon has capitalized certain external costs associated with the Merger since the execution of the Merger Agreement on December 20, 2004. Total capitalized costs of \$48 million and \$46 million are included in deferred debits and other assets on Exelon's Consolidated Balance Sheets as of March 31, 2006 and December 31, 2005, respectively.

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See Note 3 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for additional information regarding the Merger.

Sithe (Exelon and Generation)

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation closed on the acquisition of Reservoir Capital Group's (Reservoir) 50% interest in Sithe and the sale of 100% of Sithe to Dynegy, Inc. (Dynegy).

In connection with the sale, Exelon recorded \$55 million of liabilities related to certain indemnifications provided to Dynegy and other guarantees directly resulting from the transaction. Generation issued certain guarantees associated with income tax indemnifications to Dynegy in connection with the sale that were valued at approximately \$8 million (included in the \$55 million accrual discussed above), of which, \$3 million has been unwound as of March 31, 2006. These guarantees are being accounted for under the provisions of FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others" (FIN 45). The exposures covered by these indemnities are anticipated to expire in 2006 and beyond. These liabilities were taken into account in the determination of the net gain on the sale of \$21 million (before income taxes), which was adjusted to \$24 million (before income taxes) in the third quarter of 2005. As of March 31, 2006, Exelon's accrued liabilities related to these indemnifications and guarantees were \$43 million, including \$5 million related to income tax indemnifications. The net decrease for the accrual initially established resulted from the unwinding of certain guarantees and tax indemnifications that were associated with the sale transaction. The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately \$175 million at March 31, 2006.

Exelon's and Generation's Consolidated Statements of Income and Comprehensive Income for the three months ended March 31, 2005 included the following financial results related to Sithe, which were presented as discontinued operations:

	Three Months Ended March 31, 2005(a)
Operating revenues	\$ 30
Operating income	5
Net income(b)	16

(a) Sithe was sold on January 31, 2005. Accordingly, results include only one month of operations.

(b) Net income for the three months ended March 31, 2005 included a pre-tax gain on sale of Sithe of \$21 million.

There was no activity related to discontinued operations for Sithe during the three months ended March, 31, 2006.

See Note 3 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further discussion of Generation's investment in Sithe.

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5. Regulatory Issues (Exelon, ComEd, PECO and Generation)

ComEd

The legislatively-mandated transition and rate freeze period in Illinois will conclude on January 1, 2007. Associated with the end of this rate freeze, ComEd is engaged in various regulatory proceedings to establish rates for the post-2006 period, which are more fully described below.

Illinois Procurement Filing. On February 25, 2005, ComEd made a filing with the Illinois Commerce Commission (ICC) to seek regulatory approval of tariffs that would authorize ComEd to bill its customers for power costs incurred under a reverse-auction competitive bidding process (the Procurement Case). On January 24, 2006, the ICC, by a unanimous vote, approved the tariffs which are based on a reverse-auction competitive bidding process for procurement of power by ComEd for the period commencing January 1, 2007. The auction will be administered by an independent auction manager, with oversight by the ICC staff. The first auction is scheduled to take place during the fall of 2006, at which time ComEd's entire retail load will be up for bid. To mitigate the effects of changes in future prices, the load will be staggered in three-year contracts. The ICC determined that it will review the prudence of ComEd's purchase of power but that compliance with the ICC-approved process will establish a presumption of prudence. ComEd, the Attorney General of Illinois, Citizens Utility Board, Cook County, Environmental Law and Policy Center and the Building Owners Management Association have filed petitions for review of portions of the order with the Illinois Appellate Court. While ComEd is generally supportive of the order in the Procurement Case, ComEd has objected to the requirement for a procurement review.

The ICC, in its January 24, 2006 order, also ordered its staff to initiate three separate rulemakings regarding demand response programs, energy efficiency programs and renewable energy resources. ComEd intends to participate in those rulemaking proceedings.

Illinois Rate Case. On August 31, 2005, ComEd filed a rate case with the ICC, which seeks, among other things, to allocate the costs of delivering electricity and to adjust ComEd's rates for delivering electricity effective January 2, 2007 (Rate Case). Several intervenors in the Rate Case, including the ICC Staff and the Illinois Attorney General, have suggested and provided testimony that ComEd's rates for delivery services should be reduced. These proposals do not support a total rate reduction because the commodity component of ComEd's rates will be established by the reverse-auction process in accordance with the ICC order in the Procurement Case. The results of the Rate Case are not expected to be known until at least the third quarter of 2006.

Mitigation Proposal. To mitigate the impact on its residential customers of transitioning to the post rate freeze period, ComEd has offered to develop a "cap and deferral" proposal to ease the impact of the expected increase in rates on residential customers, which could require regulatory or legislative approval to implement. A cap and deferral proposal, generally speaking, would limit the procurement costs that ComEd could pass through to its customers for a specified period of time and allow ComEd to collect any unrecovered procurement costs, including an appropriate return, in later years. This proposal was submitted in the Rate Case and by agreement of the parties will be reviewed as part of a separate proceeding before the ICC.

Renewable Energy Filing. On April 4, 2006, ComEd filed with the ICC a proposal to purchase and receive recovery of costs associated with purchasing the output of a portfolio of wind resources of approximately 300 MW. The filing supports the ICC's resolution of July 19, 2005, in Docket No. 05-0437, which endorsed the governor's proposal for a voluntary initiative in which electric suppliers would obtain resources equal to 2% of electricity sold to Illinois retail customers from renewable energy resources by 2007 and gradually increasing to a target of 8% by 2013. Additionally, the filing expresses ComEd's support of the

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renewable, efficiency and demand response rulemaking proceedings ordered by the ICC in the Procurement Case. ComEd will file additional renewable energy, demand response and energy efficiency components sometime in the future, pending outcomes in those rulemakings.

Rate Freeze Extension Proposal. On February 24, 2006, House Bill 5766 was introduced in the Illinois General Assembly and was referred to the Rules Committee. To date, no further action has been taken related to House Bill 5766. If passed, this bill would result in the extension of the rate freeze in Illinois until at least 2010. In order for the bill to become law, it must be approved by both the Illinois House and the Senate, and signed by the Governor. ComEd believes the proposed legislation, if enacted into law, would have serious detrimental effects on Illinois, ComEd, and consumers of electricity. ComEd believes the proposed rate freeze extension, if enacted into law, will violate Federal law and the U.S. Constitution, and ComEd is prepared to challenge the rate freeze legislation in court. Due to the serious impact this proposed legislation would have, ComEd and others are vigorously opposing this legislative initiative. If enacted, this legislation would have adverse liquidity consequences for ComEd and could require ComEd to cease applying SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," (SFAS No. 71) which covers the accounting for the effects of rate regulation and which would require Exelon and ComEd to eliminate the financial statement effects of regulation for the portion of ComEd's business that ceases to meet the criteria. This would result in the elimination of all associated regulatory assets and liabilities that Exelon and ComEd had recorded on their Consolidated Balance Sheets through the recording of a one-time extraordinary item on their Consolidated Statements of Income and Comprehensive Income, which could be material.

Post 2006 Summary. ComEd cannot predict the results of the Rate Case before the ICC or whether the Illinois General Assembly might take action that could have a material impact on the outcome of the regulatory process. However, if the price which ComEd is ultimately allowed to bill to customers for energy beginning in 2007 is below ComEd's cost to procure and deliver electricity, ComEd expects that it will suffer adverse consequences, which could be material. Exelon and ComEd believe that these potential material adverse consequences could include, but may not be limited to, reduced earnings for Exelon and ComEd, loss of ComEd's investment grade credit ratings, limited or lost access for ComEd to credit markets to finance operations and capital investment, and loss of ComEd's capacity to enter into bilateral long-term energy procurement contracts, which may force ComEd to procure electricity at more volatile spot market prices. Moreover, to the extent ComEd is not permitted to recover its costs, ComEd's ability to maintain and improve service may be diminished and its ability to maintain reliability may be impaired. In the nearer term, these prospects could have adverse effects on ComEd's liquidity if vendors reduce credit or shorten payment terms or if ComEd's financing alternatives become more limited and significantly less flexible. Finally, if ComEd's ability to recover its costs from customers through rates is significantly impacted, all or a portion of ComEd's business could be required to cease applying SFAS No. 71.

PECO

Partial Settlement before the Pennsylvania Public Utility Commission (PAPUC). On January 27, 2006, the PAPUC approved the Merger and a partial settlement regarding PECO's electric distribution and transmission rates through 2010 and other financial commitments of PECO related to the Merger. The provisions of the PAPUC order and partial settlement are contingent upon the completion of the Merger. The PAPUC order and partial settlement require PECO to implement electric rate reductions aggregating \$120 million during a four-year period and to cap its electric rates through the end of 2010. The partial settlement also provides substantial funding for alternative energy and environmental projects, economic development, and expanded outreach and assistance for low-income customers. PECO also made commitments for enhanced customer service and reliability, commitments for charitable giving and employment, and

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a pledge to maintain its Philadelphia headquarters for a period of time. The total of these funding commitments is approximately \$44 million, of which \$30 million will be expensed at the time the Merger is completed. See Note 4 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further discussion.

ComEd and PECO

Through and Out Rates/SECA. In November 2004, the Federal Energy Regulatory Commission (FERC) issued two orders authorizing ComEd and PECO to recover amounts for a limited time during a specified transitional period as a result of the elimination of through and out (T&O) rates for transmission service scheduled out of, or across, their respective transmission systems and ending within pre-expansion territories of PJM Interconnection, LLC (PJM) or Midwest Independent System Operators (MISO). T&O rates were terminated pursuant to FERC orders, effective December 1, 2004. The new rates, known as Seams Elimination Charge/ Cost Adjustment/ Assignment (SECA), were collected from load-serving entities within PJM and MISO over a transitional period from December 1, 2004 through March 31, 2006, subject to refund, surcharge and hearing. As load-serving entities, ComEd and PECO were also required to pay SECA rates during the transitional period based on the benefits they receive from the elimination of T&O rates of other transmission owners within PJM and MISO. Since the inception of the SECA rates in December 2004, ComEd has recorded approximately \$49 million of SECA collections net of SECA charges, including \$5 million in 2006, while PECO has recorded \$10 million of SECA charges net of SECA collections, including \$3 million in 2006. As a result of recent events related to disputes over the methodology of computing SECA amounts, during the first quarter of 2006, ComEd and PECO increased their previously-recorded reserves for amounts to be refunded. Management of each of ComEd and PECO believes that appropriate reserves have been established in the event that SECA collections are required to be refunded. As the ultimate outcome of the proceeding establishing SECA rates is uncertain, the result of this proceeding may have a significant effect on ComEd's and PECO's financial condition, results of operations and cash flows.

Generation

Market-Based Rates Filing. On April 3, 2006, FERC accepted Exelon's compliance filings regarding its triennial update of market-based rates and terminated proceedings under Section 206 of the Federal Power Act. FERC had initiated Section 206 proceedings based upon its initial understanding that Exelon had not addressed the affiliate abuse and reciprocal dealing component of FERC's market-power analysis. In the order, FERC accepted Exelon's statements that, under the regulatory structures in Illinois and Pennsylvania, most of the load is served under fixed prices, a scenario that has not changed since the previous market-based rates filing in 2000. FERC agreed that these pricing structures alleviated any concerns of affiliate abuse or reciprocal dealing. For a further discussion of this matter, see Note 4 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K.

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6. Intangible Assets (Exelon, ComEd and Generation)

Goodwill (Exelon and ComEd). As of March 31, 2006 and December 31, 2005, Exelon and ComEd had goodwill of approximately \$3.5 billion. Under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), goodwill is tested for impairment at least annually or more frequently if events or circumstances indicate that goodwill might be impaired, such as a significant negative regulatory outcome. Exelon and ComEd will perform their annual goodwill impairment assessment in the fourth quarter of 2006.

Other Intangible Assets (Exelon). Exelon's other intangible assets, included in deferred debits and other assets, consisted of the following:

Exelon	March 31, 2006			December 31, 2005		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Synthetic fuel investments(a)	\$ 264	\$ (137)	\$ 127	\$ 264	\$ (121)	\$ 143
Intangible pension asset	34	—	34	34	—	34
Total intangible assets	<u>\$ 298</u>	<u>\$ (137)</u>	<u>\$ 161</u>	<u>\$ 298</u>	<u>\$ (121)</u>	<u>\$ 177</u>

(a) See Note 3 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for a description of Exelon's right to acquire tax credits through investments in synthetic fuel-producing facilities. In addition, see Note 10 — Income Taxes for further information on Exelon's investments in synthetic fuel-producing facilities.

For the three months ended March 31, 2006 and 2005, Exelon's amortization expense related to intangible assets was \$16 million and \$20 million, respectively. Exelon's amortization expense associated with intangible assets related to its investments in synthetic fuel-producing facilities is expected to be in the range of \$69 million to \$74 million annually for 2006 through 2007.

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

Commercial Paper

Exelon, ComEd, PECO and Generation meet their short-term liquidity requirements primarily through the issuance of commercial paper. Exelon, ComEd, PECO and Generation had the following amounts of commercial paper outstanding at March 31, 2006 and December 31, 2005:

Borrower	March 31, 2006	December 31, 2005
Exelon	\$ 93	\$ —
ComEd	308	459
PECO	307	220
Generation	313	311

Credit Facilities

As of March 31, 2006, Exelon, PECO and Generation participated with a group of banks in a \$1 billion unsecured revolving credit facility maturing on July 16, 2009 and a \$500 million unsecured revolving credit facility maturing on October 31, 2006. These agreements were amended on February 22, 2006 to remove

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ComEd as a borrower and to remove provisions that would treat ComEd as a significant subsidiary of Exelon for purposes of its covenants and defaults under the credit agreements. See Note 10 of Exelon's 2005 Annual Report on Form 10-K for further information regarding these credit facilities. In addition to these credit facilities, during the first quarter of 2006, Generation and ComEd each executed new credit facility agreements which are described below. The Registrants may use the credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Generation

On February 10 through 16, 2006, Generation entered into separate additional credit facilities with aggregate bank commitments of \$950 million. The additional credit facilities are each for a term of 364 days and contain the same terms as the revolving credit facilities described in Note 10 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K.

ComEd

On February 22, 2006, ComEd entered into a \$1 billion senior secured three-year revolving credit agreement. The credit agreement is secured by First Mortgage Bonds of ComEd in the principal amount of approximately \$1 billion. First Mortgage Bonds are a first mortgage lien on ComEd's utility assets (other than expressly excepted property).

Issuance of Long-Term Debt

During the three months ended March 31, 2006, the following long-term debt was issued:

<u>Company</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
ComEd	First Mortgage Bonds	5.90%	March 15, 2036	\$ 325(a)

(a) Excludes unamortized bond discounts.

During the three months ended March 31, 2006 and 2005, ComEd made scheduled payments of \$89 million and \$97 million, respectively, related to its obligation to the ComEd Transitional Funding Trust, and PECO made scheduled payments of \$126 million and \$108 million, respectively, related to its obligation to the PECO Energy Transition Trust (PETT).

SCEP

Generation and Peoples Calumet, LLC (Peoples Calumet), a subsidiary of Peoples Energy Corporation, are joint owners of SCEP, a 350-megawatt natural gas-fired, peaking electric power plant located in Chicago, Illinois, which began operation in 2002. In 2002, Generation and Peoples Calumet owned 70% and 30%, respectively, of SCEP. Pursuant to the joint owners agreement, Generation is obligated to purchase Peoples Calumet's 30% interest ratably over a 20-year period. Generation has reflected the third-party interest in its majority-owned investment as a long-term liability in its consolidated financial statements. At March 31, 2006, the long-term liability associated with this third-party interest was approximately \$46 million. On March 31, 2006, Generation entered into an agreement to accelerate the acquisition of Peoples Calumet's interest in SCEP. Under the agreement, Generation would pay Peoples Calumet approximately \$50 million for its remaining interest in SCEP. Generation expects to finance this transaction with the issuance of commercial paper. The transaction is subject to FERC approval and is expected to be completed during the second quarter of 2006. The extinguishment of Generation's long-term liability to Peoples Calumet and the

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anticipated loss resulting from this transaction will not be recorded until the completion of the transaction; however, as of March 31, 2006, the \$46 million long-term liability to Peoples Calumet has been reclassified to other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.

8. Severance Benefits (Exelon, ComEd, PECO and Generation)

The Registrants provide severance and health and welfare benefits to terminated employees pursuant to pre-existing severance plans primarily based upon each individual employee's years of service with Exelon and compensation level. Exelon, ComEd, PECO and Generation account for their ongoing severance plans in accordance with FASB Statement No. 112, "Employer's Accounting for Postemployment Benefits, an amendment of FASB Statements No. 5 and 43," and FASB Statement No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and accrue amounts associated with severance benefits that are considered probable and that can be reasonably estimated.

The following tables present total salary continuance severance costs (benefits), recorded as operating and maintenance expense, for the three months ended March 31, 2006 and 2005:

<u>Salary Continuance Severance</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>	<u>Other(a)</u>	<u>Exelon</u>
Expense (income) recorded for the three months ended March 31, 2006	\$ (1)	\$ —	\$ 1(b)	\$ 1	\$ 1(b)
Expense (income) recorded for the three months ended March 31, 2005	(1)	1	(1)	(1)	(2)

(a) Other includes corporate operations, shared service entities, including Exelon Business Services Company (BSC) and Enterprises.

(b) Excludes reduction of previously recorded severance charges of approximately \$1 million related to Salem, of which Generation owns 42.59% and which is operated by PSEG.

The following table presents the activity of the salary continuance severance obligations from January 1, 2006 through March 31, 2006:

<u>Salary Continuance Obligations</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>	<u>Other(a)</u>	<u>Exelon</u>
Balance at January 1, 2006	\$ 8	\$ 1	\$ 7	\$ 6	\$ 22
Severance (benefits) charges recorded	(1)	—	1	1	1
Cash payments	(1)	—	(1)	(2)	(4)
Balance at March 31, 2006	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 19</u>

(a) Other includes corporate operations, shared service entities, including BSC and Enterprises.

9. Retirement Benefits (Exelon, ComEd, PECO and Generation)

Exelon's defined benefit pension plans and postretirement welfare benefit plans are accounted for in accordance with FASB Statement No. 87, "Employer's Accounting for Pensions," and FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," and are disclosed in accordance with SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits — an Amendment of FASB Statements No. 87, 88 and 106" (revised 2003). See Note 15 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further

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information regarding defined benefit pension plans and postretirement welfare benefit plans sponsored by Exelon.

The following tables present the components of Exelon's net periodic benefit costs for the three months ended March 31, 2006 and 2005. The 2006 pension benefit cost is calculated using an expected long-term rate of return on plan assets of 9.00%. The 2006 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 8.17%. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits Three Months Ended March 31,		Other Post- retirement Benefits Three Months Ended March 31,	
	2006	2005	2006	2005
Service cost	\$ 41	\$ 38	\$ 25	\$ 23
Interest cost	142	139	47	43
Expected return on assets	(204)	(192)	(26)	(24)
Amortization of:				
Transition obligation (asset)	—	(1)	2	2
Prior service cost (benefit)	4	4	(23)	(22)
Actuarial loss	40	30	23	17
Net periodic benefit cost	<u>\$ 23</u>	<u>\$ 18</u>	<u>\$ 48</u>	<u>\$ 39</u>

The following table presents the allocation by registrant of Exelon's pension and postretirement benefit costs during the three months ended March 31, 2006 and 2005:

Pension and Postretirement Benefit Costs(a)	Three Months Ended March 31,	
	2006	2005
ComEd	\$ 19	\$ 19
PECO	10	6
Generation	31	24

(a) Includes capitalized costs and operating and maintenance expense.

Exelon sponsors savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. Exelon matches a percentage of the

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employee contribution up to certain limits. The following table presents, by registrant, the matching contribution to the savings plans during the three months ended March 31, 2006 and 2005:

Savings Plan Matching Contributions	Three Months Ended March 31,	
	2006	2005
Exelon	\$ 15	\$ 14
ComEd	4	4
PECO	2	2
Generation	8	7

10. Income Taxes (Exelon, ComEd, PECO and Generation)

Exelon

Exelon's effective income tax rate from continuing operations varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31,	
	2006	2005
U.S. Federal statutory rate	35.0%	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	3.4	3.9
Synthetic fuel-producing facilities credit(a)	(4.4)	(7.4)
Qualified nuclear decommissioning trust fund income	0.5	0.4
Manufacturer's deduction	(0.8)	(0.2)
Tax exempt income	(0.5)	(0.4)
Nontaxable postretirement benefits	(0.4)	(0.4)
Amortization of investment tax credit	(0.5)	(0.4)
Other	1.2	0.4
Effective income tax rate	33.5%	30.9%

(a) See Notes 3 and 12 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further information regarding investments in synthetic fuel-producing facilities.

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ComEd

ComEd's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31,	
	2006	2005
U.S. Federal statutory rate	35.0%	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	4.8	4.8
Amortization of regulatory asset	0.7	0.7
Nontaxable postretirement benefits	(0.7)	(0.6)
Amortization of investment tax credit	(0.8)	(0.7)
Other	1.7	0.5
Effective income tax rate	<u>40.7%</u>	<u>39.7%</u>

PECO

PECO's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31,	
	2006	2005
U.S. Federal statutory rate	35.0%	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	(0.6)	(0.2)
Plant basis differences	0.1	0.3
Nontaxable postretirement benefits	(0.3)	(0.2)
Amortization of investment tax credit	(0.4)	(0.3)
Other	0.2	0.9
Effective income tax rate	<u>34.0%</u>	<u>35.5%</u>

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Generation

Generation's effective income tax rate from continuing operations varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31,	
	2006	2005
U.S. Federal statutory rate	35.0%	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	4.4	4.9
Qualified nuclear decommissioning trust fund income	0.7	0.5
Manufacturer's deduction	(1.1)	(0.3)
Tax exempt income	(0.7)	(0.5)
Nontaxable postretirement benefits	(0.3)	(0.2)
Amortization of investment tax credit	(0.3)	(0.3)
Other	(0.2)	(0.5)
Effective income tax rate	<u>37.5%</u>	<u>38.6%</u>

Investments in Synthetic Fuel-Producing Facilities

Exelon, through three separate wholly owned subsidiaries, owns interests in two limited liability companies and one limited partnership that own synthetic fuel-producing facilities. Section 45k (formerly Section 29) of the Internal Revenue Code (IRC) provides tax credits for the sale of synthetic fuel produced from coal. However, Section 45k of the IRC contains a provision under which the tax credits are phased out (i.e., eliminated) in the event crude oil prices for a year exceed certain thresholds.

On April 11, 2006, the Internal Revenue Service (IRS) published the 2005 oil Reference Price and it did not exceed the beginning of the phase-out range. As such, there was not a phase-out of tax credits for calendar year 2005.

The following table (in dollars) provides the estimated phase-out range for 2006 based on the per barrel price of oil as of March 31, 2006. The table also contains the estimated 2006 annual average New York Mercantile Exchange, Inc. index (NYMEX) price per barrel at March 31, 2006 based on year-to-date and futures prices.

	Estimated 2006
Beginning of Phase-Out Range(a)	\$ 59
End of Phase-Out Range(a)	75
2006 Annual Average NYMEX	67

(a) Estimated phase-out ranges are calculated using inflation rates published by the Internal Revenue Service (IRS) subsequent to March 31, 2006. The inflation rate used by Exelon to estimate the 2006 phase-out range was 2%.

As indicated in the table above, it is expected that there will be a phase-out of tax credits during 2006 as the estimated oil Reference Price of \$67 at March 31, 2006 exceeds the beginning of the estimated phase-out

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range of \$59. Based on the year-to-date and futures NYMEX prices at March 31, 2006, Exelon estimates there will be a phase-out of tax credits of 52% in 2006. This phase-out would decrease Exelon's net income as compared to 2005 by as much as \$47 million in 2006. However, these estimates can change significantly due to the volatility in oil prices. In addition, the Senate version of the tax reconciliation bill currently pending in Congress (Tax Reconciliation Bill) contains a provision that would base the phase-out of the tax credits on the previous year's oil Reference Price. Given that the 2005 oil Reference Price was \$50, Exelon's 2006 tax credits would not be subject to a phase-out if the Tax Reconciliation Bill is passed with the synthetic fuel provision.

Exelon is required to pay for tax credits based on the production of the facilities regardless of whether or not a phase-out of the tax credits is anticipated. However, Exelon has the legal right to recover a portion of the payments made to its counterparties related to phased-out tax credits. Any reimbursement of payments due to a phase-out of tax credits for a given year is calculated subsequent to the year when the average oil Reference Price is published by the IRS, and will be credited against Exelon's future obligations or refunded to Exelon in the absence of future obligations. In the first quarter of 2006, Exelon recorded receivables from its counterparties on its Consolidated Balance Sheet and corresponding income on its Consolidated Statement of Income and Comprehensive Income of approximately \$29 million after adjusting for the credit-risk of its counterparties.

In 2005, Exelon and Generation entered into certain derivatives in the normal course of trading operations to economically hedge a portion of the exposure to a phase-out of the tax credits. Including these related mark-to-market gains, interests in synthetic fuel-producing facilities increased Exelon's net income by \$12 million and \$16 million during the three months ended March 31, 2006 and 2005, respectively. Net income from interests in synthetic fuel-producing facilities is reflected in the Consolidated Statements of Income and Comprehensive Income as a benefit within income taxes and a mark-to-market gain in operating revenues, partially offset by charges to operating and maintenance expense, depreciation and amortization expense, interest expense and equity in losses of unconsolidated affiliates.

The net carrying value of the intangible assets associated with the synthetic fuel-producing facilities was \$127 million and \$143 million at March 31, 2006 and December 31, 2005, respectively. See Note 6 — Intangible Assets for additional information. An impairment of the intangible assets would occur if Exelon estimates that the synthetic fuel-producing facilities will not generate sufficient cash flows to cover the intangible assets balance as a result of a significant percentage of tax credits being phased-out. As of March 31, 2006, the estimated phase-out for 2006 is 52%, which does not result in the intangible asset being impaired. In addition, a decision by the plant operators to cease operating the facilities could also result in the intangible asset being impaired. Based on the current available information, Exelon believes the operators will not cease to operate the facilities in 2006 and 2007. The intangible assets were not impaired as a result of the 2006 and 2007 average NYMEX future prices at March 31, 2006. If the intangible assets were to be impaired and the plants were to cease operations, Exelon would potentially be relieved of remaining payments on the non-recourse notes payable and would record a gain upon legal extinguishment of the notes payable for the remaining outstanding balance. However, this would occur in a period subsequent to the impairment being recorded.

The non-recourse notes payable principal balance was \$142 million and \$158 million at March 31, 2006 and December 31, 2005, respectively.

1999 Sale of Fossil Generating Assets

Exelon, through its ComEd subsidiary, has taken certain tax positions, which have been disclosed to the IRS, to defer the tax gain on the 1999 sale of its fossil generating assets. As of March 31, 2006 and

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December 31, 2005, deferred tax liabilities related to the fossil plant sale are reflected in Exelon's Consolidated Balance Sheets with the majority allocated to ComEd and the remainder to Generation. Exelon's ability to continue to defer all or a portion of this liability depends on whether its treatment of the sales proceeds as having been received in connection with an involuntary conversion is proper pursuant to applicable law. Exelon's ability to continue to defer the remainder of this liability may depend in part on whether its tax characterization of a lease transaction ComEd entered into in connection with the sale is proper pursuant to applicable law. The Federal tax returns and related tax return disclosures covering the period of the 1999 sale are currently under IRS audit. The IRS has recently indicated its position that the ComEd lease transaction is substantially similar to a leasing transaction the IRS is treating as a "listed transaction" pursuant to guidance it issued in 2005. A listed transaction is one which the IRS considers to be a potentially abusive tax shelter. As a result of the IRS characterization of the lease transaction as a listed transaction, it is likely to vigorously challenge the transaction and will seek to obtain information not normally requested in audits. Exelon believes its position is correct and will aggressively defend that position upon audit and any subsequent appeals or litigation. However, a successful IRS challenge to ComEd's positions would have the impact of accelerating future income tax payments and increasing interest expense related to the deferred tax gain that becomes currently payable. As of March 31, 2006, Exelon's potential cash outflow, including tax and interest (after tax), could be as much as \$952 million. If the deferral were successfully challenged by the IRS, it could negatively affect Exelon's results of operations by as much as \$142 million (after tax). Exelon's management believes a reserve for interest has been appropriately recorded in accordance with FASB Statement No. 5, "Accounting for Contingencies" (SFAS No. 5); however, the ultimate outcome of this matter could result in unfavorable or favorable adjustments to the results of operations, and such adjustments could be material. Final resolution of this matter is not anticipated for several years.

11. Asset Retirement Obligations (Exelon, ComEd, PECO and Generation)

Nuclear Decommissioning Asset Retirement Obligations (ARO) (Exelon and Generation)

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses and will pay for this obligation using trust funds that have been established for this purpose. Refer to Notes 13 and 16 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for a full discussion of the accounting for nuclear decommissioning obligations, nuclear decommissioning trust funds and the corresponding accounting implications resulting from agreements entered into with ComEd and PECO at the time of the corporate restructuring effective January 1, 2001. In addition, see Note 16 — Related Party Transactions for information regarding intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

The following table presents the activity of the ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from January 1, 2006 to March 31, 2006:

	Exelon and Generation	
Nuclear decommissioning AROs at January 1, 2006	\$	3,921
Accretion expense		63
Payments to decommission retired plants		(3)
Nuclear decommissioning AROs at March 31, 2006	\$	3,981

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Nuclear Decommissioning Trust Fund Investments (Exelon and Generation)

The trust funds that have been established to satisfy Generation's nuclear decommissioning obligations were originally funded with amounts collected from customers. In certain circumstances, these trust funds will continue to be funded by future collections from customers.

At March 31, 2006 and December 31, 2005, Exelon and Generation had nuclear decommissioning trust fund investments in the amounts of \$5,832 million and \$5,585 million, respectively.

At March 31, 2006, Exelon and Generation had gross unrealized gains of \$914 million and gross unrealized losses of \$43 million related to the nuclear decommissioning trust fund investments. At December 31, 2005, Exelon and Generation had gross unrealized gains of \$734 million and gross unrealized losses of \$47 million.

Exelon and Generation evaluate decommissioning trust fund investments for other-than-temporary impairments by analyzing the historical performance, cost basis and market value of securities in unrealized loss positions in comparison to related market indices. During the three months ended March 31, 2006, Exelon and Generation concluded that certain trust fund investments were other-than-temporarily impaired based on various factors assessed in the aggregate, including the duration and severity of the impairment, the anticipated recovery of the securities and consideration of Exelon's and Generation's ability and intent to hold the investments until the recovery of their cost basis. This determination resulted in an impairment charge of \$3 million, which was recorded in other income and deductions associated with the trust funds for the decommissioning of the former ComEd plants. The realization of these losses associated with the former ComEd plants had no impact on Exelon's and Generation's results of operations or financial position since both realized and unrealized losses are already reflected in the fair value of the investments and in the fair value of the regulatory liability at ComEd. During the three months ended March 31, 2005, Exelon and Generation recorded impairment charges of \$1 million and \$7 million associated with the trust funds for the decommissioning of the AmerGen Energy Company (AmerGen) and former ComEd plants, respectively.

Non-Nuclear AROs (Exelon, ComEd, PECO and Generation)

As of December 31, 2005, Exelon adopted FIN 47, which clarified that a legal obligation associated with the retirement of a long-lived asset whose timing and/or method of settlement are conditional on a future event is within the scope of SFAS No. 143. Under FIN 47, Exelon is required to record liabilities associated with its conditional AROs at their estimated fair values if those fair values can be reasonably estimated. The liabilities associated with conditional AROs will be adjusted periodically due to the passage of time, new laws and regulations, and revisions to either the timing or amount of the original estimates of undiscounted cash flows. See Note 14 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for a discussion of the accounting for non-nuclear asset retirement obligations. The following table presents the activity of the non-nuclear AROs reflected on the Registrants' Consolidated Balance Sheets from January 1, 2006 to March 31, 2006:

	<u>Exelon</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>
Non-nuclear AROs at January 1, 2006	\$ 236	\$ 151	\$ 20	\$ 65
Accretion expense(a)	3	2	1	1
Non-nuclear AROs at March 31, 2006	<u>\$ 239</u>	<u>\$ 153</u>	<u>\$ 21</u>	<u>\$ 66</u>

(a) For ComEd and PECO, the majority of the accretion is recorded as an increase to a regulatory asset due to the associated regulations.

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12. Earnings Per Share and Shareholders' Equity (Exelon)

Earnings per Share

Diluted earnings per share are calculated by dividing net income by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options outstanding under Exelon's stock option plans considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2006	2005
Income from continuing operations	\$ 399	\$ 507
Income from discontinued operations	1	14
Net income	<u>\$ 400</u>	<u>\$ 521</u>
Average common shares outstanding — basic	669	666
Assumed exercise of stock options, performance share awards and restricted stock	6	9
Average common shares outstanding — diluted	<u>675</u>	<u>675</u>

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 4 million and 0.1 million for the three months ended March 31, 2006 and 2005, respectively.

Share Repurchase Program

In April 2004, Exelon's Board of Directors approved a discretionary share repurchase program that allows Exelon to repurchase shares of its common stock on a periodic basis in the open market. See Note 18 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further information regarding Exelon's share repurchase program. As of March 31, 2006, 10 million shares of common stock have been purchased under the share repurchase program for \$483 million. During the three months ended March 31, 2006, Exelon repurchased 0.9 million shares of common stock under the share repurchase program for \$54 million.

Other Share Repurchases

During the three months ended March 31, 2005, Exelon repurchased 0.2 million shares of common stock from a retired executive for \$8 million. These repurchased shares are held as treasury shares and are recorded at cost.

13. Commitments and Contingencies (Exelon, ComEd, PECO and Generation)

For information regarding contingencies, capital commitments and nuclear decommissioning at December 31, 2005, see Notes 13 and 20 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K.

Energy Commitments

Generation's total commitments for future sales of energy to unaffiliated third-party utilities and others increased by approximately \$320 million in the first quarter of 2006, reflecting a \$740 million increase for

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2007, primarily due to increased overall hedging activity in the normal course of business, and other smaller increases in commitments in years beyond 2007, offset by the fulfillment of approximately \$450 million of 2006 commitments during the quarter ended March 31, 2006.

Commercial Commitments

Exelon, ComEd, PECO and Generation's commercial commitments as of March 31, 2006, representing commitments potentially triggered by future events, did not change significantly from December 31, 2005, except for the following:

- Letters of credit and guarantees (outside the scope of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others") increased \$52 million and \$15 million, respectively, primarily as a result of energy trading activities.

Environmental Liabilities

Exelon, ComEd, PECO and Generation accrue amounts for environmental investigation and remediation costs that can be reasonably estimated, including amounts for manufactured gas plant (MGP) investigation and remediation. ComEd and PECO have identified 42 and 27 sites, respectively, where former MGP activities have or may have resulted in actual site contamination. Of these 42 sites identified by ComEd, the Illinois Environmental Protection Agency has approved the clean up of seven sites, and of the 27 sites identified by PECO, the Pennsylvania Department of Environmental Protection has approved the cleanup of nine sites. Of the remaining sites identified by ComEd and PECO, 22 and 10 sites, respectively are currently under some degree of active study and/or remediation.

ComEd and Nicor Gas Company, a subsidiary of Nicor Inc. (Nicor), are parties to an interim agreement under which they cooperate in remediation activities at 38 former MGP sites for which ComEd or Nicor, or both, may have responsibility. Under the interim agreement, costs are split evenly between ComEd and Nicor on an interim basis pending their final agreement on allocation of costs at each site, but either party may demand arbitration if the parties cannot agree on a final allocation of costs. For most of the sites, the interim agreement contemplates that neither party will pay less than 20%, nor more than 80% of the final costs for each site. ComEd's accrual for these environmental liabilities is based on ComEd's estimate of its 50% share of costs under the interim agreement with Nicor. On April 17, 2006, Nicor submitted a demand for arbitration of the cost allocation for 38 MGP sites. Although ComEd believes that the arbitration proceedings will not result in an allocation of costs materially different from ComEd's current estimate of its aggregate remediation costs for MGP sites, the outcome of the arbitration proceedings is not certain and could result in a material increase or decrease of ComEd's estimate of its share of the aggregate remediation costs.

Pursuant to a PAPUC order, PECO is currently recovering a provision for environmental costs annually for the remediation of former MGP facility sites, for which PECO has recorded a regulatory asset. See Note 14 — Supplemental Financial Information for further information regarding regulatory assets and

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liabilities. As of March 31, 2006 and December 31, 2005, Exelon, ComEd, PECO and Generation had accrued the following amounts for environmental liabilities:

March 31, 2006	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation (a)
ComEd	\$ 53	\$ 46
PECO	42	40
Generation	21	—
Exelon	<u>\$ 116</u>	<u>\$ 86</u>

(a) Discounted.

December 31, 2005	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation(a)
ComEd	\$ 54	\$ 48
PECO	47	41
Generation	27	—
Exelon	<u>\$ 128</u>	<u>\$ 89</u>

(a) Discounted.

During the first quarter of 2006, a court-approved settlement was completed between PECO and various potentially responsible parties associated with the remediation of a Superfund site commonly referred to as the Metal Bank or Cottman Avenue site. As a result of this settlement, PECO reversed a \$4 million reserve it had previously recorded related to the site.

The Registrants cannot predict the extent to which they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by environmental agencies or others, or whether such costs may be recoverable from third parties.

Section 316(b) of the Clean Water Act

In July 2004, the EPA issued the final Phase II rule implementing Section 316(b) of the Clean Water Act. This rule establishes national requirements for reducing the adverse environmental impacts from the entrainment and impingement of aquatic organisms at existing power plants. The rule identifies particular standards of performance with respect to entrainment and impingement and requires each facility to monitor and validate this performance in future years. The requirements will be implemented through state-level National Pollutant Discharge Elimination System (NPDES) permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected. Those facilities are Clinton, Cromby, Dresden, Eddystone, Fairless Hills, Handley, Mountain Creek, New Boston, Oyster Creek, Peach Bottom, Quad Cities and Salem. Generation is currently evaluating compliance options at its affected plants. At this time, Generation cannot estimate the effect that compliance with the Phase II rule requirements will have on the operation of its generating facilities and its future results of operations, financial condition and cash flows.

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There are many factors to be considered and evaluated to determine how Generation will comply with the Phase II rule requirements and the extent to which such compliance may result in financial and operational impacts. The considerations and evaluations include, but are not limited to obtaining clarifying interpretations of the requirements from state regulators, resolving outstanding litigation proceedings concerning the requirements, completing studies to establish biological baselines for each facility and performing environmental and economic cost benefit evaluations of the potential compliance alternatives in accordance with the requirements.

In a pre-draft permit dated May 13, 2005 and a draft permit issued on July 19, 2005, as part of the pending National Pollution Discharge Elimination System permit renewal process for Oyster Creek, the New Jersey Department of Environmental Protection (NJDEP) preliminarily determined that closed-cycle cooling and environmental restoration are the only viable compliance options for Section 316(b) compliance at Oyster Creek. AmerGen has not made a determination regarding how it will demonstrate compliance with the Section 316(b) regulations, but believes that other compliance options under the final Phase II rule are viable and will be analyzed as part of the plant's comprehensive demonstration study.

In June 2001, the NJDEP issued a renewed NDPES permit for Salem, expiring in July 2006, allowing for the continued operation of Salem with its existing cooling water system. NJDEP advised PSEG in a letter dated July 12, 2004 that it strongly recommended reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSEG submitted an application for a renewal of the permit on February 1, 2006. In the permit renewal application, PSEG analyzed closed-cycle cooling and other options and demonstrated that the continuation of the Estuary Enhancement Program, an extensive environmental restoration program at Salem, is the best technology to meet the Section 316(b) requirements. If application of the Section 316(b) regulations ultimately requires the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, Generation's share of the total cost of the retrofit and any resulting interim replacement power would likely be in excess of \$500 million and could result in increased depreciation expense related to the retrofit investment.

Nuclear Generating Station Groundwater

On December 16, 2005, and February 27, 2006, the Illinois Environmental Protection Agency (Illinois EPA) issued Violation Notices to Generation alleging violations of state groundwater standards as a result of historical discharges of liquid tritium from a line at the Braidwood Nuclear Generating Station (Braidwood). In November 2005, Generation discovered that spills from the line in 1998 and 2000 have resulted in a tritium plume in groundwater that is both on and off the plant site. Levels of tritium in portions of the plume are in excess of the Illinois EPA groundwater standard. Levels in portions of the plume also exceed the Illinois EPA and Federal limits for drinking water. However, samples from drinking water wells on property adjacent to the plant have shown that, with one exception, tritium levels in these wells are at levels that naturally occur. The tritium level in one drinking water well is elevated above levels that occur naturally, but is significantly below the state and Federal drinking water standards, and Generation believes that this level poses no threat to human health. Generation has suspended liquid tritium discharges into the affected pipeline, and is investigating the causes of the releases to ensure that necessary corrective actions are taken to prevent another occurrence. Generation has analyzed the various remediation options for the groundwater and submitted an interim remediation plan to the Illinois EPA, which is currently reviewing the plan. Generation has notified 14 potentially affected adjacent property owners that, upon sale of their property, Generation will reimburse them for any diminution in property value caused by the release, and has purchased the property of one adjacent owner.

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On March 13, 2006, a class action lawsuit was filed against Exelon, Generation and ComEd (as the prior owner of Braidwood) in Federal district court for the Northern District of Illinois on behalf of all persons who live or own property within 10 miles of Braidwood. The plaintiffs primarily seek (1) a court-supervised fund for medical monitoring for risks associated with alleged exposures to tritium and (2) compensation for diminished property values. On March 14 and 23, 2006, 37 area residents filed two separate but identical lawsuits against Exelon, Generation and ComEd in the Circuit Court of Will County, Illinois alleging property contamination and seeking compensation for diminished property values. Generation has tendered its defense of these lawsuits to its insurance carrier, American Nuclear Insurers (ANI). Exelon, Generation and ComEd all believe that these lawsuits are without merit and intend to vigorously defend them.

On March 16, 2006, the Attorney General of the State of Illinois and the State's Attorney for Will County, Illinois filed a civil enforcement action against Exelon, Generation and ComEd in the Circuit Court of Will County relating to the releases of tritium discussed above and alleging that, beginning on or before 1996, and with additional events in 1998, 2000 and 2005, there have been other non-radioactive wastes discharged from Braidwood. The action alleges violations of Braidwood's NPDES permit, the Illinois Environmental Protection Act and regulations of the Illinois Pollution Control Board, and seeks injunctive relief, including (1) prohibiting Generation from using the line to discharge tritiated water until further court order and (2) requiring Generation to test the soil and groundwater contamination caused by the releases, implement measures to prevent future releases and the migration of contaminants already in the groundwater, and provide potable drinking water to area residents. The action also seeks the maximum civil penalties allowed by the statute and regulations, including penalties of \$10,000 or \$50,000 for each violation (depending on the specific violation), and \$10,000 for each day during which a violation continues. Generation is unable to determine the amount of the maximum penalty that is sought. Furthermore, the Circuit Court of Will County may exercise its discretion in determining the final penalty, if any, taking into account a number of factors, including corrective actions taken by Generation and other mitigating circumstances. Given the allegations in the lawsuit regarding the number of violations alleged and their duration, the civil penalty that could be imposed may be material to Exelon's and Generation's financial position, results of operations and cash flows. Generation is preparing an answer to the lawsuit, including defenses it might assert, and has been in continuing discussions related to this matter with the Illinois Attorney General and the State's Attorney for Will County.

Generation has recorded a reserve related to the matters described above based on its current estimate of the costs of remediation, fines and potential related corrective measures.

On March 20, 2006, Generation announced that it would provide bottled water to Braidwood area residents, including the Village of Godley which was added at the request of the Illinois Attorney General, while drinking water wells are being tested for tritium. The cost of this bottled water program is not material and will be recorded in the period incurred. As an additional gesture, Generation has also pledged support to the Village of Godley for the installation of a new public drinking water system. The amount of this support cannot yet be determined because the level of financial participation from Federal, state or local governments is not yet known.

As a result of intensified monitoring and inspection efforts in 2006, Generation detected small underground tritium leaks at the Dresden Generating Station (Dresden) and at the Byron Generating Station (Byron). Neither of these discharges occurred outside the property lines of the plant, nor does Generation believe either of these matters poses health or safety threats to employees or to the public. On March 31, 2006 and April 12, 2006, the Illinois EPA issued a Violation Notice to Generation in connection with the Dresden and Byron leaks, respectively, alleging various violations, including those related to (1) Illinois groundwater

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standards, (2) non-permitted discharges, and (3) each station's NPDES permit. Generation is analyzing the remediation options related to these matters and is preparing a response to the Violation Notices.

In response to the detection of tritium in water samples taken at the aforementioned nuclear generating stations, Generation has launched an initiative across its ten-station nuclear fleet to systematically assess systems that handle tritium and take the necessary actions to minimize the risk of inadvertent discharge of tritium to the environment. The assessments, which are in process and which will take place throughout 2006, will cover pipes, pumps, valves, tanks and other pieces of equipment that carry or have carried tritiated water in and around the plants. At this time, since no issues requiring remediation have been identified, Generation has no basis for estimating costs that might be incurred as a result of this tritium assessment initiative.

Exelon or Generation cannot determine the outcome of the above-described matters but believe their ultimate resolution should not, after consideration of reserves established, have a significant impact on Exelon's or Generation's financial position, results of operations or cash flows.

Cotter Corporation

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. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability incurred by Cotter as a result of 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. Cotter is alleged to have disposed of approximately 39,000 tons of soils mixed with 8,700 tons of leached barium sulfate at the site. Cotter, along with three other companies identified by the EPA as potentially responsible parties (PRPs), has submitted a draft feasibility study addressing options for remediation of the site. The PRPs are also engaged in discussions with the State of Missouri and the EPA. The estimated costs of the anticipated remediation strategy for the site range up to \$22 million. Once a remedy is selected, it is expected that the PRPs will agree on an allocation of responsibility for the costs.

Generation has accrued what it believes to be an adequate amount to cover its anticipated share of the liability.

Leases

Exelon, ComEd, PECO and Generation's lease commitments as of March 31, 2006 did not change significantly from December 31, 2005. See Note 20 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for information regarding leases.

Litigation

Exelon, PECO and Generation

Reverse-Employment Discrimination Claim. On April 4, 2005, one employee of PECO and four employees of Generation commenced suit in the United States District Court for the Eastern District of Pennsylvania, alleging that they were subjected to a practice of reverse-employment discrimination which denied promotional opportunities to older white male employees, purportedly in violation of various Federal antidiscrimination statutes and the Pennsylvania Human Relations Act. The plaintiffs filed the action individually and on behalf of a putative class that includes all white males currently or previously employed with any Exelon companies in the United States who were at least 40 years old on April 4, 2003 and who

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either applied for or were eligible to apply for supervisory positions in March 2003 and thereafter, continuing to the present day, and were not selected for these positions. Exelon, PECO and Generation have filed an answer denying all liability and are proceeding with discovery pertaining to the class allegations and the named plaintiffs' individual claims. In December 2005, the Court ordered the case to be suspended until April 3, 2006 while the parties attempt to resolve this matter through non-binding mediation, and the Court recently extended that deadline to May 3, 2006. Additionally, since the initial claim was filed, the plaintiffs' attorneys have identified two additional PECO employees and three additional Generation employees whom they are representing with similar claims. The suit has not been certified as a class action. Discussions between the parties continue but, if an agreement is not reached in the near term, the litigation in this matter will proceed. The Registrants cannot predict the outcome of this matter; however, the Registrants do not expect this claim to have a material adverse effect on their financial condition, results of operations or cash flows.

PJM Billing Dispute. In December 2004, Exelon filed with the FERC a complaint against PJM and PPL Electric alleging that PJM had overcharged Exelon from April 1998 through May 2003 as a result of a billing error. Specifically, the complaint alleges that PJM mistakenly identified PPL Electric's Elroy substation transformer as belonging to Exelon and that, as a consequence, during times of congestion, Exelon's bills for transmission congestion from PJM erroneously reflected energy that PPL Electric took from the Elroy substation and used to serve PPL Electric's load. The complaint requested the FERC, among other things, to direct PPL Electric to refund to PJM \$39.1 million, plus interest of approximately \$8 million, and for PJM to refund these same amounts to Exelon.

On September 14, 2005, Exelon and PPL filed a proposed settlement of this matter with the FERC. See further discussion of this proposed settlement in Note 20 of Exelon's consolidated financial statements included in Exelon's 2005 Report on Form 10-K.

In an order issued March 21, 2006, FERC rejected the proposed settlement and set the matter for hearing, primarily because the proposed settlement would have required PJM market participants to bear \$7.5 million of the \$40.5 million settlement, plus interest. The order found that PPL should pay for energy received that was billed to other parties, but allows PPL and the market participants to question what portion of the settlement PJM might bear and what offsetting deductions might be made in reducing the payment. On March 30, 2006, Exelon and PPL filed with the FERC a second proposed settlement agreement, superceding the first, under which, if approved, Exelon would receive a total of \$40.5 million, plus interest, over the next five years through credits provided by PJM, which would be funded through a surcharge imposed by PJM through its tariff solely on PPL Electric, with no amount being paid by other PJM participants. Following FERC approval of the settlement, this amount will be collected and paid by PJM to Exelon over a five-year period with interest on the unpaid principal accruing over the collection and payment period. It is anticipated that approximately 75% and 25% of the proposed settlement amount will be received by Generation and PECO, respectively.

Exelon expects this matter to be favorably resolved during 2006; however, pending FERC approval of the second proposed settlement agreement, as well as resolution of any third-party interventions, Exelon, Generation and PECO have not recorded any receivables associated with this matter.

ComEd

ComEd Rate Case. As part of its current rate case, ComEd has requested recovery of amounts, which have previously been recorded as expense. Specifically, ComEd has requested recovery through rates of approximately \$100 million (pre-tax) related to losses on extinguishment of long-term debt as part of ComEd's 2004 Accelerated Liability Management Plan. Additionally, ComEd is seeking a new rider to

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recover environmental clean up costs that will occur after the regulatory transition period is over. These amounts are currently included in ComEd's liability for environmental investigation and remediation costs, which totaled \$53 million as of March 31, 2006. As discussed in Note 5 — Regulatory Issues, ComEd anticipates receiving a final order associated with the rate case during the third quarter of 2006. If the order affirms these requests, Exelon and ComEd will recognize a one-time benefit to reverse these prior charges.

Generation

Asbestos Claims. In the second quarter of 2005, Generation engaged independent actuaries to determine if, based on historical claims data and other available information, a reasonable estimate of future losses could be calculated associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. Based on the actuaries' analyses, management's review of current and expected losses, and the view of counsel regarding the assumptions used in estimating the future losses, Exelon recorded an undiscounted \$43 million pre-tax charge for its estimated portion of all estimated future asbestos-related personal injury claims estimated to be presented through 2030. This amount did not include estimated legal costs associated with handling these matters, which could be material. Exelon's management determined that it was not reasonable to estimate future asbestos-related personal injury claims past 2030 based on only three years of historical claims data and the significant amount of judgment required to estimate this liability. The \$43 million pre-tax charge was recorded as part of operating and maintenance expense on Exelon's Consolidated Statements of Income and Comprehensive Income in 2005 and reduced net income by \$27 million. See further discussion in Note 20 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K. At March 31, 2006 and December 31, 2005, Exelon had reserved approximately \$49 million and \$50 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2006, approximately \$9 million of this amount relates to 117 open claims presented to Generation, while the remaining \$40 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2030 based on actuarial assumptions and analysis. Exelon plans to obtain annual updates of the estimate of future losses. On a quarterly basis, Exelon monitors actual experience against the number of forecasted claims to be received and expected claim payments.

Oil Spill Liability Trust Fund Claim. In December 2004, the two Salem nuclear generation units were taken offline due to an oil spill from a tanker in the Delaware River near the facilities. The units, which draw water from the river for cooling purposes, were taken offline for approximately two weeks to avoid intake of the spilled oil and for an additional two weeks relating to start up issues arising from the oil spill shut down. The total shutdown period resulted in lost sales from the plant. Generation and PSEG have filed a joint claim for losses and damages with the Oil Spill Liability Trust Fund. As this matter represents a contingent gain, Generation has recorded no income resulting from this claim. Although no assurances can be given, Generation's management believes it is reasonably possible that damages and losses could be recovered and that Generation's portion of the estimated proceeds arising from the claim could be approximately \$25 million. Generation expects this matter to be resolved in 2006.

PECO and Generation

Real Estate Tax Appeals. PECO and Generation have been challenging real estate taxes assessed on certain nuclear plants. PECO is involved in litigation in which it is contesting taxes assessed in 1997 under the Pennsylvania Public Utility Realty Tax Act of March 4, 1971, as amended (PURTA), and has appealed local real estate assessments for 1998 and 1999 on the Peach Bottom Atomic Power Station (York County, PA) (Peach Bottom). Generation is involved in real estate tax appeals for 2000 through 2004 regarding the

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valuation of its Peach Bottom plant and is in the process of evaluating appraisals and preparing for negotiations. Generation was also previously involved in an appeal regarding the valuation of its LaSalle Nuclear plant. On March 9, 2006, the Illinois Circuit Court for LaSalle County approved the property tax settlement agreement agreed upon in late 2005 between all taxing bodies with jurisdiction over the plant and Generation. The settlement agreement resolved all pending litigation concerning assessments on the property and sets the assessments for the tax years 2005 through 2008. PECO and Generation believe their reserve balances for exposures associated with real estate taxes as of March 31, 2006 reflect the probable expected outcome of the litigation and appeals proceedings in accordance with SFAS No. 5. The ultimate outcome of such matters, however, could result in unfavorable or favorable adjustments to the consolidated financial statements of Exelon, PECO and Generation and such adjustments could be material.

Exelon, ComEd, PECO and Generation

Exelon, ComEd, PECO and Generation are involved in various other litigation matters that are being defended and handled in the ordinary course of business. Exelon, ComEd, PECO and Generation maintain accruals for such costs that are probable of being incurred and subject to reasonable estimation. The ultimate outcomes of such matters, as well as the matters discussed above, are uncertain and may have a material adverse effect on the financial condition, results of operations or cash flows of Exelon, ComEd, PECO and Generation.

Income Taxes

Refund Claims. ComEd and PECO have entered into several agreements with a tax consultant related to the filing of refund claims with the IRS. As of March 31, 2006, ComEd and PECO have outstanding refundable prepayments to the tax consultants of \$7 million and \$5 million, respectively. The fees for these agreements are contingent upon a successful outcome of the claims and are based upon a percentage of the refunds recovered from the IRS, if any. The ultimate net cash outflows to ComEd and PECO related to these agreements will either be positive or neutral depending upon the outcome of the refund claim with the IRS. These potential tax benefits and associated fees could be material to the financial position, results of operations and cash flows of ComEd and PECO. If a settlement is reached, a portion of ComEd's tax benefits, including any associated interest for periods prior to the PECO/Unicom Merger, would be recorded as a reduction of goodwill under the provisions of EITF Issue 93-7, "Uncertainties Related to Income Taxes in a Purchase Business Combination" (EITF 93-7). Exelon cannot predict the timing of the final resolution of these refund claims.

Other Refund Claims. ComEd and PECO have filed several tax refund claims with Federal and state taxing authorities. ComEd and PECO are unable to estimate the ultimate outcome of these refund claims and will account for any amount received in the period the matters are settled with the Federal and state taxing authorities. To the extent ComEd is successful on any of its refund claims a portion of the tax and interest benefit may be recorded to goodwill under the provisions of EITF 93-7.

Other. ComEd has taken certain tax positions, which have been disclosed to the IRS to defer the tax gain on the 1999 sale of its fossil generating assets. See Note 10 — Income Taxes for further information.

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

Supplemental Income Statement Information

The following tables provide additional information regarding the components of other, net within the Consolidated Statements of Income and Comprehensive Income of Exelon, ComEd, PECO and Generation for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,	
	2006	2005
Exelon		
Investment income	\$ 3	\$ 3
Gain on disposition of assets and investments, net	1	2
Decommissioning-related activities:		
Decommissioning trust fund income(a)	29	28
Decommissioning trust fund income — AmerGen(a)	9	13
Other-than-temporary impairment of decommissioning trust funds(b)	(3)	(8)
Regulatory offset to non-operating decommissioning-related activities(c)	(26)	(21)
Net direct financing lease income	6	5
Allowance for funds used during construction (AFUDC), equity	—	1
Unrealized income tax credits(d)	29	—
Other	(2)	7
Other, net	<u>\$ 46</u>	<u>\$ 30</u>

- (a) Includes investment income and realized gains and losses.
- (b) For the three months ended March 31, 2006, includes other-than-temporary impairments totaling \$3 million on nuclear decommissioning trust funds for the former ComEd units. For the three months ended March 31, 2005, includes other-than-temporary impairments totaling \$7 million and \$1 million on nuclear decommissioning trust funds for the former ComEd units and AmerGen units, respectively.
- (c) Includes the elimination of non-operating decommissioning-related activity for those units that are subject to regulatory accounting, including the elimination of decommissioning trust fund income and other-than-temporary impairments for certain nuclear units. See Notes 13 and 16 of Exelon's Notes to Consolidated Financial Statements within Exelon's Annual Report on 2005 Form 10-K for more information regarding the regulatory accounting applied for certain nuclear units.
- (d) Receivable for the contractual recovery of unrealized income tax credits related to Exelon's investment in synthetic fuel-producing facilities. See Note 10 — Income Taxes for further information.

	Three Months Ended March 31,	
	2006	2005
ComEd		
Investment income	\$ —	\$ 1
Gain on disposition of assets and investments, net	—	3
AFUDC, equity	—	1
Other	1	(1)
Other, net	<u>\$ 1</u>	<u>\$ 4</u>

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	Three Months Ended March 31,	
	2006	2005
PECO		
Investment income	\$ 2	\$ 2
Other	1	(1)
Other, net	<u>\$ 3</u>	<u>\$ 1</u>
	Three Months Ended March 31,	
	2006	2005
Generation		
Decommissioning-related activities:		
Decommissioning trust fund income(a)	\$ 29	\$ 28
Decommissioning trust fund income — AmerGen(a)	9	13
Other-than-temporary impairment of decommissioning trust funds(b)	(3)	(8)
Contractual offset to non-operating decommissioning-related activities(c)	(26)	(21)
Other	(2)	6
Other, net	<u>\$ 7</u>	<u>\$ 18</u>

(a) Includes investment income and realized gains and losses.

(b) For the three months ended March 31, 2006, includes other-than-temporary impairments totaling \$3 million on nuclear decommissioning trust funds for the former ComEd units. For the three months ended March 31, 2005, includes other-than-temporary impairments totaling \$7 million and \$1 million on nuclear decommissioning trust funds for the former ComEd units and AmerGen units, respectively.

(c) Includes the elimination of non-operating decommissioning-related activity for those units that are subject to contractual accounting, including the elimination of decommissioning trust fund income and other-than-temporary impairments for certain nuclear units. See Notes 13 and 16 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report Form 10-K for more information regarding the regulatory accounting applied for certain nuclear units.

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Supplemental Balance Sheet Information

The following tables provide additional information regarding the regulatory assets and liabilities of Exelon, ComEd and PECO:

<u>Exelon and ComEd</u>	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Regulatory assets (liabilities):		
Nuclear decommissioning	\$ (1,516)	\$ (1,435)
Removal costs	(1,025)	(1,015)
Reacquired debt costs and interest-rate swap settlements	102	107
Conditional asset retirement obligations	93	91
Recoverable transition costs	40	43
Deferred income taxes	8	8
Other	30	31
Total net regulatory liabilities	<u>\$ (2,268)</u>	<u>\$ (2,170)</u>
	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Regulatory assets (liabilities):		
Competitive transition charges	\$ 3,401	\$ 3,532
Deferred income taxes	784	781
Non-pension postretirement benefits	44	45
Reacquired debt costs	35	36
MGP regulatory asset	20	26
Conditional asset retirement obligations	14	13
U.S. Department of Energy facility decommissioning	11	13
Nuclear decommissioning	(88)	(68)
Other	14	8
Long-term regulatory assets	4,235	4,386
Deferred (over-recovered) energy costs — current asset (liability)	(11)	39
Total net regulatory assets	<u>\$ 4,224</u>	<u>\$ 4,425</u>

The following tables provide information regarding accumulated depreciation and the allowance for uncollectible accounts as of March 31, 2006 and December 31, 2005:

<u>March 31, 2006</u>	<u>Exelon</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>
Property, plant and equipment:				
Accumulated depreciation	\$ 8,033(a)	\$ 1,285	\$ 2,198	\$ 4,418(a)
Accounts receivable:				
Allowance for uncollectible accounts	87	19	45	15

(a) Includes accumulated amortization of nuclear fuel of \$2,151 million.

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<u>December 31, 2005</u>	<u>Exelon</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>
Property, plant and equipment:				
Accumulated depreciation	\$ 7,872(a)	\$ 1,253	\$ 2,172	\$ 4,315(a)
Accounts receivable:				
Allowance for uncollectible accounts	77	20	39	15

(a) Includes accumulated amortization of nuclear fuel of \$2,103 million.

The following table provides information regarding counterparty margin deposit accounts as of March 31, 2006 and December 31, 2005:

<u>Exelon and Generation</u>	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Other current assets:		
Counterparty collateral asset	\$ 139	\$ 285
Other current liabilities:		
Counterparty collateral liability	60	101

15. Segment Information (Exelon, ComEd, PECO and Generation)

Exelon has three operating segments: ComEd, PECO and Generation. Exelon evaluates the performance of its business segments based on net income. As a result of developments during the fourth quarter of 2005, Exelon concluded that it could no longer aggregate ComEd and PECO as a single reportable segment. These developments included the approaching end of the regulatory transition period and rate freeze in Illinois, the opposition to rate increases expressed by the Attorney General of the State of Illinois, changes in the ComEd Board of Directors and the selection of executive officers of ComEd with no responsibilities outside of ComEd. As a result, ComEd and PECO are no longer reported as a combined Energy Delivery reportable segment. For more information regarding ComEd's regulatory issues, see Note 5 — Regulatory Issues. Prior period presentation has been adjusted for comparative purposes.

ComEd, PECO and Generation each operate in a single business segment; as such, no separate segment information is provided for these registrants.

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Three Months Ended March 31, 2006 and 2005

Exelon's segment information for the three months ended March 31, 2006 and 2005 is as follows:

	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>	<u>Other(a)</u>	<u>Eliminations</u>	<u>Consolidated</u>
Total revenues(b):						
2006	\$ 1,426	\$ 1,407	\$ 2,220	\$ 205	\$ (1,397)	\$ 3,861
2005	1,386	1,295	2,020	168	(1,308)	3,561
Intersegment revenues:						
2006	\$ 2	\$ 2	\$ 1,188	\$ 205	\$ (1,397)	\$ —
2005	2	2	1,135	169	(1,308)	—
Income from continuing operations before income taxes:						
2006	\$ 91	\$ 141	\$ 429	\$ (61)	\$ —	\$ 600
2005	116	200	495	(77)	—	734
Income taxes:						
2006	\$ 37	\$ 48	\$ 161	\$ (45)	\$ —	\$ 201
2005	46	71	191	(81)	—	227
Income from continuing operations:						
2006	\$ 54	\$ 93	\$ 268	\$ (16)	\$ —	\$ 399
2005	70	129	304	4	—	507
Income from discontinued operations:						
2006	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1
2005	—	—	16	(2)	—	14
Net income:						
2006	\$ 54	\$ 93	\$ 268	\$ (15)	\$ —	\$ 400
2005	70	129	320	2	—	521
Total assets:						
March 31, 2006	\$ 17,338	\$ 9,983	\$ 17,575	\$ 13,157	\$ (15,759)	\$ 42,294
December 31, 2005	17,211	10,018	17,724	13,019	(15,583)	42,389

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises and investments in synthetic fuel-producing facilities.

(b) For the three months ended March 31, 2006 and 2005, utility taxes of \$62 million and \$63 million, respectively, are included in revenues and expenses for ComEd. For the three months ended March 31, 2006 and 2005, utility taxes of \$57 million and \$52 million, respectively, are included in revenues and expenses for PECO.

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16. Related-Party Transactions (Exelon, ComEd, PECO and Generation)

Exelon and ComEd

The financial statements of Exelon and ComEd include related-party balances and transactions with unconsolidated affiliates as presented in the tables below:

	Three Months Ended March 31,	
	2006	2005
Operating revenues from affiliates		
ComEd Transitional Funding Trust	\$ 1	\$ 1
Interest expense to affiliates		
ComEd Transitional Funding Trust	14	19
ComEd Financing II	3	3
ComEd Financing III	3	3
Equity in earnings (losses) of unconsolidated affiliates		
ComEd Funding LLC	(3)	(4)
	March 31, 2006	December 31, 2005
Receivables from affiliates (current)		
ComEd Transitional Funding Trust	\$ 15	\$ 14
Investment in affiliates		
ComEd Funding LLC	15	18
ComEd Financing II	10	10
ComEd Financing III	6	6
Receivable from affiliates (noncurrent)		
ComEd Transitional Funding Trust	13	12
Payables to affiliates (current)		
ComEd Financing II	3	6
ComEd Financing III	—	4
Long-term debt to ComEd Transitional Funding Trust and other financing trusts (including due within one year)		
ComEd Transitional Funding Trust	898	987
ComEd Financing II	155	155
ComEd Financing III	206	206

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In addition to the transactions described above, ComEd's financial statements include related-party balances and transactions as presented in the tables below:

	Three Months Ended March 31,	
	2006	2005
Operating revenues from affiliates		
Generation(a)	\$ 2	\$ 2
Purchased power from affiliate		
PPA with Generation(b)	771	753
Operations and maintenance from affiliates		
BSC(c)	52	44
Interest income from affiliates		
Exelon intercompany money pool(d)	—	2
Capitalized costs		
BSC(c)	17	14
Cash dividends paid to parent	—	138
	March 31,	December 31,
	2006	2005
Receivables from affiliates (current)		
Other	\$ —	\$ 23
Receivables from affiliates (noncurrent)		
Generation(e)	1,517	1,435
Payables to affiliates (current)		
Generation decommissioning(f)	11	11
Generation(a),(b)	251	242
BSC(c)	19	14
Borrowings from Exelon intercompany money pool(d)	—	140

- (a) ComEd provides retail electric and ancillary services to Generation.
- (b) ComEd has entered into a full-requirements purchase power agreement (PPA), as amended, with Generation. See Note 17 of ComEd's Notes to Consolidated Financial Statements within ComEd's 2005 Annual Report on Form 10-K for more information regarding the PPA.
- (c) ComEd receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.
- (d) ComEd participated in Exelon's intercompany money pool, whereby ComEd earned interest on its contributions to the money pool and paid interest on its borrowings from the money pool at a market rate of interest. As of January 10, 2006, ComEd suspended participation in the money pool and on February 22, 2006, entered into a \$1 billion senior secured three year revolving credit agreement among a group of lenders. See Note 7 — Debt and Credit Agreements for additional information
- (e) ComEd has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO at the end of

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decommissioning, such amounts are due back to ComEd for payment to ComEd's customers. See Note 11 of ComEd's Notes to Consolidated Financial Statements within ComEd's 2005 Annual Report on Form 10-K for additional information.

- (f) ComEd has a short-term payable to Generation, primarily representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation.

Exelon and PECO

The financial statements of Exelon and PECO include related-party balances and transactions with unconsolidated financing subsidiaries as presented in the tables below:

	Three Months Ended March 31,	
	2006	2005
Operating revenues from affiliates		
PETT(a)	\$ 2	\$ 2
Interest expense to affiliates		
PETT	48	56
PECO Trust III	2	2
PECO Trust IV	1	1
Equity in losses of unconsolidated affiliates		
PETT	3	4
	March 31, 2006	December 31, 2005
Investment in affiliates		
PETT	\$ 61	\$ 63
PECO Energy Capital Corp	4	4
PECO Trust IV	6	6
Payables to affiliates (current)		
PECO Trust III	2	1
PECO Trust IV	2	—
Long-term debt to PETT and other financing trusts (including due within one year)		
PETT	2,849	2,975
PECO Trust III	81	81
PECO Trust IV	103	103

- (a) PECO receives a monthly service fee from PETT based on a percentage of the outstanding balance of all series of transition bonds.

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In addition to the transactions described above, PECO's financial statements include related-party balances and transactions as presented in the tables below:

	Three Months Ended March 31,	
	2006	2005
Operating revenues from affiliates		
Generation(a)	\$ 2	\$ 2
Purchased power from affiliate		
Generation(b)	416	381
Fuel from affiliate		
Generation(c)	—	1
Operations and maintenance from affiliates		
BSC(d)	31	25
Interest income from affiliates		
Other	—	1
Capitalized costs		
BSC(d)	17	6
Cash dividends paid to parent	116	115
	March 31, 2006	December 31, 2005
Receivable from affiliate (current)		
BSC	\$ —	\$ 13
Contributions to Exelon intercompany money pool(e)	—	8
Receivable from affiliate (noncurrent)		
Generation decommissioning(f)	88	68
Payables to affiliates (current)		
Generation(b)	143	151
BSC(d)	25	26
Shareholders' equity — receivable from parent(g)	1,196	1,232

- (a) PECO provides energy to Generation for Generation's own use.
- (b) PECO has entered into a PPA with Generation. See Note 15 of PECO's Notes to Consolidated Financial Statements within PECO's 2005 Annual Report on Form 10-K for more information regarding the PPA.
- (c) Effective April 1, 2004, PECO entered into a one-year gas procurement agreement with Generation.
- (d) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.
- (e) PECO participates in Exelon's intercompany money pool. PECO earns interest on its contributions to the money pool at a market rate of interest.

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- (f) PECO has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct, whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO at the end of decommissioning, such amounts are due back to PECO for payment to PECO's customers. See Note 9 of PECO's Notes to Consolidated Financial Statements within PECO's 2005 Annual Report on Form 10-K for additional information.
- (g) PECO has a non-interest bearing receivable from Exelon related to the 2001 corporate restructuring. The receivable is expected to be settled over the years 2006 through 2010.

Generation

The financial statements of Generation include related-party balances and transactions as presented in the tables below:

	Three Months Ended March 31,	
	2006	2005
Operating revenues from affiliates		
ComEd(a)	\$771	\$ 753
PECO(a)	416	382
BSC	1	—
Operations and maintenance from affiliates		
ComEd(b)	2	2
PECO(b)	2	2
BSC(c)	71	64
Interest expense to affiliate		
Exelon intercompany money pool(d)	1	2
Cash distribution paid to member	165	239
Cash contribution received from member	—	843
	March 31,	December 31,
	2006	2005
Receivables from affiliates (current)		
ComEd(a)	\$ 251	\$ 242
ComEd decommissioning(e)	11	11
PECO(a)	143	151
BSC(c)	—	7
Payables to affiliates (current)		
Exelon(f)	2	4
BSC(c)	56	—
Borrowings from Exelon intercompany money pool(d)	4	92
Payables to affiliates (noncurrent)		
ComEd decommissioning(g)	1,517	1,435
PECO decommissioning(g)	88	68

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- (a) Generation has entered into PPAs with ComEd and PECO, as amended, to provide the full energy requirements of ComEd and PECO. See Note 17 of Generation's Notes to Consolidated Financial Statements within Generation's 2005 Annual Report on Form 10-K for additional information regarding the PPAs.
 - (b) Generation purchases retail and electric and ancillary services from ComEd and buys power from PECO for Generation's own use. In order to facilitate payment processing, ComEd processes certain invoice payments on behalf of Generation. Prior to joining PJM on May 1, 2004, ComEd also provided transmission services to Generation. Amounts charged by ComEd to Generation for transmission have been recorded as intercompany purchased power by Generation. Effective April 1, 2004, Generation entered into a one-year gas supply agreement with PECO. See Note 17 of Generation's Notes to Consolidated Financial Statements within Generation's 2005 Annual Report on Form 10-K for additional information regarding the PPAs.
 - (c) Generation receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized. Some third-party reimbursements due to Generation are recovered through BSC.
 - (d) Generation participates in Exelon's intercompany money pool. Generation earns interest on its contributions to the money pool, and pays interest on its borrowings from the money pool at a market rate of interest.
 - (e) Generation has short-term receivable from ComEd, primarily representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation.
 - (f) In order to facilitate payment processing, Exelon processes certain invoice payments on behalf of Generation.
 - (g) Generation has long-term payables to ComEd and PECO as a result of the nuclear decommissioning contractual construct whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO, such amounts are due back to ComEd and PECO, as applicable, for payment to the customers. See Note 13 of Generation's Notes to Consolidated Financial Statements within Generation's 2005 Annual Report on Form 10-K for additional information.

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

Interest-Rate Swaps (Exelon, ComEd and PECO)

The fair values of Exelon's, ComEd's and PECO's interest-rate swaps are determined using quoted exchange prices, external dealer prices and available market pricing curves. At March 31, 2006, the Registrants did not have any fair-value hedges or cash-flow interest-rate hedges outstanding. At December 31, 2005, Exelon had \$240 million of notional amounts of interest-rate swaps outstanding, which were held by ComEd and were settled on January 17, 2006 for a cash payment of \$1 million.

Fair-Value Hedges. The Registrants utilize fixed-to-floating interest-rate swaps from time to time as a means to achieve their targeted level of variable-rate debt as a percent of total debt. At March 31, 2006, the Registrants did not have any notional amounts of fair-value hedges outstanding. Fixed-to-floating interest-rate swaps are designated as fair-value hedges, as defined in SFAS No. 133 and, as such, changes in the fair value of the swaps are recorded in earnings; however, as long as the hedge remains effective and the underlying transaction remains probable, changes in the fair value of the swaps are offset by changes in the fair value of the hedged liabilities. Any change in the fair value of the hedge as a result of ineffectiveness is recorded immediately in earnings. During the three months ended March 31, 2006 and 2005, no amounts relating to fair-value hedges were recorded in earnings as a result of ineffectiveness.

Cash-Flow Hedges. The Registrants utilize interest rate derivatives from time to time to lock in interest-rate levels in anticipation of future financings. Forward-starting interest-rate swaps are designated as cash-flow hedges, as defined in SFAS No. 133 and, as such, changes in the fair value of the swaps are

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recorded in accumulated other comprehensive income (OCI). Any change in the fair value of the hedge as a result of ineffectiveness is recorded immediately in earnings. At March 31, 2006, the Registrants did not have any notional amounts of cash-flow hedges outstanding. During the three months ended March 31, 2006 and 2005, the Registrants did not reclassify any amounts from accumulated other comprehensive income (OCI) into earnings as a result of ineffectiveness.

Energy-Related Derivatives (Exelon, ComEd and Generation)

Generation utilizes derivatives to manage the utilization of its available generating capacity and the provision of wholesale energy to its affiliates. Exelon and Generation also utilize energy option contracts and energy financial swap arrangements to limit the market price risk associated with forward energy commodity contracts. Additionally, Generation enters into certain energy-related derivatives for trading or speculative purposes. Exelon and Generation's energy contracts are accounted for under SFAS No. 133. Non-trading contracts may qualify for the normal purchases and normal sales exception to SFAS No. 133. Those that do not meet the normal purchase and normal sales exception are recorded as assets or liabilities on the balance sheet at fair value. Changes in the derivatives recorded at fair value are recognized in earnings unless specific hedge accounting criteria are met and they are designated as cash-flow hedges, in which case those changes are recorded in OCI, and gains and losses are recognized in earnings when the underlying transaction occurs or are designated as fair-value hedges, in which case those changes are recognized in current earnings offset by changes in the fair value of the hedged item in current earnings. Changes in the fair value of derivative contracts that do not meet the hedge criteria under SFAS No. 133 (or are not designated as such) and proprietary trading contracts are recognized in current earnings. Generation also has contracted for access to additional generation and sales to load-serving entities that are accounted for under the accrual method of accounting discussed in Note 20 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K.

ComEd has one wholesale contract accounted for as a derivative under SFAS No. 133. This contract, which previously qualified for the normal purchase and normal sales exception pursuant to SFAS No. 133, has been recorded at fair value beginning in the first quarter of 2006 since the exception is no longer applicable. As of March 31, 2006, the fair value of this contract was \$10 million which was recorded on Exelon and ComEd's Consolidated Balance Sheets. The related mark-to-market loss was recorded in operating revenues within Exelon's and ComEd's Consolidated Statements of Income and Comprehensive Income. This contract expires in December 2007.

At March 31, 2006 Exelon, ComEd and Generation had net liabilities of \$384 million, \$10 million and \$411 million, respectively, on their Consolidated Balance Sheets for the fair value of energy derivatives, which

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included the energy derivatives at Exelon and Generation discussed below. The following table provides a summary of the fair value balances recorded by Exelon, ComEd and Generation as of March 31, 2006:

<u>Derivatives</u>	<u>Generation</u>				<u>ComEd</u>	<u>Other(a)</u>	<u>Exelon Energy- Related Derivatives</u>
	<u>Cash-Flow Hedges</u>	<u>Other Derivatives</u>	<u>Proprietary Trading</u>	<u>SubTotal</u>			
Current assets	\$ 347	\$ 266	\$ 24	\$ 637	\$ —	\$ —	\$ 637
Noncurrent assets	200	10	121	331	—	38	369
Total mark-to-market energy contract assets	\$ 547	\$ 276	\$ 145	\$ 968	\$ —	\$ 38	\$ 1,006
Current liabilities	\$ (640)	\$ (289)	\$ (18)	\$ (947)	\$ (6)	—	\$ (953)
Noncurrent liabilities	(276)	(36)	(120)	(432)	(4)	(1)	(437)
Total mark-to-market energy contract liabilities	\$ (916)	\$ (325)	\$ (138)	(1,379)	\$ (10)	(1)	\$ (1,390)
Total mark-to-market energy contract net assets (liabilities)	\$ (369)	\$ (49)	\$ 7	\$ (411)	\$ (10)	\$ 37	\$ (384)

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises and investments in synthetic fuel-producing facilities.

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including ComEd's and PECO's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into physical contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures.

Cash-Flow Hedges (Generation)

The tables below provide details of effective cash-flow hedges under SFAS No. 133 included on Generation's Consolidated Balance Sheets as of March 31, 2006. The data in the table is indicative of the magnitude of SFAS No. 133 hedges Generation has in place; however, since under SFAS No. 133 not all derivatives are recorded in OCI, the table does not provide an all-encompassing picture of Generation's derivatives. The tables also include the activity of accumulated OCI related to cash-flow hedges for the three months ended March 31, 2006 and 2005, providing information about the changes in the fair value of hedges and the reclassification from OCI into earnings.

Three Months Ended March 31, 2006	Total Cash-Flow Hedge OCI Activity, Net of Income Tax
Accumulated OCI derivative loss at December 31, 2005	\$ (314)
Changes in fair value	46
Reclassifications from OCI to net income	45
Accumulated OCI derivative loss at March 31, 2006	\$ (223)

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Three Months Ended March 31, 2005	Total Cash-Flow Hedge OCI Activity, Net of Income Tax
Accumulated OCI derivative loss at December 31, 2004	\$ (137)
Changes in fair value	(176)
Reclassifications from OCI to net income	54
Accumulated OCI derivative loss at March 31, 2005	<u>\$ (259)</u>

At March 31, 2006, Generation had net unrealized pre-tax losses on cash-flow hedges of \$369 million in accumulated OCI. Based on market prices at March 31, 2006, approximately \$293 million of these deferred net pre-tax unrealized losses on derivative instruments in accumulated OCI are expected to be reclassified to earnings during the next twelve months. However, the actual amount reclassified to earnings could vary due to future changes in market prices. Amounts recorded in accumulated OCI related to changes in energy commodity cash-flow hedges are reclassified to earnings when the forecasted purchase or sale of the energy commodity occurs. The majority of Generation's cash-flow hedges are expected to settle within the next three years.

Generation's cash-flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a \$75 million pre-tax loss and a \$87 million pre-tax loss for the three months ended March 31, 2006 and 2005, respectively.

Other Derivatives (Exelon, ComEd and Generation)

Exelon and Generation enter into certain contracts that are derivatives, but do not qualify for hedge accounting under SFAS No. 133 or are not designated as cash-flow hedges. These contracts are also entered into to economically hedge and limit the market price risk associated with energy commodity prices. Changes in the fair value of these derivative contracts are recognized in current earnings. For the three months ended March 31, 2006 and 2005, Exelon, ComEd and Generation recognized the following net unrealized mark-to-market gains (losses), realized mark-to-market gains and total mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity of certain non-trading purchase power and sale contracts pursuant to SFAS No. 133. Mark-to-market activity on non-trading purchase power and sale contracts are reported in fuel and purchased power.

Three Months Ended March 31, 2006	Generation	ComEd(a)	Other(b)	Exelon
Unrealized mark-to-market gains (losses)	\$ (57)	\$ (10)	\$ 13	\$ (54)
Realized mark-to-market gains	35	—	—	35
Total net mark-to-market gains (losses)	<u>\$ (22)</u>	<u>\$ (10)</u>	<u>\$ 13</u>	<u>\$ (19)</u>

(a) See "Energy-Related Derivatives" above.

(b) Other includes corporate operations, shared service entities, including BSC, Enterprises and investments in synthetic fuel-producing facilities.

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<u>Three Months Ended March 31, 2005</u>	<u>Generation</u>	<u>ComEd</u>	<u>Other(a)</u>	<u>Exelon</u>
Unrealized mark-to-market gains	\$ 53	\$ —	\$ —	\$ 53
Realized mark-to-market gains	10	—	—	10
Total net mark-to-market gains	<u>\$ 63</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 63</u>

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises and investments in synthetic fuel-producing facilities.

Proprietary Trading Activities. Proprietary trading includes all contracts entered into purely to profit from market price changes as opposed to hedging an exposure and is subject to limits established by Exelon's Risk Management Committee. These contracts are recognized on the Consolidated Balance Sheets at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a very small portion of Generation's overall energy marketing activities. For the three months ended March 31, 2006 and 2005, Exelon and Generation recognized the following net unrealized mark-to-market gains, realized mark-to-market gains and total mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on derivative instruments entered into for trading purposes. Gains and losses associated with financial trading are reported as revenue in Exelon's Consolidated Statements of Income and Comprehensive Income.

	<u>Three Months Ended March 31,</u>	
	<u>2006</u>	<u>2005</u>
Unrealized mark-to-market gains	\$ 2	\$ 5
Realized mark-to-market gains (losses)	(2)	7
Total net mark-to-market gains	<u>\$ —</u>	<u>\$ 12</u>

Credit Risk Associated with Derivative Instruments. Exelon would be exposed to credit-related losses in the event of non-performance by counterparties that issue derivative instruments. The credit exposure of derivatives contracts is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation has entered into payment netting agreements or enabling agreements that allow for payment netting with the majority of its large counterparties, which reduce Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. The notional amount of derivatives does not represent amounts that are exchanged by the parties and, thus, is not a measure of Exelon's exposure. The amounts exchanged are calculated on the basis of the notional or contract amounts, as well as on the other terms of the derivatives, which relate to interest rates and the volatility of these rates.

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

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

General

Exelon is a public utility holding company. It operates through subsidiaries in the following business segments:

- *ComEd*, whose business includes the purchase and regulated retail and wholesale sale of electricity and distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO*, whose businesses include the purchase and regulated retail sale of electricity and distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *Generation*, which consists principally of the electric generating facilities and wholesale energy marketing operations of Generation, the competitive retail sales business of Exelon Energy Company and certain other generation projects.

See Note 15 of the Combined Notes to Consolidated Financial Statements for further segment information.

Exelon's corporate operations, through its business services subsidiary, Exelon Business Services Company (BSC), provide Exelon's business segments with a variety of support services, including legal, human resources, financial, information technology, supply management and corporate governance services. ComEd and PECO also receive additional services from BSC, including planning and engineering of delivery systems, management of construction, operation and maintenance of the transmission and delivery systems, and management of other support services. Generation receives additional services from BSC for inventory and information technology support and management of other support services. These costs are allocated to the applicable business segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

EXELON CORPORATION

Executive Overview

Financial Results. Exelon's net income was \$400 million for the three months ended March 31, 2006 as compared to \$521 million for the same period in 2005 and diluted earnings per average common share were \$0.59 for the three months ended March 31, 2006 as compared to \$0.77 for the same period in 2005. The decrease was primarily due to the following:

- unrealized mark-to-market losses on contracts not yet settled;
- unfavorable weather conditions in Exelon's service areas;
- higher operating and maintenance expenses, including expenses related to stock compensation as a result of adopting FASB Statement No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123-R) and higher non-outage operating costs and nuclear refueling expenses;
- increased depreciation and amortization expense, primarily related to competitive transition charge (CTC) amortization at PECO;
- reduced earnings from investments in synthetic fuel-producing facilities;
- a gain recorded in 2005 associated with the sale of Exelon's investment in Sithe Energies, Inc. (Sithe);
- increased interest expense associated with the debt issued in March 2005 to fund Exelon's pension contribution; and

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- increased taxes other than income due to favorable real estate tax settlements at PECO and Generation in 2005.

The factors driving the overall decrease in net income above were partially offset by the following:

- higher margins on Generation's wholesale market sales;
- increased electric revenues at PECO associated with certain scheduled rate increases; and
- increased kWh deliveries, excluding the effects of weather, reflecting load growth at ComEd and PECO.

Investment Strategy. Exelon continues to follow a disciplined approach in investing to maximize earnings and cash flows from its assets and businesses, while selling those investments that do not meet its strategic goals. Highlights from the first quarter of 2006 include the following:

- Proposed Merger with Public Service Enterprise Group Incorporated (PSEG). — On December 20, 2004, Exelon entered into a merger agreement with PSEG (Merger), and shareholders of both companies approved the transaction in July 2005. As of April 25, 2006, all material regulatory actions required to complete the Merger have been completed with the exception of the approval from the New Jersey Board of Public Utilities (NJBPU) and the United States Nuclear Regulatory Commission (NRC) and the review by the United States Department of Justice (DOJ).

In New Jersey, hearings for the Merger review concluded at the end of March 2006. Settlement discussions began in December and are expected to resume soon. Exelon expects to complete all regulatory reviews and close the Merger in the third quarter of 2006.

Financing Activities. During the first quarter of 2006, Exelon met its capital resource requirements primarily with internally generated cash. When necessary, Exelon obtains funds from external sources, including capital markets, and through bank borrowings. In February 2006, ComEd and Generation entered into credit facilities totaling \$1 billion and \$950 million, respectively. In addition, in March 2006, ComEd issued \$325 million of First Mortgage Bonds. See Note 7 of the Combined Notes to the Consolidated Financial Statements for further information on the credit facilities and the bond issuance.

Regulatory and Environmental Developments. The following significant regulatory and environmental developments occurred in the first quarter of 2006. See Notes 5 and 13 of the Combined Notes to the Consolidated Financial Statements for further information.

- Illinois Procurement Filing — On January 24, 2006, the Illinois Commerce Commission (ICC) approved ComEd's procurement case, authorizing ComEd to procure power after 2006 through a reverse-auction competitive bidding process and to recover the costs from retail customers with no markup. The auction will be administered by an independent auction manager, with oversight by the ICC staff. The first auction is scheduled to take place during the fall, at which time ComEd's entire load will be up for bid. To mitigate the effects of changes in future prices, the load will be staggered in three-year contracts. ComEd, the Attorney General of Illinois, Citizens Utility Board and other parties have filed appeals for review of portions of the order with the Illinois Appellate Court. While ComEd is generally supportive of the order in the procurement case, ComEd has objected to the requirement for a prudence review.
- House Bill 5766 — On February 24, 2006, House Bill 5766 was introduced in the Illinois General Assembly and was referred to the Rules Committee. This bill, if enacted into law, would result in the extension of the retail rate freeze in Illinois. As ComEd believes the proposed legislation, if enacted into law, would have serious detrimental effects on Illinois, ComEd, and consumers of electricity, ComEd and others are vigorously opposing this legislative initiative.
- Nuclear Generating Station Groundwater — In February 2006, Exelon and Generation launched an initiative across its ten-station nuclear fleet to systematically assess systems that handle tritium and take the necessary actions to minimize the risk of inadvertent discharge of tritium to the environment. The initiative is in response to the detection of tritium in water samples taken related to leaks at the

Braidwood, Byron and Dresden nuclear generating stations in Illinois. There is no health or safety threat to existing drinking water wells or sources based on current testing results, and the drinking water tested in residential wells meets Federal safe drinking water standards. Exelon and Generation will continue to monitor these matters and are working with state and local officials to determine the appropriate remediation plans, where necessary.

Outlook for 2006 and Beyond. Exelon's future financial results will be affected by a number of factors, including the following:

- Exelon expects the Merger will result in synergies, cost savings and operating efficiencies. Although Exelon expects to achieve these anticipated benefits of the Merger, achieving them is subject to a number of uncertainties.
- Certain governmental officials and consumer advocacy groups claim that ComEd's retail rates for electricity should not be based solely on its cost to procure electricity and capacity in the wholesale market. Additionally, certain parties to ComEd's pending rate case proceeding have indicated ComEd's rates for delivering energy should be reduced or not increased. If the price at which ComEd is allowed to sell electricity beginning in 2007 is below ComEd's cost to procure and deliver electricity, or if ComEd is unable to recover its costs and investment through the Rate Case, there may be material adverse consequences to ComEd and, possibly, Exelon. However, the ICC's unanimous approval of the reverse-auction process, barring any successful appeals or change in law, should provide ComEd with stability and greater certainty that it will be able to procure energy and pass through the costs of that energy to ComEd's customers beginning in 2007 through a transparent market mechanism in the reverse-auction competitive bidding process. The results of the Rate Case are expected to be known during the third quarter of 2006.
- The price of power purchased and sold in the open wholesale energy markets can vary significantly in response to market conditions. Generally, between 60% and 70% of Generation's supply currently serves ComEd and PECO customers. Consequently, Generation has historically limited its earnings exposure from the volatility of the wholesale energy market to the energy generated in excess of the ComEd and PECO requirements, as well as any other contracted longer term obligations. Following the expiration of the purchased power agreement (PPA) with ComEd at the end of 2006, approximately 70% to 80% of Generation's supply will be exposed to energy market prices, increasing the volatility of Exelon's results. While current market prices for electricity have increased significantly over the past few years due to the rise in natural gas and fuel prices in the market which has improved Generation's margins due to its significant capacity of low-cost nuclear generating facilities, Generation's ability to maintain those margins will depend on future fossil fuel prices and its ability to obtain high capacity factors at its nuclear plants. As mentioned previously, following the expiration of the PPA between ComEd and Generation, Exelon will increase the amount of power sold into the wholesale energy market. Based on recent increases in market prices, power now being sold to ComEd is likely to be sold in 2007 at higher prices than the prices previously received as part of the PPA.
- Federal and state governing bodies have begun to introduce, and in some cases approve, legislation mandating the future use of renewable and alternative fuel sources, such as wind, solar, biomass and geothermal. The extent of the use of these renewable and alternative fuel sources varies by state and could change. The future requirement to use these renewable and alternative fuel sources for some portion of ComEd's and PECO's distribution sales could result in increased fuel costs and capital expenditures.
- Exelon anticipates that it will be subject to the ongoing pressures of rising operating expenses due to increases in costs such as medical benefits and rising payroll costs due to inflation. Also, Exelon will continue to incur significant capital costs associated with its commitment to produce and deliver energy reliably to its customers. The Company is determined to operate its businesses responsibly and to appropriately manage its operating and capital costs while serving its customers and producing value for its shareholders.

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- Exelon, through three wholly owned subsidiaries, has investments in synthetic fuel-producing facilities. The IRS provides tax credits for such facilities under Section 45k (formerly Section 29) of the Internal Revenue Code. Based on the 2006 and 2007 New York Mercantile Exchange, Inc. index (NYMEX) futures prices per barrel of oil at March 31, 2006, Exelon estimates there will be a phase out of tax credits of 52% and 60% in 2006 and 2007, respectively. This would decrease Exelon's net income as compared to 2005 by as much as \$47 million and \$53 million in 2006 and 2007, respectively. These estimates can change significantly due to the volatility in oil prices and pending legislation in Congress. See Note 10 of the Combined Notes to Consolidated Financial Statements and Liquidity and Capital Resources for further discussion.

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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in Exelon's 2005 Annual Report on Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for asset retirement obligations, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement welfare benefits, regulatory accounting, derivative instruments, contingencies, severance and revenue recognition.

Stock-based compensation cost (Exelon, ComEd, PECO and Generation)

On January 1, 2006, Exelon adopted SFAS No. 123-R, which requires that compensation cost relating to share-based payment transactions be recognized in the financial statements. That cost is measured on the fair value of the equity or liability instruments at the date of grant and amortized over the vesting period. The fair value of stock options on the date of grant is estimated using the Black-Scholes-Merton option-pricing model, which requires assumptions such as dividends yield, expected volatility, risk-free interest rate, expected life and forfeiture rate. The fair value of performance share awards granted in the first quarter of 2006 was estimated using historical data for the previous two plan years and a Monte Carlo simulation model for the current plan year, which requires assumptions regarding Exelon's total shareholder return relative to certain stock market indices and the stock beta and volatility of Exelon's common stock and all stocks represented in these indices. See Note 3 of the Combined Notes to Consolidated Financial Statements for further information. If actual results differ significantly from the estimates, the Consolidated Financial Statements could be materially affected.

New Accounting Pronouncements

See Note 3 of the Combined Notes to Consolidated Financial Statements for discussion of new accounting pronouncements.

Results of Operations — Exelon Corporation*Three Months Ended March 31, 2006 Compared To Three Months Ended March 31, 2005***Significant Operating Trends — Exelon**

Exelon Corporation	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2006	2005	
Operating revenues	\$ 3,861	\$ 3,561	\$ 300
Operating expenses			
Purchased power and fuel expense	1,449	1,190	(259)
Operating and maintenance expense	1,037	949	(88)
Depreciation and amortization	363	319	(44)
Taxes other than income	194	172	(22)
Total operating expenses	3,043	2,630	(413)
Operating income	818	931	(113)
Other income and deductions	(218)	(197)	(21)
Income from continuing operations before income taxes	600	734	(134)
Income taxes	201	227	26
Income from continuing operations	399	507	(108)
Income from discontinued operations, net of income taxes	1	14	(13)
Net income	<u>\$ 400</u>	<u>\$ 521</u>	<u>\$ (121)</u>
Diluted earnings per share	<u>\$ 0.59</u>	<u>\$ 0.77</u>	<u>\$ (0.18)</u>

Net Income. Exelon's net income for the three months ended March 31, 2006 reflects \$19 million of unrealized mark-to-market losses; unfavorable weather conditions in the ComEd and PECO service territories compared to the three months ended March 31, 2005; increased operating and maintenance expenses, including stock-based compensation as a result of adopting SFAS No. 123-R; increased depreciation and amortization expense, including CTC amortization at PECO; and increased interest expense primarily associated with the debt issued in 2005 to fund Exelon's pension contribution; partially offset by higher realized prices on market sales at Generation; increased electric revenues at PECO associated with certain authorized rate increases; and increased kWh deliveries, excluding the effects of weather, reflecting load growth at ComEd and PECO. Exelon's net income for the three months ended March 31, 2005 included \$63 million of unrealized mark-to-market gains on non-trading activities; a gain resulting from the sale of Exelon's investment in Sithe and; increased taxes other than income due to favorable real estate tax settlements at PECO and Generation.

Operating Revenues. Operating revenues increased primarily due to an increase in wholesale and retail electric sales and retail gas sales at Generation due to an increase in market prices; higher kWh deliveries at ComEd and PECO, excluding the effects of weather; and scheduled electric rate increases at PECO; partially offset by unfavorable weather conditions in the ComEd and PECO service territories; and a mark-to-market loss associated with one wholesale contract at ComEd. See further analysis and discussion of operating revenues by segment below.

Purchased Power and Fuel Expense. Purchased power and fuel expense increased primarily due to overall higher market energy prices; higher natural gas and oil prices; and unrealized mark-to-market losses from non-trading activities. Purchased power represented 18% of Generation's total supply for the three months ended March 31, 2006 compared to 21% for the three months ended March 31, 2005. See further analysis and discussion of purchased power and fuel expense by segment below.

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Operating and Maintenance Expense. Operating and maintenance expense increased primarily due to an increase in nuclear refueling and non-outage operating costs at Generation and expenses related to stock compensation as a result of adopting SFAS No. 123-R. See further discussion of operating and maintenance expenses by segment below.

Depreciation and Amortization Expense. Depreciation and amortization expense increased primarily due to additional CTC amortization at PECO and additional plant placed in service.

Taxes Other Than Income. Taxes other than income increased primarily due to a reduction in 2005 of previously established real estate tax reserves at PECO and Generation and a net increase in utility revenue taxes at ComEd and PECO.

Other Income and Deductions. The change in other income and deductions reflects increased interest expense associated with the debt issued in 2005 to fund Exelon's voluntary pension contribution; higher interest rates on variable rate debt outstanding; higher interest expense on Generation's one-time fee for pre-1983 spent nuclear fuel obligations; and an interest payment associated with a tax resolution at Generation related to Sithe.

Effective Income Tax Rate. The effective income tax rate from continuing operations was 33.5% for the three months ended March 31, 2006 compared to 30.9% for the three months ended March 31, 2005. See Note 10 of the Combined Notes to Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Discontinued Operations. On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. In addition, Exelon has sold or wound down substantially all components of Enterprises. Accordingly, the results of operations and any gain or loss on the sale of these entities have been presented as discontinued operations within Exelon's (for Sithe and Enterprises) and Generation's (for Sithe) Consolidated Statements of Income and Comprehensive Income. See Notes 2 and 3 of the Combined Notes to Consolidated Financial Statements for further information regarding the presentation of Sithe and certain Enterprises businesses as discontinued operations. The results of Sithe are included in the Generation discussion below.

The income from discontinued operations decreased by \$13 million for the three months ended March 31, 2006 compared to the three months ended March 31, 2005 primarily due to the gain on the sale of Sithe in the first quarter of 2005.

Results of Operations by Business Segment

The comparisons of operating results and other statistical information for the three months ended March 31, 2006 compared to the same period in 2005 set forth below include intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Income from Continuing Operations by Business Segment

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2006	2005	
ComEd	\$ 54	\$ 70	\$ (16)
PECO	93	129	(36)
Generation	268	304	(36)
Other(a)	(16)	4	(20)
Total	<u>\$ 399</u>	<u>\$ 507</u>	<u>\$ (108)</u>

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises, investments in synthetic fuel-producing facilities and intersegment eliminations.

[Table of Contents](#)*Net Income by Business Segment*

	<u>Three Months Ended March 31,</u>		Favorable (Unfavorable) Variance
	<u>2006</u>	<u>2005</u>	
ComEd	\$ 54	\$ 70	\$ (16)
PECO	93	129	(36)
Generation	268	320	(52)
Other(a)	(15)	2	(17)
Total	<u>\$ 400</u>	<u>\$ 521</u>	<u>\$ (121)</u>

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises, investments in synthetic fuel-producing facilities and intersegment eliminations.

Results of Operations — ComEd

	<u>Three Months Ended March 31,</u>		Favorable (Unfavorable) Variance
	<u>2006</u>	<u>2005</u>	
Operating revenues	\$ 1,426	\$ 1,386	\$ 40
Operating expenses			
Purchased power	862	820	(42)
Operating and maintenance	216	203	(13)
Depreciation and amortization	98	97	(1)
Taxes other than income	81	78	(3)
Total operating expenses	<u>1,257</u>	<u>1,198</u>	<u>(59)</u>
Operating income	<u>169</u>	<u>188</u>	<u>(19)</u>
Other income and deductions			
Interest expense	(76)	(74)	(2)
Equity in losses of unconsolidated affiliates	(3)	(4)	1
Other, net	1	6	(5)
Total other income and deductions	<u>(78)</u>	<u>(72)</u>	<u>(6)</u>
Income before income taxes	91	116	(25)
Income taxes	37	46	9
Net income	<u>\$ 54</u>	<u>\$ 70</u>	<u>\$ (16)</u>

Net Income. ComEd's net income for the three months ended March 31, 2006 compared to the same period in 2005 reflects slightly higher operating revenues offset by higher purchased power and operating and maintenance expenses as more fully described below.

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Operating Revenues. The changes in operating revenues for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	Increase (Decrease)
Customer choice	\$ 47
Volume	24
Weather	(21)
Rate changes and mix	(8)
Retail revenue	42
Wholesale and miscellaneous revenues	8
Mark-to-market wholesale contract	(10)
Increase in operating revenues	\$ 40

Customer choice. For the three months ended March 31, 2006 and 2005, 32% and 34%, respectively, of energy delivered to ComEd's retail customers was provided by alternative electric suppliers or under the Power Purchase Option (PPO).

All ComEd customers have the choice to purchase energy from an alternative electric supplier. This choice does not affect the volume of deliveries, but affects revenue collected from customers related to supplied energy and generation service. As of March 31, 2006, one alternative supplier was approved to serve residential customers in the ComEd service territory. However, no residential customers have selected this alternative supplier.

	Three Months Ended March 31,	
	2006	2005
Retail customers purchasing energy from an alternative electric supplier:		
Volume (GWhs)(a)	3,845	4,826
Percentage of total retail deliveries	18%	22%
Retail customers purchasing energy from an alternative electric supplier or the ComEd PPO:		
Number of customers at period end	20,717	21,281
Percentage of total retail customers	(b)	(b)
Volume (GWhs)(a)	6,877	7,336
Percentage of total retail deliveries	32%	34%

(a) One GWh is the equivalent of one million kilowatthours (kWh).

(b) Less than one percent.

Volume. Revenues were \$24 million higher for the three months ended March 31, 2006 compared to the same period in 2005 due primarily to an increase in commercial and industrial deliveries excluding the effects of weather.

Weather. Revenues were lower by \$21 million due to unfavorable weather conditions for the three months ended March 31, 2006 compared to the same period in 2005. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased sales of electricity. Conversely, mild weather in non-summer months reduces demand. In ComEd's service territory, heating degree days were 11% lower, during the three months ended March 31, 2006 compared to the same period in 2005.

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Rate changes and mix. The \$8 million decline in revenue related to rate and mix changes represents differences in year-over-year consumption between various customer classes as well as a decline in the CTC paid by customers of alternate retail electric suppliers due to the increase in market energy prices. The average rate paid by various customers is dependent on the amount and time of day that the power was consumed. Changes in customer consumption patterns, including increased usage, can result in an overall decrease in the average rate even though the tariff or rate schedule remains unchanged.

Wholesale and miscellaneous revenues. The wholesale and miscellaneous revenues increase of \$8 million primarily reflects an increase in transmission revenue reflecting increased peak and kWh load within the ComEd service territory in 2006 versus the same period in 2005.

Mark-to-market wholesale contract. Market-to-market wholesale revenues reflect a \$10 million mark-to-market loss associated with one wholesale contract that had previously been recorded as a normal sale under FAS 133. This contract expires in December 2007.

Purchased Power Expense. The changes in purchased power expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	Increase (Decrease)
Customer choice	\$ 46
Volume	13
SECA rates	15
PJM Interconnection, LLC (PJM) transmission	12
Prices	(29)
Weather	(15)
Increase in purchased power expense	<u>\$ 42</u>

Customer choice. The \$46 million increase in purchased power expense from customer choice was primarily due to fewer ComEd non-residential customers electing to purchase energy from an alternative electric supplier due to the increase in market prices for energy.

Volume. The \$13 million increase in purchased power reflects increased usage by ComEd supplied customers on a weather normalized basis versus the same period in 2005.

Seams Elimination Charge/ Cost Adjustment/ Assignment (SECA) rates. Effective December 1, 2004, PJM became obligated to pay SECA collections to ComEd and ComEd became obligated to pay SECA charges. These charges are currently being collected subject to refund as they are being disputed. As a result of current events related to SECA disputes, during the first quarter of 2006, ComEd increased its reserve for amounts to be refunded. SECA charges expired on March 31, 2006 and are no longer collected. See Note 5 of the Combined Notes to Consolidated Financial Statements for more information on the SECA rates.

PJM transmission. The increase in PJM transmission expense reflects increased peak and kWh consumption by ComEd supplied customers due to load growth as well as an increase in ComEd supplied customers driven by more customers choosing ComEd for supply due to higher market prices.

Prices. Purchased power decreased by \$29 million due to the decrease in contracted energy prices under the PPA that ComEd has with Generation. The current PPA contract was entered into in March 2004 and reflects forward power prices in existence at that time. This PPA terminates at the end of 2006 and is expected to be replaced with the auction process approved by the ICC in January of this year. See Note 5 of the Combined Notes to Consolidated Financial Statements for more information on the auction process.

Weather. The \$15 million decrease in purchased power expense attributable to weather was due to unfavorable weather conditions in the ComEd service territory, which decreased the amount of electricity sold.

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Operating and Maintenance Expense. The changes in operating and maintenance expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Fringe benefits(a)	\$ 11
Corporate allocations	3
Severance-related expenses	1
PSEG merger integration costs	1
Other	(3)
Increase in operating and maintenance expense	<u>\$ 13</u>

(a) Reflects increases in various fringe benefits including increased stock compensation expense of \$8 million primarily due to Exelon's and ComEd's adoption of SFAS No. 123-R on January 1, 2006 and increased pension and other postretirement benefits costs of \$1 million.

Depreciation and Amortization Expense. The changes in depreciation and amortization expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Depreciation expense	\$ 2
Other amortization expense	(1)
Increase in depreciation and amortization expense	<u>\$ 1</u>

Taxes Other Than Income. The changes in taxes other than income for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Real estate taxes	\$ 3
Taxes on utility revenues(a)	(2)
Other	2
Increase in taxes other than income	<u>\$ 3</u>

(a) As these taxes were collected from customers and remitted to the taxing authorities and included in revenues and expenses, the increase in expense was offset by a corresponding increase in revenues.

Interest Expense. The increase in interest expense of \$2 million for the three months ended March 31, 2006 compared to 2005 was primarily due to additional short-term debt and higher interest rates.

Other, Net. The changes in other, net for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Sale of receivable	\$ (3)
Other	(2)
Decrease in other, net	<u>\$ (5)</u>

Income Taxes. The effective income tax rate was 40.7% for the three months ended March 31, 2006 compared to 39.7% for the three months ended March 31, 2005. See Note 10 of the Combined Notes to Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries — (in GWhs)	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Full service(a)				
Residential	6,797	7,111	(314)	(4.4)%
Small commercial & industrial	5,319	5,108	211	4.1 %
Large commercial & industrial	2,179	1,780	399	22.4 %
Public authorities & electric railroads	601	530	71	13.4 %
Total full service	<u>14,896</u>	<u>14,529</u>	<u>367</u>	<u>2.5 %</u>
PPO				
Small commercial & industrial	1,509	1,025	484	47.2 %
Large commercial & industrial	1,523	1,485	38	2.6 %
	<u>3,032</u>	<u>2,510</u>	<u>522</u>	<u>20.8 %</u>
Delivery only(b)				
Small commercial & industrial	894	1,668	(774)	(46.4)%
Large commercial & industrial	2,951	3,158	(207)	(6.6)%
	<u>3,845</u>	<u>4,826</u>	<u>(981)</u>	<u>(20.3)%</u>
Total PPO and delivery only	<u>6,877</u>	<u>7,336</u>	<u>(459)</u>	<u>(6.3)%</u>
Total retail deliveries	<u>21,773</u>	<u>21,865</u>	<u>(92)</u>	<u>(0.4)%</u>

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers electing to receive generation service from an alternative electric supplier.

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Electric Revenue	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Full service(a)				
Residential	\$ 549	\$ 565	\$ (16)	(2.8)%
Small commercial & industrial	388	371	17	4.6 %
Large commercial & industrial	110	88	22	25.0 %
Public authorities & electric railroads	36	33	3	9.1 %
Total full service	1,083	1,057	26	2.5 %
PPO(b)				
Small commercial & industrial	102	65	37	56.9 %
Large commercial & industrial	90	79	11	13.9 %
	192	144	48	33.3 %
Delivery only(c)				
Small commercial & industrial	11	32	(21)	(65.6)%
Large commercial & industrial	27	38	(11)	(28.9)%
	38	70	(32)	(45.7)%
Total PPO and delivery only	230	214	16	7.5 %
Total electric retail revenues	1,313	1,271	42	3.3 %
Wholesale and miscellaneous revenue(d)	123	115	8	7.0 %
Mark-to-market wholesale contract	(10)	—	(10)	n.m.
Total operating revenues	\$ 1,426	\$ 1,386	\$ 40	2.9 %

- (a) Full service revenue reflects deliveries to customers taking electric service under tariffed rates, which include the cost of energy and the cost of the transmission and the distribution of the energy.
- (b) Revenues from customers choosing the PPO include an energy charge at market rates, transmission and distribution charges, and a CTC.
- (c) Delivery only revenues reflect revenue under tariff rates from customers electing to receive generation service from an alternative electric supplier, which includes a distribution charge and a CTC.
- (d) Wholesale and miscellaneous revenues include transmission revenue (including revenue from PJM), sales to municipalities and other wholesale energy sales.
- n.m. Not meaningful

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2006	2005	
Operating revenues	\$ 1,407	\$ 1,295	\$ 112
Operating expenses			
Purchased power and fuel	813	697	(116)
Operating and maintenance	148	134	(14)
Depreciation and amortization	171	136	(35)
Taxes other than income	65	54	(11)
Total operating expenses	<u>1,197</u>	<u>1,021</u>	<u>(176)</u>
Operating income	210	274	(64)
Other income and deductions			
Interest expense	(69)	(72)	3
Equity in losses of unconsolidated affiliates	(3)	(4)	1
Other, net	3	2	1
Total other income and deductions	<u>(69)</u>	<u>(74)</u>	<u>5</u>
Income before income taxes	141	200	(59)
Income taxes	48	71	23
Net income	93	129	(36)
Preferred stock dividends	1	1	—
Net income on common stock	<u>\$ 92</u>	<u>\$ 128</u>	<u>\$ (36)</u>

Net Income. PECO's net income for the three months ended March 31, 2006 compared to the same period in 2005 decreased primarily due to higher CTC amortization and higher operating and maintenance expense. Electric and gas revenues, net of purchased power and fuel expense, were substantially unchanged as decreased sales due to unfavorable weather conditions were partially offset by increased electric revenues associated with certain authorized rate increases, including a scheduled CTC rate increase. The increases in CTC amortization expense and CTC rates are in accordance with PECO's 1998 restructuring settlement with the Pennsylvania Public Utility Commission (PAPUC). The increase in CTC amortization expense exceeded the increase in revenues from higher CTC rates.

Operating Revenues. The changes in PECO's operating revenues for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	Electric	Gas	Total Increase (Decrease)
Rate increases	\$ 44	\$ 130	\$ 174
Customer choice	21	—	21
Volume	19	(13)	6
Other rate changes and mix	6	—	6
Weather	(32)	(65)	(97)
Retail revenue	58	52	110
Miscellaneous revenues	6	(4)	2
Increase in operating revenues	<u>\$ 64</u>	<u>\$ 48</u>	<u>\$ 112</u>

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Rate increases. The \$44 million increase in electric revenues attributable to electric rate increases reflects scheduled CTC and energy rate increases in accordance with PECO's 1998 restructuring settlement with the PAPUC and the elimination of the aggregate \$200 million electric distribution rate reductions over the period January 1, 2002 through December 31, 2005 (\$40 million in 2005) related to the PAPUC's approval of the merger between PECO and ComEd. The increase in gas revenues was due to increases in rates through PAPUC-approved changes to the purchased gas adjustment clause that became effective March 1, 2005 and December 1, 2005, partially offset by a subsequent decrease in rates effective March 1, 2006. The average purchased gas cost rate per million cubic feet in effect for the three months ended March 31, 2006 was 53% higher than the average rate for the same period in 2005.

Customer choice. For the three months ended March 31, 2006 and 2005, 2% and 7%, respectively, of energy delivered to PECO's retail customers was provided by alternative electric suppliers. All PECO customers have the choice to purchase energy from an alternative electric supplier. This choice does not affect the volume of deliveries, but affects revenue collected from customers related to supplied energy and generation service. Operating income is not affected by customer choice since any increase or decrease in revenues is completely offset by any related increase or decrease in purchased power expense.

	Three Months Ended March 31,	
	2006	2005
Retail customers purchasing energy from an alternative electric supplier:		
Number of customers at period end	40,700	77,800
Percentage of total retail customers	3%	5%
Volume (GWhs)(a)	218	687
Percentage of total retail deliveries	2%	7%

(a) One GWh is the equivalent of one million kilowatthours (kWh).

The increase in electric retail revenue associated with customer choice reflected customers from all customer classes returning to PECO as their electric supplier, primarily as a result of rising wholesale energy prices and two alternative electric suppliers exiting the market during 2005.

Volume. The increase in electric revenues as a result of higher delivery volume, exclusive of the effects of weather and customer choice, was primarily due to an increased number of customers and increased usage across all customer classes. The decrease in gas revenues attributable to lower delivery volume, exclusive of the effects of weather, was due to decreased customer usage, which is consistent with the impact of rising gas prices.

Other rate changes and mix. The increase in electric revenues attributable to other rate changes and mix was primarily due to higher rates for certain large commercial and industrial customers whose rates reflect wholesale energy prices, which were higher in 2006 relative to 2005.

Weather. The demand for electricity and 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 gas businesses, very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased sales of electricity and gas. Conversely, mild weather reduces demand. Revenues were negatively affected by unfavorable weather conditions in PECO's service territory, where heating degree days were 17% lower during the three months ended March 31, 2006 compared to the same period in 2005.

Miscellaneous revenues. Electric revenues increased \$6 million primarily due to increased PJM transmission revenue, and gas revenues decreased \$4 million primarily due to decreased off-system sales.

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Purchased Power and Fuel Expense. The changes in PECO's purchased power and fuel expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Electric</u>	<u>Gas</u>	<u>Total Increase (Decrease)</u>
Rate increases	\$ 32	\$ 130	\$ 162
Customer choice	21	—	21
PJM Transmission	10	—	10
Weather	(14)	(54)	(68)
Volume	6	(12)	(6)
Other	—	(3)	(3)
Increase in purchased power and fuel expense	<u>\$ 55</u>	<u>\$ 61</u>	<u>\$ 116</u>

Rate increases. PECO's purchased power expense increased \$16 million due to a change in the mix of average pricing related to its PPA with Generation. In addition, there was a \$16 million increase in purchased power expense corresponding to the increase in electric revenues which was attributable to the scheduled energy rate increase. Fuel expense for gas increased due to higher gas prices. See "Operating Revenues" above.

Customer choice. The increase in purchased power expense from customer choice was primarily due to customers from all customer classes returning to PECO as their electric supplier, primarily as a result of rising wholesale energy prices and two alternative energy suppliers exiting the market during 2005.

PJM Transmission. The increase in PJM transmission expense reflects increased peak and kWh consumption by PECO supplied customers due to load growth as well as an increase in PECO supplied customers driven by more customers choosing PECO for supply due to higher market prices.

Weather. The decrease in purchased power and fuel expense attributable to weather was primarily due to lower demand due to unfavorable weather conditions in the PECO service territory.

Volume. The increase in purchased power expense attributable to volume, exclusive of the effects of weather and customer choice, was primarily due to an increased number of customers and increased usage across all customer classes. The decrease in gas fuel expense attributable to volume, exclusive of the effects of weather, was due to decreased customer usage, which is consistent with rising gas prices.

Other. The decrease in gas fuel expense of \$3 million was due to decreased off-system sales.

Operating and Maintenance Expense. The changes in operating and maintenance expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Allowance for uncollectible accounts(a)	\$ 13
Fringe benefits(b)	9
Implementation of new customer information and billing system	1
PSEG merger integration costs	1
Professional fees related to income tax refund claim(c)	(9)
Environmental reserve(d)	(4)
Other	3
Increase in operating and maintenance expense	<u>\$ 14</u>

(a) Primarily reflects higher accounts receivable balances in 2006 compared to 2005 resulting from increased revenues. See "Operating Revenues" above.

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- (b) Reflects increases in various fringe benefits including increased stock compensation expense of \$4 million primarily due to Exelon's and PECO's adoption of SFAS No. 123-R on January 1, 2006 and increased pension and other postretirement benefits costs of \$3 million.
- (c) Represents a charge recorded in the first quarter of 2005 which was subsequently reversed in the third quarter of 2005. See Note 13 of the Combined Notes to Consolidated Financial Statements for additional information.
- (d) Represents a settlement related to one Superfund site in 2006. See Note 13 of the Combined Notes to Consolidated Financial Statements for additional information.

Depreciation and Amortization Expense. The changes in depreciation and amortization expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
CTC amortization	\$ 33
Other	2
Increase in depreciation and amortization expense	<u>\$ 35</u>

PECO's additional amortization of the CTC is in accordance with its original settlement under the Pennsylvania Competition Act.

Taxes Other Than Income. The changes in taxes other than income for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Reduction in real estate tax accrual in 2005(a)	\$ 6
Taxes on utility revenues(b)	5
Increase in taxes other than income	<u>\$ 11</u>

- (a) Represents the reduction of a real estate tax accrual in March 2005 following settlements between PECO and various taxing authorities related to prior year tax assessments. See Note 13 of the Combined Notes to Consolidated Financial Statements for additional information.
- (b) As these taxes were collected from customers and remitted to the taxing authorities and included in revenues and expenses, the increase in tax expense was offset by a corresponding increase in revenues. Includes a \$3 million adjustment for the period 2001 through 2005.

Interest Expense. The decrease in interest expense of \$3 million was primarily due to increased scheduled payments on long-term debt owed to PECO Energy Transition Trust (PETT), partially offset by an increase in interest rates on variable rate debt and an increased amount of commercial paper outstanding.

Income Taxes. The effective income tax rate was 34.0% for the three months ended March 31, 2006 compared to 35.5% for the three months ended March 31, 2005. See Note 10 of the Combined Notes to Consolidated Financial Statements for further details of the components of the effective income tax rates.

[Table of Contents](#)**PECO Electric Operating Statistics and Revenue Detail**

PECO's electric sales statistics and revenue detail were as follows:

Retail Deliveries — (in GWhs)	Three Months Ended		Variance	% Change
	2006	2005		
Full service(a)				
Residential	3,198	3,268	(70)	(2.1)%
Small commercial & industrial	1,883	1,732	151	8.7%
Large commercial & industrial	3,702	3,510	192	5.5%
Public authorities & electric railroads	243	227	16	7.0%
Total full service	9,026	8,737	289	3.3%
Delivery only(b)				
Residential	18	104	(86)	(82.7)%
Small commercial & industrial	182	397	(215)	(54.2)%
Large commercial & industrial	18	186	(168)	(90.3)%
Total delivery only	218	687	(469)	(68.3)%
Total retail deliveries	9,244	9,424	(180)	(1.9)%

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an alternative electric supplier.

Electric Revenue	Three Months Ended		Variance	% Change
	2006	2005		
Full service(a)				
Residential	\$ 405	\$ 386	\$ 19	4.9%
Small commercial & industrial	209	184	25	13.6%
Large commercial & industrial	295	263	32	12.2%
Public authorities & electric railroads	21	20	1	5.0%
Total full service	930	853	77	9.0%
Delivery only(b)				
Residential	1	7	(6)	(85.7)%
Small commercial & industrial	9	18	(9)	(50.0)%
Large commercial & industrial	1	5	(4)	(80.0)%
Total delivery only	11	30	(19)	(63.3)%
Total electric retail revenues	941	883	58	6.6%
Miscellaneous revenues(c)	58	52	6	11.5%
Total electric and other revenue	\$ 999	\$ 935	\$ 64	6.8%

(a) Full service revenue reflects revenue from customers taking electric service under tariffed rates, which includes the cost of energy, the cost of the transmission and the distribution of the energy and a CTC.

(b) Delivery only revenue reflects revenue from customers receiving generation service from an alternative electric supplier, which includes a distribution charge and a CTC.

(c) Miscellaneous revenues include transmission revenue from PJM and other wholesale energy sales.

[Table of Contents](#)**PECO Gas Sales Statistics and Revenue Detail**

PECO's gas sales statistics and revenue detail were as follows:

Deliveries to customers (in million cubic feet (mmcf))	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Retail sales	24,921	30,134	(5,213)	(17.3)%
Transportation	6,880	7,545	(665)	(8.8)%
Total	31,801	37,679	(5,878)	(15.6)%

Revenue	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Retail sales	\$ 403	\$ 350	\$ 53	15.1%
Transportation	4	5	(1)	(20.0)%
Resales and other	1	5	(4)	(80.0)%
Total gas revenue	\$ 408	\$ 360	\$ 48	13.3%

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2006	2005	
Operating revenues	\$ 2,220	\$ 2,020	\$ 200
Operating expenses			
Purchased power and fuel	974	808	(166)
Operating and maintenance	668	609	(59)
Depreciation and amortization	67	62	(5)
Taxes other than income	43	35	(8)
Total operating expenses	<u>1,752</u>	<u>1,514</u>	<u>(238)</u>
Operating income	<u>468</u>	<u>506</u>	<u>(38)</u>
Other income and deductions			
Interest expense	(43)	(29)	(14)
Equity in losses of unconsolidated affiliates	(3)	—	(3)
Other, net	7	18	(11)
Total other income and deductions	<u>(39)</u>	<u>(11)</u>	<u>(28)</u>
Income from continuing operations before income taxes	429	495	(66)
Income taxes	<u>161</u>	<u>191</u>	<u>30</u>
Income from continuing operations	268	304	(36)
Income from discontinued operations, net of income taxes	<u>—</u>	<u>16</u>	<u>(16)</u>
Net income	<u>\$ 268</u>	<u>\$ 320</u>	<u>\$ (52)</u>

Net Income. Generation's net income for the three months ended March 31, 2006 compared to the same period in 2005 decreased due to higher operating and maintenance expense and higher interest expense, partially offset by higher revenue, net of purchased power and fuel expense. The increase in Generation's revenue, net of purchased power and fuel expense was driven by higher average margins on wholesale market sales due to previously re-priced forward hedges at higher prices, combined with higher spot market prices and the impact of higher nuclear output. Generation's net income for the three months ended March 31, 2005 reflects a gain on the sale of discontinued operations of \$16 million (after tax).

Operating Revenues. For the three months ended March 31, 2006 and 2005, Generation's sales were as follows:

Revenue	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Electric sales to affiliates	\$ 1,172	\$ 1,118	\$ 54	4.8%
Wholesale and retail electric sales	746	660	86	13.0%
Total energy sales revenue	<u>1,918</u>	<u>1,778</u>	<u>140</u>	<u>7.9%</u>
Retail gas sales	249	189	60	31.7%
Trading portfolio	2	6	(4)	(66.7)%
Other revenue(a)	51	47	4	8.5%
Total revenue	<u>\$ 2,220</u>	<u>\$ 2,020</u>	<u>\$ 200</u>	<u>9.9%</u>

(a) Includes sales related to tolling agreements, fossil fuel sales and decommissioning revenue from ComEd and PECO.

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Sales (in GWhs)	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Electric sales to affiliates	29,924	28,453	1,471	5.2%
Wholesale and retail electric sales	14,308	17,010	(2,702)	(15.9)%
Total sales	44,232	45,463	(1,231)	(2.7)%

Trading volumes of 6,985 GWhs and 5,751 GWhs for the three months ended March 31, 2006 and 2005, respectively, are not included in the table above.

Electric sales to affiliates. Revenue from sales to affiliates increased \$54 million for the three months ended March 31, 2006 compared to the same period in 2005. The increase in revenue from sales to affiliates was primarily due to a \$57 million increase from higher electric sales volume, slightly offset by overall lower prices resulting in a \$3 million decrease in revenues. In the ComEd territories, higher volumes, driven by customers returning from alternative electric suppliers, resulted in a \$47 million increase in revenues. The increase in revenues associated with volumes was offset by slightly lower prices as a result of a mix between peak and off-peak usage resulting in a \$28 million decrease in revenues. In the PECO territories, the higher volumes resulted in additional revenues of \$10 million and increases in prices resulted in \$25 million in additional revenues.

Wholesale and retail electric sales. The increase in Generation's wholesale and retail electric sales for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	Increase (Decrease)
Price	\$ 193
Volume	(107)
Increase in wholesale and retail electric sales	\$ 86

Wholesale and retail electric sales increased \$86 million due to an increase in market prices for the three months ended March 31, 2006 compared to the same period in 2005, partially offset by lower volumes of generation capacity sold to the market. The increase in market prices was primarily driven by higher fuel prices (e.g., oil and natural gas). Generation had less power to sell into the market as a result of higher demand for power sold to affiliates in 2006.

Retail gas sales. Retail gas sales increased \$60 million primarily due to higher gas prices in the overall market.

Other revenues. The increase in other revenues for the three months ended March 31, 2006 compared to the same period in 2005 was primarily due to an increase in natural gas and oil sales.

Purchased Power and Fuel Expense. Generation's supply sources are summarized below:

Supply Source (in GWhs)	Three Months Ended March 31,		Variance	% Change
	2006	2005		
Nuclear generation(a)	33,491	32,780	711	2.2%
Purchases — non-trading portfolio	7,770	9,546	(1,776)	(18.6)%
Fossil and hydroelectric generation	2,971	3,137	(166)	(5.3)%
Total supply	44,232	45,463	(1,231)	(2.7)%

(a) Represents Generation's proportionate share of the output of its nuclear generating plants.

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The changes in Generation's purchased power and fuel expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	Increase (Decrease)
Price	\$ 175
Volume	(94)
Mark-to-market	85
Increase in purchased power and fuel expense	<u>\$ 166</u>

Price. The increase reflects overall higher market energy prices for purchased power and higher natural gas and oil prices in 2006 as compared to the prior year. Energy market conditions resulted in overall higher prices for raw materials (e.g., oil, gas and coal) used in the production of electricity.

Volume. The decreased volume for the three months ended March 31, 2006 as compared to the same period in 2005 was primarily due to lower volumes of power purchased in the market and decreased fossil generation slightly offset by higher nuclear and hydroelectric generation.

Mark-to-market. Mark-to-market losses on hedging activities were \$22 million for the three months ended March 31, 2006 compared to gains of \$63 million for the same period in 2005.

Generation's average margin per MWh of electricity sold during the three months ended March 31, 2006 and 2005 were as follows:

(\$/MWh)	Three Months Ended March 31,		% Change
	2006	2005	
Average electric revenue			
Electric sales to affiliates	\$ 39.17	\$ 39.29	(0.3)%
Wholesale and retail electric sales	52.14	38.80	34.4%
Total — excluding the trading portfolio	43.36	39.11	10.9%
Average electric supply cost(a) — excluding the trading portfolio	16.44	13.84	18.8%
Average margin — excluding the trading portfolio	26.92	25.27	6.5%

(a) Average supply cost includes purchased power and fuel costs associated with electric sales. Average electric supply cost does not include fuel costs associated with retail gas sales and other sales.

Nuclear fleet operating data and purchased power cost data for the three months ended March 31, 2006 and 2005 were as follows:

	Three Months Ended March 31,	
	2006	2005
Nuclear fleet capacity factor(a)	91.0%	89.9%
Nuclear fleet production cost per MWh(a)	\$ 15.51	\$ 14.64
Average purchased power cost for wholesale operations per MWh	46.72	47.14

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC.

The nuclear fleet capacity factor increased due to fewer planned refueling outage days during the three months ended March 31, 2006 compared to the same period in 2005. Higher costs for inspections and maintenance during planned refueling outages and higher inflationary cost increases for normal plant operations and maintenance offset the higher number of MWh's generated and resulted in a higher production cost per MWh produced for the three months ended March 31, 2006 as compared to the same period in 2005. There were four planned refueling outages and seven non-refueling outages that began during the three

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months ended March 31, 2006, and the same number of planned refueling and non-refueling outages that began in the three months ended March 31, 2005.

In late 2005, the generation levels of both Quad Cities' units were reduced to pre-Extended Power Uprate (EPU) generation levels to address vibration — related equipment issues not directly related to the steam dryers. For the three months ended March 31, 2006, and the three months ended March 31, 2005, both Quad Cities' units operated at pre-EPU generation levels. The units will be brought back to full EPU generation levels after all issues are addressed to ensure safe and reliable operations at the EPU output levels which is expected to occur in 2006.

Operating and Maintenance Expense. The increase in operating and maintenance expense for the three months ended March 31, 2006 compared to the same period in 2005 consisted of the following:

	<u>Increase (Decrease)</u>
Nuclear refueling and non-outage operating costs	\$ 25
Fringe benefits	27
Other	7
Increase in operating and maintenance expense	<u>\$ 59</u>

This net \$59 million increase is primarily attributable to the following:

- A \$20 million increase in costs for normal plant operations and maintenance and inflationary costs and a \$5 million increase in costs for inspections and maintenance during planned refueling outages.
- A \$27 million increase in various fringe benefits including increased stock-based compensation primarily as a result of Exelon's adoption of SFAS No. 123-R as of January 1, 2006 and increased direct and allocated costs related to payroll, pension and other postretirement benefits expense.

Depreciation and Amortization. The increase in depreciation and amortization expense for the three months ended March 31, 2006 compared to the same period in 2005 was primarily due to the increase in depreciation expense as a result of recent capital additions.

Taxes Other Than Income. The increase in taxes other than income for the three months ended March 31, 2006 compared to the same period in 2005 was primarily due to a reduction in 2005 of a previously established real estate reserve recorded in 2005 associated with the settlement over the Three Mile Island Nuclear Station real estate assessment.

Interest Expense. The increase in interest expense for the three months ended March 31, 2006 as compared to the same period in 2005 was attributable to higher interest rates on variable rate debt outstanding, higher interest expense on Generation's one-time fee for pre-1983 spent nuclear fuel obligations to the Department of Energy and an interest payment made to the Internal Revenue Service in settlement of a tax matter.

Other, Net. The decrease in other income for the three months ended March 31, 2006 compared to the same period in 2005 was primarily due to merger-related expenses recorded during the three months ended March 31, 2006 and lower decommissioning trust fund income for the AmerGen plants.

Effective Income Tax Rate. The effective income tax rate from continuing operations was 37.5% for the three months ended March 31, 2006 compared to 38.6% for the three months ended March 31, 2005. See Note 10 of the Combined Notes to Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Discontinued Operations. On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Accordingly, the results of operations and the gain on the sale of Sithe have been presented as discontinued operations for 2005 within Generation's Consolidated Statements of Income and Comprehensive Income. There were no discontinued operations related to Sithe during the three months ended March 31, 2006. See Notes 2 and 4 of the Combined Notes to

Consolidated Financial Statements for further information regarding the presentation of Sithe as discontinued operations.

Liquidity and Capital Resources

Capital resources are primarily provided by internally generated cash flows from operations. When necessary, Exelon obtains funds from external sources in the capital markets and through bank borrowings. Exelon's access to external financing on reasonable terms depends on Exelon and its subsidiaries' credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to the extent that Exelon no longer has access to the capital markets at reasonable terms, Exelon, PECO and Generation have access to revolving credit facilities with aggregate bank commitments of \$1.5 billion that they currently utilize to support their commercial paper programs. In addition, ComEd and Generation have access to separate revolving credit facilities with aggregate bank commitments of \$1 billion and \$950 million, respectively. See the "Credit Matters" section of "Liquidity and Capital Resources" for further discussion. Exelon expects cash flows to be sufficient to meet operating, financing and capital expenditure requirements. See "Liquidity and Capital Resources" within Exelon's 2005 Annual Report on Form 10-K for further information.

Exelon's, ComEd's and PECO's working capital, defined as current assets less current liabilities, are in net deficit positions primarily due to continued capital expenditures to improve and expand their service systems, current portions of debt due to ComEd Transitional Funding Trust and PECO Energy Transition Trust as well as maturing long-term debt at ComEd. ComEd intends to refinance the maturing long-term debt during 2006. Exelon, ComEd and PECO have access to revolving credit facilities as described above. As more fully described below, ComEd did not pay a dividend during the first quarter 2006.

Cash Flows from Operating Activities

ComEd's and PECO's cash flows from operating activities primarily result from sales of electricity and, in the case of PECO, gas to a stable and diverse base of retail customers at fixed prices and are weighted toward the third quarter of each fiscal year. ComEd's and PECO's future cash flows will be affected by the economy, weather, customer choice, existing and future regulatory proceedings relating to their revenues and their ability to achieve operating cost reductions. See Note 5 of the Combined Notes to Consolidated Financial Statements for further discussion of regulatory proceedings. Generation's cash flows from operating activities primarily result from the sale of electric energy to wholesale customers, including ComEd and PECO. Generation's future cash flows from operating activities will be affected by demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs.

Cash flows from operations have been a reliable, steady source of cash flow, sufficient to meet operating and capital expenditures requirements. Operating cash flows after 2006 could be negatively affected by changes in the rate regulatory environments of ComEd and PECO, although any effects are not expected to hinder the ability of PECO to fund its business requirements. Beginning in 2007, ComEd will purchase energy in the wholesale energy markets in order to meet the retail energy needs of ComEd's customers because ComEd does not own any generation. If the price at which ComEd is allowed to sell energy beginning in 2007 is below ComEd's cost to procure and deliver electricity, there may be potential material adverse consequences to ComEd and, possibly, Exelon. ComEd has proposed a "cap and deferral" program to mitigate the impact on its residential customers of transitioning to the post rate freeze period. If implemented, ComEd's cash flows from operations would be reduced in the first years of the program, but would increase as any deferred amounts are collected. ComEd would also receive an appropriate return on any deferred balances. See Note 5 of the Combined Notes to Consolidated Financial Statements for further discussion of ComEd's procurement case.

Additionally, Exelon, through ComEd, has taken certain tax positions, which have been disclosed to the IRS, to defer the tax gain on the 1999 sale of its fossil generating assets. As discussed in Note 10 of the Combined Notes to Consolidated Financial Statements, this tax obligation is significant, and an adverse determination could require a significant payment.

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The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		Variance
	2006	2005	
Net income	\$ 400	\$ 521	\$ (121)
Add (subtract):			
Non-cash operating activities(a)	594	1,125	(531)
Income taxes	35	(344)	379
Changes in working capital and other noncurrent assets and liabilities(b)	(237)	(349)	112
Pension contributions and postretirement healthcare benefit payments, net	56	(1,962)	2,018
Net cash flows provided by (used in) operations	<u>\$ 848</u>	<u>\$ (1,009)</u>	<u>\$ 1,857</u>

(a) Represents depreciation, amortization and accretion, deferred income taxes, equity in losses of unconsolidated affiliates, and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

The increase of cash flows from operations during the three months ended March 31, 2006 compared to the same period in 2005 was primarily the result of \$2 billion of discretionary contributions to Exelon's pension plans, including contributions of \$803 million, \$109 million and \$842 million by ComEd, PECO and Generation, respectively, during the first quarter of 2005, which was initially funded through a term loan agreement, as further described in the "Cash Flows from Financing Activities" section below.

Cash flows provided by (used in) operations for the three months ended March 31, 2006 and 2005 by registrant were as follows:

	Three Months Ended March 31,	
	2006	2005
Exelon	\$ 848	\$ (1,009)
ComEd	297	(543)
PECO	247	72
Generation	602	(238)

Excluding the March 2005 discretionary pension contributions discussed above, changes in Exelon's, ComEd's, PECO's and Generation's cash flows from operations were generally consistent with changes in its results of operations, as adjusted by changes in working capital in the normal course of business.

In addition, significant operating cash flow impacts for Generation for the three months ended March 31, 2006 and 2005 were as follows:

- During the three months ended March 31, 2006 and 2005, Generation had net collections and net disbursements of counterparty collateral of \$105 million and \$23 million, respectively. The increase in cash flows was primarily due to changes in collateral requirements resulting from increased activity within exchange-based markets for energy and fossil fuel.
- In January 2005, Exelon received a \$102 million Federal income tax refund for capital losses generated in 2003 related to Generation's previously owned investment in Sithe, which were carried back to prior periods. In the first quarter of 2006, Exelon remitted a \$98 million payment to the IRS in connection with the settlement of the IRS's challenge of the timing of the above-described deduction. This payment included \$6 million of interest which was recognized as interest expense in the first quarter of

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2006. Exelon expects to receive, in either the fourth quarter of 2006 or first quarter of 2007, approximately \$92 million related to this same deduction in connection with the filing of its 2005 tax return.

Cash Flows from Investing Activities

Cash flows provided by (used in) investing activities for the three months ended March 31, 2006 and 2005 by registrant were as follows:

	Three Months Ended March 31,	
	2006	2005
Exelon	\$ (713)	\$ (566)
ComEd	(236)	21
PECO	(84)	(23)
Generation	(354)	(298)

Capital expenditures by registrant and business segment for the three months ended March 31, 2006 and projected amounts for the twelve months ended 2006 are as follows:

	Three Months Ended March 31, 2006	Projected 2006
ComEd	\$ 234	\$ 925
PECO	90	333
Generation	286	1,115
Other(a)	3	68
Total Exelon capital expenditures	\$ 613	\$ 2,441

(a) Other includes corporate operations and shared service entities, including BSC.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

ComEd and PECO. Approximately 50% of the projected 2006 capital expenditures at ComEd and PECO are for continuing projects to maintain and improve the reliability of their transmission and distribution systems. The remaining amount is for capital additions to support new business and customer growth. Exelon is continuing to evaluate its total capital spending requirements. Exelon anticipates that ComEd's and PECO's capital expenditures will be funded by internally generated funds, borrowings and the issuance of debt or preferred securities.

Generation. Generation's capital expenditures for 2006 reflect additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages) and nuclear fuel. Exelon anticipates that Generation's capital expenditures will be funded by internally generated funds, borrowings or capital contributions from Exelon.

Other significant investing activities for the three months ended March 31, 2006 and 2005 were as follows:

Exelon

- Exelon contributed \$33 million and \$28 million to its investments in synthetic fuel-producing facilities during the three months ended March 31, 2006 and 2005, respectively.

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ComEd

- As a result of its prior contributions to the Exelon intercompany money pool, \$207 million was returned to ComEd during the three months ended March 31, 2005.

PECO

- As a result of its prior contributions to the Exelon intercompany money pool, \$8 million and \$34 million were returned to PECO during the three months ended March 31, 2006 and 2005, respectively.

Generation

- On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation acquired Reservoir Capital Group's 50% interest in Sithe for cash payments of \$97 million and sold 100% of Sithe to Dynegy, for net cash proceeds of \$103 million. See Note 4 of the Combined Notes to Consolidated Financial Statements for further discussion of the sale of Sithe.

Acquisition of the Remaining Interest of Southeast Chicago Energy Project, LLC (SCEP). Generation and Peoples Calumet, LLC (Peoples Calumet), a subsidiary of Peoples Energy Corporation, are joint owners of SCEP, a 350-megawatt natural gas-fired, peaking electric power plant located in Chicago, Illinois, which began operation in 2002. In 2002, Generation and Peoples Calumet owned 70% and 30%, respectively, of SCEP. Pursuant to the joint owners agreement, Generation is obligated to purchase Peoples Calumet's 30% interest ratably over a 20-year period. Generation has reflected the third-party interest in its majority-owned investment as a long-term liability in its consolidated financial statements. At March 31, 2006, the long-term liability associated with this third-party interest was approximately \$46 million. On March 31, 2006, Generation entered into an agreement to accelerate the acquisition of Peoples Calumet's interest in SCEP. Under the agreement, Generation would pay Peoples Calumet approximately \$50 million for its remaining interest in SCEP. Generation expects to finance this transaction with the issuance of commercial paper. The transaction is subject to approval by the Federal Energy Regulatory Commission and is expected to be completed during the second quarter of 2006. The extinguishment of Generation's long-term liability to Peoples Calumet and the anticipated loss resulting from this transaction will not be recorded until the completion of the transaction; however, as of March 31, 2006, the \$46 million long-term liability to Peoples Calumet has been reclassified to other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2006 and 2005 by registrant were as follows:

	Three Months Ended March 31,	
	2006	2005
Exelon	\$ (101)	\$ 1,436
ComEd	(63)	597
PECO	(120)	(48)
Generation	(251)	357

On March 6, 2006, ComEd issued \$325 million aggregate principal amount of its First Mortgage 5.90% Bonds, Series 103, due March 15, 2036. The proceeds of the bonds were used to supplement working capital previously used to refinance amounts that ComEd used to repay \$54.2 million First Mortgage 9.875% Bonds, Series 75, due June 15, 2020, which ComEd redeemed in 2005; \$162.9 million First Mortgage 7.00% Bonds, Series 93, which matured July 1, 2005; and \$107.0 million 6.4% Notes which matured October 15, 2005.

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On March 7, 2005, Exelon entered into a \$2 billion term loan agreement. The loan proceeds were used to fund discretionary contributions of \$2 billion to Exelon's pension plans, including contributions of \$803 million, \$109 million and \$842 million by ComEd, PECO and Generation, respectively. To facilitate the contributions by ComEd, PECO and Generation, Exelon contributed the corresponding amounts to the capital of each company. See Note 10 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further information.

From time to time and as market conditions warrant, the Registrants may engage in long-term debt retirements via tender offers, open market repurchases or other viable options to strengthen their respective balance sheets.

Cash dividend payments and distributions during the three months ended March 31, 2006 and 2005 by registrant were as follows:

	Three Months Ended March 31,	
	2006	2005
Exelon	\$ 267	\$ 267
ComEd	—	138
PECO	117	116
Generation	165	239

On January 24, 2006, Exelon's board of directors declared a quarterly dividend of \$0.40 per share on Exelon's common stock. Exelon paid dividends of \$267 million on March 10, 2006 to shareholders of record at the close of business on February 15, 2006. Additionally, another dividend payment of \$267 million is payable on June 10, 2006, to shareholders of record at the close of business on May 15, 2006, provided the Merger with PSEG has not closed. See "Dividends" section of ITEM 5 of Exelon's 2005 Annual Report on Form 10-K for a further discussion of Exelon's dividend policy.

During the first quarter of 2006, ComEd did not pay a quarterly dividend. This decision by the ComEd Board of Directors not to declare a dividend was the result of several factors including ComEd's need for a rate increase to cover existing costs and anticipated levels of future capital expenditures as well as the continued uncertainty related to ComEd's regulatory filings as discussed in Note 5 of the Combined Notes to Consolidated Financial Statements. ComEd's Board of Directors will continue to assess ComEd's ability to pay a dividend on quarterly basis.

The merger agreement with PSEG provides that Exelon will increase its quarterly dividend so that the first dividend paid after the Merger is equal, on an exchange ratio adjusted basis, to the dividend PSEG shareholders received in the quarter immediately prior to the Merger, up to a maximum of \$0.47 per share of Exelon common stock. See Note 3 of the Combined Notes to Consolidated Financial Statements for information on the proposed Merger with PSEG.

In 2003, Congress passed and President Bush signed into law the Jobs and Growth Tax Reconciliation Act, legislation which lowered the tax rate on capital gains and corporate dividends to 15% for most investors and to 5% for lower-income investors. Prior to enactment of this law, the maximum tax rate on dividend income was 38.6%. These provisions are scheduled to expire at the end of 2008, but Congress is currently considering legislation to extend the lower tax rates through 2010 as part of H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005. The bill as passed by the House of Representatives (House) includes language to extend the current tax treatment of capital gains and dividends through 2010; the Senate-passed version does not include these provisions. A House-Senate conference committee is working to resolve the differences between the competing versions of the bill.

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Other significant financing activities for Exelon for the three months ended March 31, 2006 and 2005 were as follows:

- Exelon purchased treasury shares totaling \$54 million and \$8 million during the three months ended March 31, 2006 and 2005, respectively.
- Exelon received proceeds from employee stock plans of \$81 million and \$103 million during the three months ended March 31, 2006 and 2005, respectively.
- There was \$21 million and \$0 of excess tax benefits included as a cash inflow in other financing activities during the three months ended March 31, 2006 and 2005, respectively.

Intercompany Money Pool. During the first quarter of 2006, ComEd repaid \$140 million that it had borrowed from the Exelon Intercompany money pool. Generation's net borrowings from the Exelon intercompany money pool decreased \$88 million and \$246 million during the three months ended March 31, 2006 and March 31, 2005, respectively.

Credit Matters

Exelon Credit Facilities. Exelon meets its short-term liquidity requirements primarily through the issuance of commercial paper by the Registrants. At December 31, 2005, the Registrants participated with a group of banks in a \$1 billion unsecured revolving facility maturing on July 16, 2009 and a \$500 million unsecured revolving credit facility maturing on October 31, 2006. These agreements were amended on February 22, 2006 to remove ComEd as a borrower and to remove provisions that would treat ComEd as a significant subsidiary of Exelon for purposes of its covenants and defaults under the credit agreements. In February 2006, ComEd entered into a \$1 billion senior secured three year revolving credit agreement and Generation entered into additional bilateral credit facilities with aggregate bank commitments of \$950 million. The Registrants may use the credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 7 of the Combined Notes to Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

At March 31, 2006, the Registrants had the following bank commitments and available capacity under the various credit agreements to which they are a party and the indicated amounts of outstanding commercial paper:

<u>Borrower</u>	<u>Aggregate Bank Commitment(a)</u>	<u>Available Capacity(b)</u>	<u>Outstanding Commercial Paper</u>
Exelon(c)	\$ 200	\$ 200	\$ 93
ComEd	1,000	957	308
PECO(c)	500	500	307
Generation(c)	1,750	1,667	313

(a) Represents the total bank commitments to the borrower under credit agreements to which the borrower is a party.

(b) Available capacity represents the unused bank commitments under the borrower's credit agreements net of outstanding letters of credit. The amount of commercial paper outstanding does not reduce the available capacity under the credit agreements.

(c) Exelon, PECO and Generation are parties to two credit agreements with aggregate bank commitments of \$1.5 billion. The credit agreements contain separate sublimits for Exelon, PECO and Generation, which are reflected in the table, which sublimits may be changed upon written notification to the bank group.

Interest rates on advances under the credit facilities are based on either prime or the London Interbank Offering Rate (LIBOR) plus an adder based on the credit rating of the borrower as well as the total outstanding amounts under the agreement at the time of borrowing. In the cases of Exelon, PECO and Generation, the maximum LIBOR adder is 170 basis points; and in the case of ComEd, it is 200 basis points.

The average interest rates on commercial paper for the three months ended March 31, 2006 for Exelon, ComEd, PECO and Generation were approximately 4.75%, 4.61%, 4.56% and 4.60%, respectively.

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The credit agreements require the Registrants to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The ratios exclude revenues and interest expenses attributable to securitization debt, certain changes in working capital, distributions on preferred securities of subsidiaries and, in the case of Exelon and Generation, interest on the debt of its project subsidiaries. The following table summarizes the minimum thresholds reflected in the credit agreements for the three-month period ended March 31, 2006:

	<u>Exelon</u>	<u>ComEd</u>	<u>PECO</u>	<u>Generation</u>
Credit agreement threshold	2.65 to 1	2.25 to 1	2.25 to 1	3.25 to 1

At March 31, 2006, the Registrants were in compliance with the foregoing thresholds.

The ComEd credit agreement imposes a restriction on future mortgage bond issuances by ComEd. It requires ComEd to maintain at least \$1.75 billion of issuance availability (ignoring any interest coverage test) in the form of "property additions" or "bondable bond retirements" (previously issued, but now retired, bonds), most of which are required to be maintained in the form of "bondable bond retirements." In general, a dollar of bonds can be issued under ComEd's Mortgage on the basis of \$1.50 of property additions, subject to an interest coverage test, or \$1 of bondable bond retirements, which may or may not be subject to an interest coverage test. As of March 31, 2006, ComEd was in compliance with this requirement.

Capital Structure. At March 31, 2006, the capital structures of the Registrants consisted of the following:

	<u>Exelon Consolidated</u>	<u>ComEd</u>	<u>PECO(a)</u>	<u>Generation</u>
Long-term debt	36%	28%	19%	28%
Long-term debt to affiliates(b)	19	11	49	—
Common equity	39	58	26	—
Member's equity	—	—	—	67
Preferred securities	—	—	1	—
Commercial paper and notes payable	6	3	5	5

- (a) As of March 31, 2006, PECO's capital structure, excluding the deduction from shareholders' equity of the \$1.2 billion receivable from Exelon (which amount is deducted for GAAP purposes as reflected in the table, but is excluded from the percentages in this footnote), consisted of 38% common equity, 1% preferred securities, 4% notes payable and 57% long-term debt, including long-term debt to unconsolidated affiliates.
- (b) Includes \$4.3 billion, \$1.3 billion and \$3.0 billion owed to unconsolidated affiliates of Exelon, ComEd and PECO, respectively, that qualify as special purpose entities under FIN 46-R. These special purpose entities were created for the sole purpose of issuing debt obligations to securitize intangible transition property and CTCs of ComEd and PECO or mandatorily redeemable preferred securities. See Note 1 of Exelon's Notes to Consolidated Financial Statements within Exelon's 2005 Annual Report on Form 10-K for further information regarding FIN 46-R.

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, Exelon operates an intercompany money pool. Participation in the money pool is subject to authorization by the corporate treasurer. As of January 10, 2006, ComEd suspended participation in the money pool. PECO, Generation and BSC may participate in the money pool as lenders and borrowers, and Exelon and UII, LLC, a wholly owned subsidiary of Exelon, may participate as lenders. Funding of, and borrowings from, the money pool are predicated on whether the contributions and borrowings result in economic benefits. Interest on borrowings is based on short-term market rates of interest or, if from an external source, specific borrowing rates. Maximum amounts contributed to and borrowed from the money pool by participant during the three months ended

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March 31, 2006 are described in the following table in addition to the net contribution or borrowing as of March 31, 2006:

	<u>Maximum Contributed</u>	<u>Maximum Borrowed</u>	<u>March 31, 2006 Contributed (Borrowed)</u>
ComEd(a)	\$ —	\$ 140	\$ —
PECO	21	11	—
Generation	11	206	(4)
BSC	—	134	—
UII, LLC	4	—	4
Exelon	248	—	—

(a) During the first quarter of 2006, ComEd suspended participation in the intercompany money pool.

Security Ratings. The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets depend on the securities ratings of the entity that is accessing the capital markets. The securities ratings of the Registrants have not changed from those set forth in Exelon's 2005 Annual Report on Form 10-K. None of Exelon's borrowings is subject to default or prepayment as a result of a downgrading of securities although such a downgrading could increase fees and interest charges under Exelon's credit agreements.

Shelf Registrations. As of March 31, 2006, Exelon, ComEd and PECO had current shelf registration statements for the sale of \$300 million, \$230 million and \$550 million, respectively, of securities that were effective with the SEC. The ability of Exelon, ComEd or PECO to sell securities off their shelf registration statements 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, the current financial condition of the company, its securities ratings and market conditions.

Investments in Synthetic Fuel-Producing Facilities

Exelon, through three wholly owned subsidiaries, has investments in synthetic fuel-producing facilities. Section 45k (formerly Section 29) of the Internal Revenue Code provides tax credits for the sale of synthetic fuel produced from coal. However, Section 45k contains a provision under which credits are phased out (i.e., eliminated) in the event crude oil prices for a year exceed certain thresholds.

The following table (in dollars) provides the estimated phase-out range for 2007 based on the NYMEX per barrel price of oil. The table also contains the annual average NYMEX future prices per barrel at December 31, 2007.

	<u>Estimated 2007</u>
Beginning of Phase-Out Range(a)	\$ 61
End of Phase-Out Range(a)	76
Annual Average NYMEX Future Price	70

(a) Estimated phase-out ranges are calculated using inflation rates published by the IRS after year-end. The inflation rate used by Exelon to estimate the 2007 phase-out ranges was 2%.

Based on the 2007 NYMEX futures prices at March 31, 2006, Exelon estimates there will be a phase-out of tax credits of 60% in 2007. This would decrease Exelon's net income as compared to 2005 by as much as \$53 million in 2007. These estimates can change significantly due to the volatility in oil prices. In addition, the Senate version of the Tax Reconciliation bill currently pending in Congress contains a provision that would base the phase-out of the credits on the previous year's oil Reference Price. See Note 10 of the Combined Notes to the Consolidated Financial Statements for further discussion.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments represent commitments triggered by future events. The Registrants' contractual obligations and commercial commitments as of March 31, 2006 were materially unchanged, other than in the normal course of business, from the amounts set forth in the 2005 Annual Report on Form 10-K except for the following:

Exelon

- Letters of credit and guarantees increased \$52 million and \$15 million, respectively, primarily as a result of Generation's energy trading activities.

ComEd

- ComEd issued \$325 million First Mortgage 5.90% Bonds, Series 103, due March 15, 2036.

Generation

- Letters of credit and guarantees increased \$36 million and \$15 million, respectively, primarily as a result of Generation's energy trading activities.

COMMONWEALTH EDISON COMPANY

General

ComEd operates in a single business segment and its operations consist of the purchase and regulated retail and wholesale sale of electricity and distribution and transmission services in northern Illinois, including the City of Chicago.

Executive Overview

A discussion of items pertinent to ComEd's executive overview is set forth under "EXELON CORPORATION — Executive Overview" of this Form 10-Q.

Results of Operations

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

A discussion of items pertinent to ComEd's executive overview is set forth under "Results of Operations — ComEd" in "EXELON CORPORATION — Results of Operations" of this Form 10-Q.

Liquidity and Capital Resources

ComEd's business is capital intensive and requires considerable capital resources. ComEd's capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper. ComEd's access to external financing at reasonable terms may be significantly affected by developments in or related to the proceedings concerning its post-2006 rates and recovery of energy costs and will also be affected by its credit ratings and general business conditions, as well as that of the utility industry in general. See Note 5 of the Combined Notes to Consolidated Financial Statements for information regarding ComEd's post-2006 rates and recovery of energy costs, including pending legislation to extend the current rate freeze. See the "Credit Matters" section of "Liquidity and Capital Resources" for further discussion.

Capital resources are used primarily to fund ComEd's capital requirements, including construction, retirement of debt, the payment of dividends and contributions to Exelon's pension plans.

Cash Flows from Operating Activities

A discussion of items pertinent to ComEd's cash flows from operating activities is set forth under "Cash Flows from Operating Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Investing Activities

A discussion of items pertinent to ComEd's cash flows from investing activities is set forth under "Cash Flows from Investing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Financing Activities

A discussion of items pertinent to ComEd's cash flows from financing activities is set forth under "Cash Flows from Financing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

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Credit Matters

A discussion of items pertinent to ComEd's credit facilities is set forth under "Credit Matters" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Contractual Obligations and Off-Balance Sheet Arrangements

A discussion of items pertinent to ComEd's contractual obligations and off-balance sheet arrangements is set forth under "Contractual Obligations and Off-Balance Sheet Arrangements" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

PECO ENERGY COMPANY

General

PECO operates in a single business segment and its operations consist of the purchase and regulated retail sale of electricity and distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

Executive Overview

A discussion of items pertinent to PECO's executive overview is set forth under "EXELON CORPORATION — Executive Overview" of this Form 10-Q.

Results of Operations

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

A discussion of items pertinent to PECO's executive overview is set forth under "Results of Operations — PECO" in "EXELON CORPORATION — Results of Operations" of this Form 10-Q.

Liquidity and Capital Resources

PECO's business is capital intensive and requires considerable capital resources. PECO's capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper, participation in the intercompany money pool or capital contributions from Exelon. PECO's access to external financing at reasonable terms is dependent on its credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where PECO no longer has access to the capital markets at reasonable terms, PECO has access to revolving credit facilities that PECO currently utilizes to support its commercial paper program. See the "Credit Matters" section of "Liquidity and Capital Resources" for further discussion.

Capital resources are used primarily to fund PECO's capital requirements, including construction, retirement of debt, the payment of dividends and contributions to Exelon's pension plans.

Cash Flows from Operating Activities

A discussion of items pertinent to PECO's cash flows from operating activities is set forth under "Cash Flows from Operating Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Investing Activities

A discussion of items pertinent to PECO's cash flows from investing activities is set forth under "Cash Flows from Investing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Financing Activities

A discussion of items pertinent to PECO's cash flows from financing activities is set forth under "Cash Flows from Financing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

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Credit Matters

A discussion of items pertinent to PECO's credit facilities is set forth under "Credit Matters" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Contractual Obligations and Off-Balance Sheet Arrangements

A discussion of items pertinent to PECO's contractual obligations and off-balance sheet arrangements is set forth under "Contractual Obligations and Off-Balance Sheet Arrangements" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

EXELON GENERATION COMPANY

General

Generation operates in a single business segment and its operations consist principally of the electric generating facilities and wholesale energy marketing operations of Generation, the competitive retail sales business of Exelon Energy Company and certain other generation projects.

Executive Overview

A discussion of items pertinent to Generation's executive overview is set forth under "EXELON CORPORATION — Executive Overview" of this Form 10-Q.

Results of Operations

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

A discussion of items pertinent to Generation's executive overview is set forth under "Results of Operations — Generation" in "EXELON CORPORATION — Results of Operations" of this Form 10-Q.

Liquidity and Capital Resources

Generation's business is capital intensive and requires considerable capital resources. Generation's capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper, participation in the intercompany money pool or capital contributions from Exelon. Generation's access to external financing at reasonable terms is dependent on its credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where Generation no longer has access to the capital markets at reasonable terms, Generation has access to revolving credit facilities that Generation currently utilizes to support its commercial paper program and to issue letters of credit. See the "Credit Matters" section of "Liquidity and Capital Resources" for further discussion.

Capital resources are used primarily to fund Generation's capital requirements, including construction, retirement of debt, the payment of distributions to Exelon, contributions to Exelon's pension plans and investments in new and existing ventures. Future acquisitions could require external financing or borrowings or capital contributions from Exelon.

Cash Flows from Operating Activities

A discussion of items pertinent to Generation's cash flows from operating activities is set forth under "Cash Flows from Operating Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Investing Activities

A discussion of items pertinent to Generation's cash flows from investing activities is set forth under "Cash Flows from Investing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Cash Flows from Financing Activities

A discussion of items pertinent to Generation's cash flows from financing activities is set forth under "Cash Flows from Financing Activities" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

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Credit Matters

A discussion of items pertinent to Generation's credit facilities is set forth under "Credit Matters" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Contractual Obligations and Off-Balance Sheet Arrangements

A discussion of items pertinent to Generation's contractual obligations and off-balance sheet arrangements is set forth under "Contractual Obligations and Off-Balance Sheet Arrangements" in "EXELON CORPORATION — Liquidity and Capital Resources" of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures 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 Risk Management Committee (RMC) approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of derivative activity and risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, general counsel, treasurer, vice president of corporate planning, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the derivative and risk management activities.

Commodity Price Risk (Exelon, ComEd and Generation)

To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather, governmental regulatory and environmental policies, and other factors. Exelon seeks to mitigate its commodity price risk through the purchase and sale of electric capacity, energy and fossil fuels including oil, gas, coal and emission allowances. Exelon's primary source of commodity price risk is at Generation; however, ComEd also has some commodity price risk associated with certain wholesale contracts.

Generation's energy contracts are accounted for under SFAS No. 133, "Accounting for Derivatives and Hedging Activities" (SFAS No. 133). Non-trading contracts qualify for the normal purchases and normal sales exemption to SFAS No. 133, which is discussed in Critical Accounting Policies and Estimates within Exelon's 2005 Annual Report on Form 10-K. Energy contracts that do not qualify for the normal purchases and normal sales exception are recorded as assets or liabilities on the balance sheet at fair value. Changes in the fair value of qualifying hedge contracts are recorded in other comprehensive income (OCI), and gains and losses are recognized in earnings when the underlying transaction occurs or are designated as fair-value hedges, in which case those changes are recognized in current earnings offset by changes in the fair value of the hedged item in current earnings. Changes in the derivatives recorded at fair value are recognized in earnings unless specific hedge accounting criteria are met and they are designated as cash-flow hedges, in which case those changes are recorded in OCI, and gains and losses are recognized in earnings when the underlying transaction occurs. Changes in the fair value of derivative contracts that do not meet the hedge criteria under SFAS No. 133 or are not designated as such are recognized in current earnings.

ComEd has one wholesale contract accounted for as a derivative under SFAS No. 133. This contract, which previously qualified for the normal purchase and normal sales exception to SFAS No. 133, has been recorded at fair value beginning in the first quarter of 2006 since the exception is no longer applicable. As of March 31, 2006, the fair value of this contract of \$10 million was recorded on ComEd's Consolidated Balance Sheet, of which \$6 million is classified as a current liability and \$4 million is classified as a long-term liability.

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including ComEd's and PECO's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into physical contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. The maximum length of time over which cash flows related to energy commodities are currently being cash-flow hedged is three years. Generation has an estimated 90% hedge ratio in 2006 for its energy marketing portfolio. This hedge ratio represents the percentage of its forecasted aggregate annual economic generation supply that is committed to firm sales, including sales to ComEd's and PECO's retail load. ComEd's and PECO's retail load assumptions are based on forecasted average demand. The hedge ratio is not fixed and will vary from time to time depending upon market conditions, demand, energy market option volatility and actual loads. During peak periods, Generation's amount hedged declines to meet its energy and capacity commitments to ComEd and PECO. Market price risk exposure is the risk of a change in the value of unhedged positions. Absent any efforts to mitigate market price exposure, the estimated market price exposure for Generation's unhedged non-trading portfolio

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associated with a ten percent reduction in the annual average around-the-clock market price of electricity is approximately a \$43 million decrease in net income for the remainder of 2006. This sensitivity assumes a 90% hedge ratio and that price changes occur evenly throughout the year and across all markets. The sensitivity also assumes a static portfolio. Generation expects to actively manage its portfolio to mitigate market price exposure. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

In connection with the 2001 corporate restructuring, Generation entered into a PPA, as amended, with ComEd under which Generation has agreed to supply all of ComEd's load obligations through 2006. At times, ComEd's load obligations are greater than the capacity of Generation's owned generating units in the ComEd region. As such, Generation procures power through purchase power and lease agreements and has contracted for access to additional generation through bilateral long-term PPAs. Following the expiration of the Illinois transition period and the end of the PPA between Generation and ComEd in 2006, all of Generation's supply in the ComEd region will be available for sale into the wholesale markets and exposed to changes in market prices.

Proprietary Trading Activities. Generation began to use financial contracts for proprietary trading purposes in 2001. Proprietary trading includes all contracts entered into purely to profit from market price changes as opposed to hedging an exposure. These activities are accounted for on a mark-to-market basis. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a very small portion of Generation's overall energy marketing activities. For example, the limit on open positions in electricity for any forward month represents less than one percent of Generation's owned and contracted supply of electricity. Generation expects this level of proprietary trading activity to continue in the future. Trading portfolio activity for the three months ended March 31, 2006 resulted in a realized gain of \$2 million (before income taxes). Generation uses a 95% confidence interval, one day holding period, one-tailed statistical measure in calculating its Value-at-Risk (VaR). The daily VaR on proprietary trading activity averaged \$90,000 of exposure over the last 18 months. Because of the relative size of the proprietary trading portfolio in comparison to Generation's total gross margin from continuing operations for the three months ended March 31, 2006 of \$1,246 million, Generation has not segregated proprietary trading activity in the following tables. The trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop-loss and value-at-risk limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities.

Trading and Non-Trading Marketing Activities. The following detailed presentation of the trading and non-trading marketing activities at Generation 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 Generation's mark-to-market net asset or liability balance sheet position from January 1, 2006 to March 31, 2006. 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 as well as the settlements from OCI to earnings and changes in fair value for the hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets.

	<u>Total</u>
Total mark-to-market energy contract net liabilities at January 1, 2006	\$ (540)
Total change in fair value during 2006 of contracts recorded in earnings	(55)
Reclassification to realized at settlement of contracts recorded in earnings	33
Reclassification to realized at settlement from OCI	76
Effective portion of changes in fair value — recorded in OCI	75
Purchase/sale/disposal of existing contracts or portfolios subject to mark-to-market	—
Total mark-to-market energy contract net liabilities at March 31, 2006	<u>\$ (411)</u>

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The following table details the balance sheet classification of Generation's mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2006 and December 31, 2005:

	March 31, 2006	December 31, 2005
Current assets	\$ 637	\$ 916
Noncurrent assets	331	286
Total mark-to-market energy contract assets	<u>968</u>	<u>1,202</u>
Current liabilities	(947)	(1,282)
Noncurrent liabilities	(432)	(460)
Total mark-to-market energy contract liabilities	<u>(1,379)</u>	<u>(1,742)</u>
Total mark-to-market energy contract net liabilities	<u>\$ (411)</u>	<u>\$ (540)</u>

The majority of Generation's contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter, on-line exchanges. Prices reflect the average of the bid-ask mid-point prices obtained from all sources that Generation believes provide the most liquid market for the commodity. The terms for which such price information is available varies by commodity, region and product. The remainder of the assets represents contracts for which external valuations are not available, primarily option contracts. These contracts are valued using the Black model, an industry standard option valuation model. The fair values in each category reflect the level of forward prices and volatility factors as of March 31, 2006 and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts Exelon holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible, however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

The following table, which presents maturity and source of fair value of mark-to-market energy contract net liabilities, provides two fundamental pieces of information. First, the table provides the source of fair value used in determining the carrying amount of Generation's total mark-to-market asset or liability. Second, this table provides the maturity, by year, of Generation's net assets/liabilities, giving an indication of when these mark-to-market amounts will settle and either generate or require cash.

(In millions)	Maturities Within						Total Fair Value
	2006	2007	2008	2009	2010	2011 and Beyond	
<i>Normal Operations, qualifying cash-flow hedge contracts(a):</i>							
Actively quoted prices	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Prices provided by other external sources	(196)	(163)	(11)	—	—	—	(370)
Total	<u>\$ (196)</u>	<u>\$ (163)</u>	<u>\$ (11)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (370)</u>
<i>Normal Operations, other derivative contracts(b):</i>							
Actively quoted prices	\$ (13)	\$ (51)	\$ 7	\$ —	\$ —	\$ —	\$ (57)
Prices provided by other external sources	25	30	(6)	—	—	—	49
Prices based on model or other valuation methods	(25)	(8)	—	—	—	—	(33)
Total	<u>\$ (13)</u>	<u>\$ (29)</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (41)</u>

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- (a) Mark-to-market gains and losses on contracts that qualify as cash-flow hedges are recorded in OCI.
- (b) Mark-to-market gains and losses on other non-trading and trading derivative contracts that do not qualify as cash-flow hedges are recorded in earnings.

The table below provides details of effective cash-flow hedges under SFAS No. 133 included in the balance sheet as of March 31, 2006. The data in the table gives an indication of the magnitude of SFAS No. 133 hedges Generation has in place; however, since under SFAS No. 133 not all hedges are recorded in OCI, the table does not provide an all-encompassing picture of Generation's hedges. The table also includes a roll-forward of accumulated OCI related to cash-flow hedges from January 1, 2006 to March 31, 2006, providing insight into the drivers of the changes (new hedges entered into during the period and changes in the value of existing hedges). Information related to energy merchant activities is presented separately from interest-rate hedging activities.

(In millions)	Total Cash-Flow Hedge OCI Activity, Net of Income Tax		
	Power Team Normal Operations and Hedging Activities	Interest-Rate and Other Hedges	Total Cash-Flow Hedges
Accumulated OCI derivative loss at January 1, 2006	\$ (314)	\$ (4)	\$ (318)
Changes in fair value	46	1	47
Reclassifications from OCI to net income	45	—	45
Accumulated OCI derivative loss at March 31, 2006	<u>\$ (223)</u>	<u>\$ (3)</u>	<u>\$ (226)</u>

Credit Risk (Exelon and Generation)

Generation

Generation has credit risk associated with counterparty performance on energy contracts which includes, but is not limited to, the risk of financial default or slow payment. Generation manages counterparty credit risk through established policies, including counterparty credit limits, and in some cases, requiring deposits and letters of credit to be posted by certain counterparties. Generation's counterparty credit limits are based on a scoring model that considers a variety of factors, including leverage, liquidity, profitability, credit ratings and risk management capabilities. Generation has entered into payment netting agreements or enabling agreements that allow for payment netting with the majority of its large counterparties, which reduce Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. The credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure, net of collateral, as of March 31, 2006. They further delineate that exposure by the credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the maturity of a company's credit risk by credit rating of the counterparties. The figures in the tables below do not include sales to Generation's affiliates or exposure through Independent System Operators (ISOs) which are discussed below.

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Rating as of March 31, 2006(a)	Total Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number Of Counterparties Greater than 10% of Net Exposure	Net Exposure Of Counterparties Greater than 10% of Net Exposure
Investment grade	\$ 369	\$ 101	\$ 268	2	\$ 90
Non-investment grade	25	2	23	—	—
No external ratings					
Internally rated — investment grade	8	2	6	—	—
Internally rated — non-investment grade	2	1	1	—	—
Total	\$ 404	\$ 106	\$ 298	2	\$ 90

(a) This table does not include accounts receivable exposure.

Rating as of March 31, 2006(a)	Maturity of Credit Risk Exposure			Total Exposure Before Credit Collateral
	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	
Investment grade	\$ 336	\$ 33	\$ —	\$ 369
Non-investment grade	24	1	—	25
No external ratings				
Internally rated — investment grade	8	—	—	8
Internally rated — non-investment grade	2	—	—	2
Total	\$ 370	\$ 34	\$ —	\$ 404

(a) This table does not include accounts receivable exposure.

Collateral. As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of capacity, energy, fuels and emissions allowances. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. 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, the obligation to supply the collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. If Generation can reasonably claim that it is willing and financially able to perform its obligations, it may be possible to successfully argue that no collateral should be posted or that only an amount equal to two or three months of future payments should be sufficient.

ISOs. Generation participates in the following established, real-time energy markets that are administered by ISOs: PJM, ISO New England, New York ISO, Midwest ISO, Southwest Power Pool, Inc. and the Electric Reliability Council of Texas. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the ISOs. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by the ISOs, the ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the ISOs may under certain circumstances require that losses arising from the default of one member on spot market transactions be shared by the remaining participants.

Non-performance or non-payment by a major counterparty could result in a material adverse impact on Generation's financial condition, results of operations or net cash flows.

Exelon

Exelon's consolidated balance sheets as of March 31, 2006 included a \$513 million net investment in direct financing leases. The investment in direct financing leases represents future minimum lease payments due at the end of the thirty-year lives of the leases of \$1,492 million, less unearned income of \$979 million. The future minimum lease payments are supported by collateral and credit enhancement measures including letters of credit, surety bonds and credit swaps issued by high credit quality financial institutions. Management regularly evaluates the credit worthiness of Exelon's counterparties to these direct financing leases.

Interest-Rate Risk (Exelon, ComEd, PECO and Generation)

Variable Rate Debt. The Registrants use a combination of fixed-rate and variable-rate debt to reduce interest-rate exposure. The Registrants also use interest-rate swaps when deemed appropriate to adjust exposure based upon market conditions. Additionally, the Registrants use forward-starting interest-rate swaps and treasury rate locks to lock in interest-rate levels in anticipation of future financings. These strategies are employed to achieve a lower cost of capital. At March 31, 2006, the Registrants did not have any fair-value hedges or cash-flow interest-rate hedges outstanding. As of March 31, 2006, a hypothetical 10% increase in the interest rates associated with variable-rate debt would result in a \$1 million decrease in Exelon's pre-tax earnings. As of March 31, 2006, a hypothetical 10% increase in the interest rates associated with variable-rate debt would result in a decrease in pre-tax earnings of less than \$1 million for ComEd, PECO and Generation.

Equity Price Risk (Exelon and Generation)

Generation maintains trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of March 31, 2006, Generation's decommissioning trust funds are reflected at fair value on 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 nuclear decommissioning trust fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a \$419 million reduction in the fair value of the trust assets. See Defined Benefit Pension and Other Postretirement Welfare Benefits in the Critical Accounting Policies and Estimates section within Exelon's 2005 Annual Report on Form 10-K for information regarding the pension and other postretirement benefit trust assets.

Item 4. Controls and Procedures

During the first quarter of 2006, each registrant's management, including its principal executive officer and principal financial officer, evaluated that registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in that registrant's periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each registrant to ensure that (a) material information relating to that registrant, including its consolidated subsidiaries, is accumulated and made known to that registrant'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 March 31, 2006, the principal executive officer and principal financial officer of each registrant concluded that such registrant's disclosure controls and procedures were effective to accomplish their objectives. Each registrant continually strives to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Exelon, ComEd, PECO and Generation are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. They are also parties to regulatory proceedings in connection with efforts to secure the regulatory approvals needed to consummate the Merger. For information regarding material lawsuits and proceedings, see (a) ITEM 3. Legal Proceedings of the Registrants' 2005 Annual Report on Form 10-K and (b) Note 13 of the Combined Notes to Consolidated Financial Statements. Information regarding material developments in lawsuits and proceedings is included in Note 13 of the Combined Notes to Consolidated Financial Statements, including descriptions of (a) the civil enforcement action initiated in March 2006 by the Illinois Attorney General and the Will County State's Attorney against Exelon, Generation and ComEd relating to releases of liquid tritium at Generation's Braidwood nuclear generating plant, which seeks an injunction against further releases, remediation and civil penalties and (b) regulatory actions relating to discharges of liquid tritium at Generation's Dresden and Byron nuclear plants. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

At March 31, 2006, the Registrants' risk factors did not change significantly from December 31, 2005, except for the following:

The Registrants may incur substantial costs to fulfill their obligations related to environmental and other matters.

The businesses in which the Registrants operate are subject to extensive environmental regulation by local, state and Federal authorities. These laws and regulations affect the manner in which the Registrants conduct their operations and make capital expenditures. These regulations affect how the Registrants handle air and water emissions and solid waste disposal and are an important aspect of their operations. Violations of these emission and disposal requirements can subject the Registrants to enforcement actions, capital expenditures to bring existing facilities into compliance, additional operating costs or operating restrictions to achieve compliance, remediation and clean-up costs, civil penalties, and exposure to third parties' claims for

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alleged health or property damages. In addition, the Registrants are subject to liability under these laws for the costs of remediating environmental contamination of property now or formerly owned by the Registrants and of property contaminated by hazardous substances they generate. The Registrants have incurred and expect to incur significant costs related to environmental compliance, site remediation and clean-up. Remediation activities associated with MGP operations conducted by predecessor companies will be one component of such costs. Also, 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.

In addition, Generation is subject to exposure for asbestos-related personal injury liability alleged at certain current and formerly owned generation facilities. Future legislative action, such as that proposed in The Fairness in Asbestos Injury Resolution Act of 2005, could require Generation to contribute to a fund with a material contribution to settle lawsuits for alleged asbestos-related disease and exposure.

For additional information regarding environmental matters, see Note 13 of the of the Combined Notes to Consolidated Financial Statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Exelon

The attached table gives information on a monthly basis regarding purchases made by Exelon of its common stock in the quarter covered by this Report.

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs(b)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 — January 31, 2006	4,220	\$ 52.39	—	(b)
February 1 — February 28, 2006	1,033,311	56.60	947,600	(b)
March 1 — March 31, 2006	6,003	55.62	—	(b)
Total	<u>1,043,534</u>	56.58	<u>947,600</u>	(b)

- (a) Shares other than those purchased as part of a publicly announced plan primarily represent restricted shares surrendered by employees to satisfy tax obligations arising upon the vesting of restricted shares.
- (b) In April 2004, Exelon's Board of Directors approved a discretionary share repurchase program that allows Exelon to repurchase shares of its common stock on a periodic basis in the open market. The share repurchase program is intended to mitigate, in part, the dilutive effect of shares issued under Exelon's employee stock option plan and Exelon's Employee Stock Purchase Plan (ESPP). The aggregate shares of common stock repurchased pursuant to the program cannot exceed the economic benefit received after January 1, 2004 due to stock option exercises and share purchases pursuant to Exelon's ESPP. The economic benefit consists of direct cash proceeds from purchases of stock and tax benefits associated with exercises of stock options. The share repurchase program has no specified limit and no specified termination date.

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Exhibit No.	Description
2-1	Amended and Restated Agreement and Plan of Merger dated as of October 20, 2000, among PECO Energy Company, Exelon Corporation and Unicom Corporation (File No. 0-01401, PECO Energy Company Form 10-Q for the quarter ended September 30, 2000, Exhibit 2-1).
2-2	Agreement and Plan of Merger between Exelon Corporation and Public Service Enterprise Group Incorporated dated as of December 20, 2004 (File No. 1-16169, Form 8-K dated December 21, 2004, Exhibit 2.1).
3-1	Articles of Incorporation of Exelon Corporation (Registration Statement No. 333-37082, Form S-4, Exhibit 3-1).
3-2	Amendment to Articles of Incorporation of Exelon Corporation (File No. 1-16169, Form 10-Q for the quarter ended June 30, 2004, Exhibit 3-1).
3-3	Amendment to Articles of Incorporation of Exelon Corporation (File No. 1-16169, Form 10-Q for the quarter ended September 30, 2005, Exhibit 3-10).
3-4	Amended and Restated Bylaws of Exelon Corporation, adopted January 27, 2004 (File No. 1-16169, 2003 Form 10-K Exhibit 3-2).
3-5	Amended and Restated Articles of Incorporation of PECO Energy Company (File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3-6	Bylaws of PECO Energy Company, adopted February 26, 1990 and amended January 26, 1998 (File No. 1-01401, 1997 Form 10-K, Exhibit 3-2).
3-7	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the "\$9.00 Cumulative Preference Stock," the "\$6.875 Cumulative Preference Stock" and the "\$2.425 Cumulative Preference Stock" (File No. 1-1839, 1994 Form 10-K, Exhibit 3-2).
3-8	Amended and Restated Bylaws of Commonwealth Edison Company, effective January 23, 2006 (File No. 1-1839, Form 8-K dated January 23, 2006, Exhibit 99.1).
3-9	Certificate of Formation of Exelon Generation Company, LLC (Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3-10	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
4-1	First and Refunding Mortgage dated May 1, 1923 between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, Trustee (Wachovia Bank, National Association), (Registration No. 2-2281, Exhibit B-1).
4-1-1	Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage:

Dated as of	File Reference	Exhibit No.
May 1, 1927	2-2881	B-1(c)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
March 1, 1968	2-34051	2(b)-24
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47

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<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
April 1, 1991	1-01401, 1991 Form 10-K	4(e)-76
December 1, 1991	1-01401, 1991 Form 10-K	4(e)-77
June 1, 1992	1-01401, June 30, 1992 Form 10-Q	4(e)-81
March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
August 15, 1993	1-01401, Form 8-A dated August 19, 1993	4(e)-92
May 1, 1995	1-01401, Form 8-K dated May 24, 1995	4(e)-96
September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
April 15, 2003	0-16844, March 31, 2003 Form 10-Q	4.1
April 15, 2004	0-16844, September 30, 2004 Form 10-Q	4-1-1
4-2	Exelon Corporation Dividend Reinvestment and Stock Purchase Plan (Registration Statement No. 333-84446, Form S-3, Prospectus).	
4-3	Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Midwest Trust Company, as current successor Trustee), dated July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1944 (File No. 2-60201, Form S-7, Exhibit 2-1).	
4-3-1	Supplemental Indentures to aforementioned Commonwealth Edison Mortgage.	
<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
August 1, 1946	2-60201, Form S-7	2-1
April 1, 1953	2-60201, Form S-7	2-1
March 31, 1967	2-60201, Form S-7	2-1
April 1, 1967	2-60201, Form S-7	2-1
February 28, 1969	2-60201, Form S-7	2-1
May 29, 1970	2-60201, Form S-7	2-1
June 1, 1971	2-60201, Form S-7	2-1
April 1, 1972	2-60201, Form S-7	2-1
May 31, 1972	2-60201, Form S-7	2-1
June 15, 1973	2-60201, Form S-7	2-1
May 31, 1974	2-60201, Form S-7	2-1
June 13, 1975	2-60201, Form S-7	2-1
May 28, 1976	2-60201, Form S-7	2-1
June 3, 1977	2-60201, Form S-7	2-1
May 17, 1978	2-99665, Form S-3	4-3
August 31, 1978	2-99665, Form S-3	4-3
June 18, 1979	2-99665, Form S-3	4-3
June 20, 1980	2-99665, Form S-3	4-3
April 16, 1981	2-99665, Form S-3	4-3
April 30, 1982	2-99665, Form S-3	4-3
April 15, 1983	2-99665, Form S-3	4-3

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<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
April 13, 1984	2-99665, Form S-3	4-3
April 15, 1985	2-99665, Form S-3	4-3
April 15, 1986	33-6879, Form S-3	4-9
June 15, 1990	33-38232, Form S-3	4-12
October 1, 1991	33-40018, Form S-3	4-13
October 15, 1991	33-40018, Form S-3	4-14
May 15, 1992	33-48542, Form S-3	4-14
September 15, 1992	33-53766, Form S-3	4-14
February 1, 1993	1-1839, 1992 Form 10-K	4-14
April 1, 1993	33-64028, Form S-3	4-12
April 15, 1993	33-64028, Form S-3	4-13
June 15, 1993	1-1839, Form 8-K dated May 21, 1993	4-1
July 15, 1993	1-1839, Form 10-Q for quarter ended June 30, 1993.	4-1
January 15, 1994	1-1839, 1993 Form 10-K	4-15
December 1, 1994	1-1839, 1994 Form 10-K	4-16
June 1, 1996	1-1839, 1996 Form 10-K	4-16
March 1, 2002	1-1839, 2001 Form 10-K	4-4-1
May 20, 2002		
June 1, 2002		
October 7, 2002		
January 13, 2003	1-1839, Form 8-K dated January 22, 2003	4-4
March 14, 2003	1-1839, Form 8-K dated April 7, 2003	4-4
August 13, 2003	1-1839, Form 8-K dated August 25, 2003	4-4
February 15, 2005	1-16169, Form 10-Q for the quarter ended March 31, 2005	4-3-1
February 1, 2006	1-1839, Form 8-K dated February 22, 2006	99.3
February 22, 2006	1-1839, Form 8-K dated March 6, 2006	4.1
4-3-2	Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Mortgage of Commonwealth Edison Company dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (File No. 1-1839, 2001 Form 10-K, Exhibit 4-4-2).	
4-3-3	Instrument dated as of January 31, 1996, under the provisions of the Mortgage of Commonwealth Edison Company dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (File No. 1-1839, 1995 Form 10-K, Exhibit 4-29).	
4-4	Indenture dated as of September 1, 1987 between Commonwealth Edison Company and Citibank, N.A., Trustee relating to Notes (File No. 1-1839, Form S-3, Exhibit 4-13).	
4-5	Indenture dated June 1, 2001 between Generation and First Union National Bank (now U.S. Bank, N.A.) (Registration Statement No. 333-85496, Form S-4, Exhibit 4.1).	
4-6	Indenture dated December 19, 2003 between Generation and Wachovia Bank, National Association (now U.S. Bank, N.A.) (File No. 333-85496, 2003 Form 10-K, Exhibit 4-6).	
4-7	Indenture to Subordinated Debt Securities dated as of June 24, 2003 between PECO Energy Company, as Issuer, and Wachovia Bank National Association, as Trustee (now U.S. Bank, N.A.) (File No. 0-16844, PECO Energy Company Form 10-Q for the quarter ended June 30, 2003, Exhibit 4.1).	

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4-8	Preferred Securities Guarantee Agreement between PECO Energy Company, as Guarantor, and Wachovia Trust Company, National Association (now U.S. Bank, N.A.), as Trustee, dated as of June 24, 2003 (File No. 0-16844, PECO Energy Company Form 10-Q for the quarter ended June 30, 2003, Exhibit 4.2).
4-9	PECO Energy Capital Trust IV Amended and Restated Declaration of Trust among PECO Energy Company, as Sponsor, Wachovia Trust Company, National Association (now U.S. Bank, N.A.), as Delaware Trustee and Property Trustee, and J. Barry Mitchell, George R. Shicora and Charles S. Walls as Administrative Trustees dated as of June 24, 2003 (File No. 0-16844, PECO Energy Company Form 10-Q for the quarter ended June 30, 2003, Exhibit 4.3).
4-10	Indenture dated May 1, 2001 between Exelon and J.P. Morgan Trust Company, National Association (formerly known as Chase Manhattan Trust Company, National Association), as trustee (File No. 1-16169, Exelon Corporation Form 10-Q for the quarter ended June 30, 2005, Exhibit 4-10).
4-11	Form of \$400,000,000 4.45% senior notes due 2010 dated June 9, 2005 issued by Exelon Corporation (File No. 1-16169, Exelon Corporation Form 8-K dated June 9, 2005, Exhibit 99.1).
4-12	Form of \$800,000,000 4.90% senior notes due 2015 dated June 9, 2005 issued by Exelon Corporation (File No. 1-16169, Exelon Corporation Form 8-K dated June 9, 2005, Exhibit 99.2).
4-13	Form of \$500,000,000 5.625% senior notes due 2035 dated June 9, 2005 issued by Exelon Corporation (File No. 1-16169, Exelon Corporation Form 8-K dated June 9, 2005, Exhibit 99.3).
10-1	Credit Agreement dated as of February 22, 2006 among Commonwealth Edison Company, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 1-1839, Form 8-K dated February 22, 2006, Exhibit 99.2).
10-2	First Amendment to Credit Agreement dated as of February 22, 2006, amending \$50,000,000 Credit Agreement dated as of October 28, 2005 among, Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as administrative agent.
10-3	Second Amendment to Credit Agreement dated as of February 22, 2006, amending Five Year Credit Agreement dated as of July 16, 2004 among, Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as administrative agent.
10-4	Third Amendment to Credit Agreement dated as of February 22, 2006, amending Three Year Credit Agreement dated as of October 31, 2003 among, Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as administrative agent.
10-5	Bilateral Credit Facility dated as of February 10, 2006 between Exelon Generation Company, LLC and U.S. Bank National Association (File No. 333-85496, Form 8-K dated February 16, 2006, Exhibit 99.1).
10-6	Bilateral Credit Facility dated as of February 10, 2006 between Exelon Generation Company, LLC and Wachovia Bank, National Association (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.1).
10-7	Bilateral Credit Facility dated as of February 10, 2006 between Exelon Generation Company, LLC and CitiBank, N.A. (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.2).
10-8	Bilateral Credit Facility dated as of February 10, 2006 between Exelon Generation Company, LLC and HSBC Bank USA, National Association (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.3).
10-9	Bilateral Credit Facility dated as of February 13, 2006 between Exelon Generation Company, LLC and Royal Bank of Scotland plc (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.4).

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10-10	Bilateral Credit Facility dated as of February 13, 2006 between Exelon Generation Company, LLC and Barclays Bank PLC (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.5).
10-11	Bilateral Credit Facility dated as of February 13, 2006 between Exelon Generation Company, LLC and Wells Fargo Bank, National Association (File No. 333-85496, Form 8-K dated February 10, 2006, Exhibit 10.6).

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 March 31, 2006 filed by the following officers for the following companies:

31-1	—	Filed by John W. Rowe for Exelon Corporation
31-2	—	Filed by John F. Young for Exelon Corporation
31-3	—	Filed by Frank M. Clark for Commonwealth Edison Company
31-4	—	Filed by Robert K. McDonald for Commonwealth Edison Company
31-5	—	Filed by John L. Skolds for PECO Energy Company
31-6	—	Filed by John F. Young for PECO Energy Company
31-7	—	Filed by John L. Skolds for Exelon Generation Company, LLC
31-8	—	Filed by John F. Young for Exelon Generation Company, LLC

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 March 31, 2006 filed by the following officers for the following companies:

32-1	—	Filed by John W. Rowe for Exelon Corporation
32-2	—	Filed by John F. Young for Exelon Corporation
32-3	—	Filed by Frank M. Clark for Commonwealth Edison Company
32-4	—	Filed by Robert K. McDonald for Commonwealth Edison Company
32-5	—	Filed by John L. Skolds for PECO Energy Company
32-6	—	Filed by John F. Young for PECO Energy Company
32-7	—	Filed by John L. Skolds for Exelon Generation Company, LLC
32-8	—	Filed by John F. Young for Exelon Generation Company, LLC

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/ JOHN W. ROWE

/s/ JOHN F. YOUNG

John W. Rowe
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

John F. Young
Executive Vice President, Finance and Markets and Chief Financial Officer
(Principal Financial Officer)

/s/ MATTHEW F. HILZINGER

Matthew F. Hilzinger
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

April 26, 2006

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/ FRANK M. CLARK

/s/ J. BARRY MITCHELL

Frank M. Clark
Chairman and Chief Executive Officer
(Principal Executive Officer)

J. Barry Mitchell
President

/s/ ROBERT K. McDONALD

/s/ MATTHEW F. HILZINGER

Robert K. McDonald
Senior Vice President, Chief Financial Officer,
Treasurer and Chief Risk Officer
(Principal Financial Officer)

Matthew F. Hilzinger
Senior Vice President and Corporate Controller, Exelon
(Principal Accounting Officer)

April 26, 2006

[Table of Contents](#)

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/ JOHN L. SKOLDS

/s/ DENIS P. O'BRIEN

John L. Skolds
President, Exelon Energy Delivery
(Principal Executive Officer)

Denis P. O'Brien
President

/s/ JOHN F. YOUNG

/s/ MATTHEW F. HILZINGER

John F. Young
Executive Vice President, Finance and Markets and Chief Financial Officer,
Exelon, and Chief Financial Officer
(Principal Financial Officer)

Matthew F. Hilzinger
Senior Vice President and Corporate Controller, Exelon
(Principal Accounting Officer)

April 26, 2006

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/ JOHN L. SKOLDS

/s/ JOHN F. YOUNG

John L. Skolds
President
(Principal Executive Officer)

John F. Young
Executive Vice President, Finance and Markets and Chief Financial
Officer, Exelon, and Chief Financial Officer
(Principal Financial Officer)

/s/ JON D. VEURINK

Jon D. Veurink
Vice President and Controller
(Principal Accounting Officer)

April 26, 2006

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT (this "Amendment"), dated as of February 22, 2006, amends the \$50,000,000 Credit Agreement dated as of October 28, 2005 (the "Credit Agreement") among EXELON CORPORATION, COMMONWEALTH EDISON COMPANY, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC (each, an "Initial Borrower" and collectively, the "Initial Borrowers"), various financial institutions and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, Exelon Corporation, on behalf of itself and the other Initial Borrowers, has requested certain amendments to the Credit Agreement, including the deletion of ComEd as a Borrower thereunder;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Upon the effectiveness of this Amendment pursuant to Section 2 below, the Credit Agreement shall be amended to read in its entirety as set forth on the attached Annex I.

SECTION 2 CONDITIONS PRECEDENT. This Amendment shall become effective when the Administrative Agent has received (a) counterpart signature pages to this Amendment (by facsimile or otherwise) signed by the Initial Borrowers and the Majority Lenders; and (b) payment in full by ComEd of all of its obligations under the Credit Agreement, other than contingent indemnification obligations arising under provisions of the Credit Agreement that by their terms survive termination thereof (any such obligations, "Surviving Obligations").

SECTION 3 REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of ComEd. ComEd represents and warrants to the Administrative Agent and the Lenders that (a) no Event of Default or Unmatured Event of Default exists with respect to ComEd, (b) the execution and delivery by ComEd of this Amendment (i) are within the powers of ComEd, (ii) have been duly authorized by all necessary action on the part of ComEd, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of ComEd; and (c) this Amendment is the legal, valid and binding obligation of ComEd, enforceable against ComEd in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

3.2 Representations and Warranties of Continuing Borrowers. Each of Exelon, PECO and Genco (each, a "Continuing Borrower" and collectively, the "Continuing Borrowers") represents and warrants to the Administrative Agent and the Lenders that (a) each representation and warranty set forth in Article IV of the Credit Agreement is true and correct as if made on the

date hereof; (b) the execution and delivery by such Continuing Borrower of this Amendment and the performance by such Continuing Borrower of its obligations under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement") (i) are within the powers of such Continuing Borrower, (ii) have been duly authorized by all necessary action on the part of such Continuing Borrower, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of such Continuing Borrower; and (c) this Amendment and the Amended Credit Agreement are legal, valid and binding obligations of such Continuing Borrower, enforceable against such Continuing Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

SECTION 4 MISCELLANEOUS.

4.1 Continuing Effectiveness, etc. Except as expressly set forth herein, the Credit Agreement shall remain in full force and effect and is ratified, approved and confirmed in all respects.

4.2 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.3 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment.

4.4 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

4.5 Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

4.6 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

4.7 Deletion of ComEd as a Borrower. ComEd acknowledges that it shall not be a party to the Amended Credit Agreement, shall have no right to request or obtain Credit Extensions thereunder and shall have no other rights or obligations thereunder or in connection therewith (other than Surviving Obligations).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers as of the date first above written.

EXELON CORPORATION

By: /s/ Thomas R. Miller _____

Name: Thomas R. Miller

Title: Assistant Treasurer

COMMONWEALTH EDISON COMPANY

By: /s/ Thomas R. Miller _____

Name: Thomas R. Miller

Title: Assistant Treasurer

PECO ENERGY COMPANY

By: /s/ Thomas R. Miller _____

Name: Thomas R. Miller

Title: Assistant Treasurer

EXELON GENERATION COMPANY, LLC

By: /s/ Thomas R. Miller _____

Name: Thomas R. Miller

Title: Assistant Treasurer

*First Amendment to
\$50,000,000 Credit Agreement*

THE LENDERS:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and as a Lender

By: /s/ Michael J. DeForge

Name: Michael J. DeForge

Title: Vice President

*First Amendment to
\$50,000,000 Credit Agreement*

SHOREBANK

By: /s/ Riley L. Marshall, JR

Name: RILEY L. MARSHALL, JR

Title: VICE PRESIDENT

*First Amendment to
\$50,000,000 Credit Agreement*

UNITED BANK OF PHILADELPHIA

By: /s/ Evelyn F. Smalls

Name: Evelyn F. Smalls

Title: President & CEO

*First Amendment to
\$50,000,000 Credit Agreement*

BANCO POPULAR NORTH AMERICA. as a
Lender

By: /s/ Anthony R. Balthazor

Name: Anthony R. Balthazor

Title: Commercial Banking Officer

Credit Agreement

ADAMS NATIONAL BANK

By: /s/ Susan M. Banks

Name: Susan M. Banks

Title: Vice President

*First Amendment to
\$50,000,000 Credit Agreement*

SEAWAY NATIONAL BANK, as a Lender

By: /s/ Arlene Williams

Name: ARLENE WILLIAMS

Title: SENIOR VICE PRESIDENT

Credit Agreement

HIGHLAND COMMUNITY BANK

By: /s/ Dennis J. Irvin

Name: Dennis J. Irvin

Title: President

*First Amendment to
\$50,000,000 Credit Agreement*

**ILLINOIS SERVICE FEDERAL SAVINGS
AND LOAN ASSOCIATION OF CHICAGO**

By: /s/ Norman J. Williams

Name: Norman J. Williams

Title: Board Chairman and CEO

*First Amendment to
\$50,000,000 Credit Agreement*

CITIZENS TRUST BANK

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

BANK FINANCIAL

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

LEGACY BANK

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

NORTH MILWAUKEE STATE BANK

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

PACIFIC GLOBAL BANK

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

ASIAN BANK

By: _____
Name:
Title:

*First Amendment to
\$50,000,000 Credit Agreement*

ANNEX I

COPY OF CREDIT AGREEMENT AS AMENDED

[ATTACHED]

Annex I-1

COMPOSITE COPY

\$50,000,000

CREDIT AGREEMENT

dated as of October 28, 2005

among

**EXELON CORPORATION,
PECO ENERGY COMPANY**

and

EXELON GENERATION COMPANY, LLC

as Borrowers

VARIOUS FINANCIAL INSTITUTIONS

as Lenders

JPMORGAN CHASE BANK, N.A.

as Administrative Agent

SHOREBANK and UNITED BANK OF PHILADELPHIA

Co-Arrangers

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Exhibit F	Form of Consent to Borrowing

CREDIT AGREEMENT
dated as of October 28, 2005

EXELON CORPORATION, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC, the banks listed on the signature pages hereof and JPMORGAN CHASE BANK, as Administrative Agent, hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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):

“Adjusted Funds From Operations” means, for any Borrower for any period, such Borrower’s Net Cash Flows From Operating Activities for such period minus such Borrower’s Transitional Funding Instrument Revenue for such period plus such Borrower’s Net Interest Expense for such period minus, in the case of Exelon, the portion (but, not less than zero) of Exelon’s Net Cash Flows From Operating Activities for such period attributable to ComEd Entities and Energy Holdings Entities.

“Administrative Agent” means JPMorgan 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 a Borrower hereunder. An Advance may be a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a “Type” of Advance.

“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.

“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 Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

“Applicable Margin” — see Schedule I.

“Aggregate Commitment Amount” means the total of all Commitment Amounts.

“Arrangers” means each of ShoreBank and United Bank of Philadelphia.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C.

“Base Rate” means, for any period, a fluctuating interest rate per annum which rate per annum shall at all times be equal to the Prime Rate.

“Base Rate Advance” means an Advance that bears interest as provided in Section 2.06(a).

“Borrowers” means Exelon, PECO and Genco; and “Borrower” means any one of the foregoing.

“Borrowing” means a group of Advances to the same Borrower 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 Eurodollar Rate 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 Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

“Closing Date” shall mean the date on which all conditions precedent to the initial Credit Extension have been satisfied.

“Code” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, in each case as amended, reformed or otherwise modified from time to time.

“ComEd” means Commonwealth Edison Company, an Illinois corporation, or any successor thereof.

“ComEd Debt” means Debt of any ComEd Entity for which none of the Borrowers nor any of their Subsidiaries (other than another ComEd Entity) has any liability, contingent or otherwise.

“ComEd Entity” means ComEd and each of its Subsidiaries.

“Commitment” means, for any Lender, such Lender’s commitment to make Advances and participate in Facility LCs for the account of each Borrower hereunder.

“Commitment Amount” means, for any Lender at any time, the amount set forth opposite such Lender’s name on Schedule II hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04.

“Commitment Termination Date” means, with respect to any Borrower, the earlier of (i) October 27, 2006 or such later date to which the scheduled Commitment Termination Date for

such Borrower may be extended pursuant to Section 2.17 (or, if any such date is not a Business Day, the next preceding Business Day) or (ii) the date of termination in whole of the Commitments to such Borrower pursuant to Section 2.04 or 6.01.

“Commodity Trading Obligations” mean, with respect to any Person, the obligations of such Person 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 and emissions forward contracts, or any combination of any such arrangements, agreements and/or transactions, employed in the ordinary course of such Person’s business, including any such Person’s energy marketing, trading and asset optimization business, or (ii) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, 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 such Person pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors of such Person. The term “commodities” shall include electric energy and/or capacity, coal, petroleum, natural gas, emissions allowances, weather derivatives and related products and by-products and ancillary services.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with Exelon or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

“Credit Extension” means the making of an Advance or the issuance or modification of a Facility LC hereunder.

“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, (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.

“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 Acceptance 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 Borrowers and the Administrative Agent.

“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 of a Lender; provided that, unless otherwise agreed by Exelon 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) or (v) 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)).

“Eligible Successor” means a Person which (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 a Borrower and its Subsidiaries, (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) is acceptable to the Majority Lenders as a credit matter.

“Energy Holdings” means PSEG Energy Holdings L.L.C., a New Jersey limited liability company.

“Energy Holdings Debt” means Debt of any Energy Holdings Entity for which none of the Borrowers nor any of their Subsidiaries (other than another Energy Holdings Entity) has any liability, contingent or otherwise.

“Energy Holdings Entity” means Energy Holdings and each of its Subsidiaries.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” in its Administrative Questionnaire or in the Assignment and Acceptance 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 Borrowers and the Administrative Agent.

“Eurodollar Rate” means, for each Interest Period for each Eurodollar Rate Advance made as part of a Borrowing, the applicable British Bankers’ Association LIBOR rate for deposits in U.S. dollars having a maturity equal to such Interest Period, as reported by any generally recognized financial information service as of 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period; provided that if no such British Bankers’ Association LIBOR rate is available to the Administrative Agent, the Eurodollar Rate for such Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which JPMorgan or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of JPMorgan’s relevant Eurodollar Rate Advance and having a maturity equal to such Interest Period.

“Eurodollar Rate Advance” means any Advance that bears interest as provided in Section 2.06(b).

“Eurodollar Rate Reserve Percentage” of any Lender for any Interest Period means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“Event of Default” — see Section 6.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended and modified from time to time.

“Exelon” means Exelon Corporation, a Pennsylvania corporation, or any Eligible Successor thereof.

“Existing Agreement” means the \$45,500,000 Credit Agreement dated as of October 29, 2004 among the Borrowers, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent.

“Existing Letter of Credit” means each letter of credit listed on Schedule III.

“Facility Fee Rate” — see Schedule I.

“Facility LC” means any letter of credit issued pursuant to Section 2.16 and any Existing Letter of Credit.

“Facility LC Application” — see Section 2.16.3.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Final Termination Date” means, with respect to any Borrower, the earlier of (i) the date on or after the Commitment Termination Date for such Borrower on which all of such Borrower’s obligations hereunder have been paid in full and all Facility LC’s issued for the account of such Borrower have expired or been terminated and (ii) the date on which all of such Borrower’s obligations hereunder have become due and payable (pursuant to Section 6.01 or otherwise).

“GAAP” — see Section 1.03.

“Genco” means Exelon Generation Company, LLC, a Pennsylvania limited liability company, or any Eligible Successor thereof.

“Granting Bank” — see Section 8.07(h).

“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.

“Interest Coverage Ratio” means, with respect to any Borrower for any period of four consecutive fiscal quarters, the ratio of such Borrower’s Adjusted Funds From Operations for such period to such Borrower’s Net Interest Expense for such period.

“Interest Expense” means, for any Borrower for any period, “interest expense” as shown on a consolidated statement of income of such Borrower for such period prepared in accordance with GAAP.

“Interest Expense to Affiliates” means, for any period, in the case of Exelon and PECO, “Interest Expense to Affiliates” as shown on a consolidated statement of income of Exelon or PECO, as applicable, for such period.

“Interest Period” means, for each Eurodollar Rate Advance, the period commencing on the date of such Eurodollar Rate Advance is made or is converted from a Base Rate Advance and

ending on the last day of the period selected by the applicable 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 such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 2, 3 or 6 months, as the applicable Borrower may select in accordance with Section 2.02 or 2.09; provided that:

- (i) no Borrower may select any Interest Period that ends after the scheduled Commitment Termination Date for such Borrower;
- (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.

“JPMorgan” means JPMorgan Chase Bank, N.A. a national banking association, and any successor thereto.

“LC Fee Rate” — see Schedule I.

“LC Issuer” means JPMorgan (or an Affiliate of JPMorgan) in its capacity as issuer of Facility LCs hereunder.

“LC Obligations” means, with respect to any Borrower at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs issued for the account of such Borrower outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations of such Borrower.

“LC Payment Date” — see Section 2.16.5.

“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.

“Lien” means any lien (statutory or other), mortgage, pledge, security interest or other charge or encumbrance, or any other type of preferential arrangement (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, no Borrower nor any Affiliate of a Borrower, 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) with respect to any Borrower, (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of such Borrower and its consolidated Subsidiaries (other than ComEd Entities and Energy Holdings Entities), taken as a whole, provided that, except as otherwise expressly provided herein, neither (a) changes or effects relating to the investment of such Borrower or any of its Subsidiaries in ComEd Entities or Energy Holdings Entities nor (b) the assertion against such Borrower or any of its Subsidiaries of liability for any obligation arising under ERISA for which such Borrower or any of its Subsidiaries bore joint and several liability with any ComEd Entity, or the payment by such Borrower or any of its Subsidiaries of any such obligation, shall 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 such Borrower of this Agreement or any applicable Note.

“Material Subsidiary” means, with respect to Exelon, each of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing.

“Modify” and “Modification” — see Section 2.16.1.

“Moody’s” means Moody’s Investors Service, Inc.

“Moody’s Rating” means, at any time for any Borrower, the rating issued by Moody’s and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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 maintained pursuant to a collective bargaining agreement or any other arrangement to which Exelon or any other member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

“Net Cash Flows From Operating Activities” means, for any Borrower for any period, “Net Cash Flows provided by Operating Activities” as shown on a consolidated statement of cash flows of such Borrower for such period prepared in accordance with GAAP, excluding any “working capital changes” (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities.

“Net Interest Expense” means, for any Borrower for any period, the total of (a) such Borrower’s Interest Expense for such period minus (b) to the extent that Interest Expense to Affiliates is included in such Interest Expense and relates to (i) interest payments on debt obligations that are subordinated to the obligations of such Borrower or its Subsidiaries under this Agreement, (ii) such Borrower’s Interest Expense to Affiliates for such period or (iii) such Borrower’s or such Borrower’s Subsidiaries’ Transitional Funding Instrument Interest for such period minus (c) in the case of Exelon, interest on ComEd Debt and Energy Holdings Debt for such period.

“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 any Borrower or any of their respective 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.

“Note” means a promissory note of a Borrower payable to the order of a Lender, in substantially the form of Exhibit A, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

“Notice of Borrowing” — see Section 2.02(a).

“OECD” means the Organization for Economic Cooperation and Development.

“Outstanding Credit Extensions” means, with respect to any Borrower, the sum of the aggregate principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“PECO” means PECO Energy Company, a Pennsylvania corporation, or any Eligible Successor thereof.

“PECO Mortgage” means the First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas & Electric Company (to which PECO is successor) and Fidelity Trust Company, Trustee (to which First Union National Bank is successor), as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the definition of “excepted encumbrances” as defined in the PECO Mortgage as constituted on the date of this Agreement.

“Permitted Obligations” mean, with respect to Genco or any of its Subsidiaries, (1) Hedging Obligations arising in the ordinary course of business and in accordance with such 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 Obligations being hedged thereby 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 Exelon or any other member of the Controlled Group may have any liability.

“Power” means PSEG Power LLC, a Delaware limited liability company.

“Power Merger” means the proposed merger of Power into Genco subsequent to the PSEG Merger.

“Power Merger Date” means the date that the Power Merger is consummated.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced by JPMorgan (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Principal Subsidiary” means, with respect to a Borrower, (a) each Utility Subsidiary of such Borrower and (b) each other Subsidiary of such Borrower (i) the consolidated assets of which, as of the date of any determination thereof, constitute at least 10% of the consolidated assets of such Borrower or (ii) the consolidated earnings before taxes of which constitute at least 10% of the consolidated earnings before taxes of such Borrower for the most recently completed fiscal year; provided that (x) no ComEd Entity shall be considered a Principal Subsidiary of Exelon; and (y) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Principal Subsidiary of Exelon.

“Pro Rata Share” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender’s Commitment Amount (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of such Lender’s outstanding Advances to such Borrower plus the amount of such Lender’s participation in all of such Borrower’s LC Obligations) and the denominator of which is the aggregate amount of the Commitment Amounts (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower).

“PSE&G” means Public Service Electric and Gas Company, a New Jersey corporation.

“PSEG” means Public Service Enterprise Group Incorporated, a New Jersey corporation.

“PSEG Merger” means the merger of PSEG into Exelon substantially as contemplated by the Agreement and Plan of Merger dated as of December 20, 2004 between PSEG and Exelon.

“PSEG Merger Date” means the date that the PSEG Merger is consummated.

“PSE&G Mortgage” means the Mortgage Indenture dated August 1, 1924, between PSE&G and Wachovia Bank, National Association (formerly Fidelity Union Trust Company), as trustee, as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the scope of Liens permitted under the PSE&G Mortgage as constituted on the date of this Agreement.

“Register” — see Section 8.07(c).

“Reimbursement Obligations” means, with respect to any Borrower at any time, the aggregate of all obligations of such Borrower then outstanding under Section 2.16 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and regulations issued under such section with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, 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(d) of the Code.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“S&P Rating” means, at any time for any Borrower, the rating issued by S&P and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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”).

“Single Employer Plan” means a Plan maintained by Exelon or any other member of the Controlled Group for employees of Exelon or any other member of the Controlled Group.

“SPC” — see Section 8.07(h).

“Special Purpose Subsidiary” means a direct or indirect wholly owned corporate Subsidiary of PECO or, on and after the PSEG Merger Date, PSE&G, substantially all of the assets of which are “intangible transition property” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended, or any successor provision of similar import) or “bondable transition property” (as defined in N.J.S.A. 48:3-51, as amended, or any successor provision of similar import), and proceeds thereof, formed solely for the purpose of holding such assets and issuing such Transitional Funding Instruments, and which complies with the requirements customarily imposed on bankruptcy-remote corporations in receivables securitizations.

“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).

“Taxes” — see Section 2.14.

“Transitional Funding Instrument” means any instruments, pass-through certificates, notes, debentures, certificates of participation, bonds, certificates of beneficial interest or other evidences of indebtedness or instruments evidencing a beneficial interest which (i) in the case of PECO, are “transition bonds” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended), representing a securitization of “intangible transition property” (as defined in the foregoing statute), (ii) on and after the PSEG Merger Date, in the case of PSE&G are “transition bonds” (as defined in N.J.S.A. 48:3-51, as amended), representing a securitization of “bondable transition property” (as defined in the foregoing statute) and (iii) in the case of each of PECO and, after the PSEG Merger Date, PSE&G, (A) are issued pursuant to a financing order of a public utilities commission at the request of an electric utility pursuant to state legislation which is enacted to facilitate the recovery of certain specified costs by electric utilities through non-bypassable cent per kilowatt hour charges and/or demand charges authorized pursuant to such order to be applied and invoiced to customers of such utility and (B) are secured by or otherwise payable solely from such non-bypassable charges.

“Transitional Funding Instrument Interest” means, for any Borrower for any period, the portion of such Borrower’s Interest Expense for such period which was payable in respect of Transitional Funding Instruments.

“Transitional Funding Instrument Revenue” means, for any Borrower for any period, the portion of such Borrower’s (or, in the case of Exelon, its Subsidiaries’) consolidated revenue for

such period attributable to charges invoiced to customers in respect of Transitional Funding Instruments.

“Type” — see the definition of Advance.

“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 evaluation date for such 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.

“Utility Subsidiary” means, with respect to a Borrower, each Subsidiary of such Borrower that is engaged principally in the transmission, or distribution of electricity or gas and is subject to rate regulation as a public utility by federal or state regulatory authorities; provided that, (i) no ComEd Entity shall be considered a Utility Subsidiary of Exelon and (ii) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Utility Subsidiary of Exelon.

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) unless otherwise indicated, any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; and (c) the term “including” means “including without limitation”.

SECTION 1.03 Accounting Principles. (a) As used in this Agreement, “GAAP” shall mean generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing Exelon’s audited consolidated financial statements as of December 31, 2004 and for the fiscal year then ended, as such principles may be revised as a result of changes in GAAP implemented by a 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 any Borrower apply accounting principles other than GAAP (including as a result of any event described in 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 to GAAP 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 applicable Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and such 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.

ARTICLE II

AMOUNTS AND TERMS OF THE COMMITMENTS

SECTION 2.01 Commitments. Each Lender severally agrees, on the terms and conditions hereinafter set forth, (a) to make Advances to any Borrower and (b) to participate in Facility LCs issued upon the request of any Borrower, in each case from time to time during the period from the date hereof to the Commitment Termination Date for such Borrower, in an aggregate amount not to exceed such Lender's Commitment Amount as in effect from time to time; provided that (i) no Advance may be made unless all Lenders have consented thereto as more fully provided in Section 3.02; (ii) no Advance may be made as a Eurodollar Rate Advance unless all Lenders have consented thereto as more fully provided in Section 3.02; (iii) the aggregate principal amount of all Advances by such Lender to any Borrower shall not exceed such Lender's Pro Rata Share of the aggregate principal amount of all Advances to such Borrower; (iv) such Lender's participation in Facility LCs issued for the account of any Borrower shall not exceed such Lender's Pro Rata Share of all LC Obligations of such Borrower; and (v) the Outstanding Credit Extensions to all Borrowers shall not at any time exceed the Aggregate Commitment Amount. Subject to the foregoing, each Borrower may from time to time borrow, prepay pursuant to Section 2.10 and reborrow hereunder prior to the Commitment Termination Date for such Borrower.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

(a) Any Borrower may request Advances hereunder 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. (Chicago time) on the third Business Day prior to the date of any proposed borrowing of Eurodollar Rate Advances and on the date of any proposed borrowing of Base Rate Advances. Each Notice of Borrowing shall be sent by telecopier, confirmed immediately in writing, and shall be in substantially the form of Exhibit B, specifying therein the Borrower which is requesting Advances and the requested (i) date of borrowing (which shall be a Business Day), (ii) Type of Advances to be borrowed, (iii) the aggregate amount of such Advances, and (iv) in the case of a borrowing of Eurodollar Rate Advances, the initial Interest Period therefor. Each Lender shall, before 12:00 noon (Chicago time) 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 applicable Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the applicable Borrower. If a Notice of Borrowing requests Eurodollar Rate Advances, the

applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure 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 any 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., Chicago time, 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 applicable 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 such 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 such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such 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 \$1,000,000 or a higher integral multiple of \$1,000,000; and each Borrowing of Eurodollar Rate Advances shall at all times be in an aggregate amount of \$1,000,000 or a higher integral multiple of \$1,000,000. Notwithstanding anything to the contrary contained herein, the Borrowers collectively may not have more than 25 Borrowings of Eurodollar Rate Advances outstanding at any time.

SECTION 2.03 Facility Fees. Exelon agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a facility fee for the period from the Closing Date to the Commitment Termination Date (or, if later, the date on which all Outstanding Credit Extensions have been paid in full) in an amount equal to the Facility Fee Rate multiplied by the Aggregate Commitment Amount (or, after the Commitment Termination Date, the principal amount of all Outstanding Credit Extensions), payable on the last day of each March, June, September and December and on the Final Termination Date (and, if applicable, thereafter on demand).

SECTION 2.04 Reduction of Commitment Amounts. (a) Exelon shall have the right, upon at least two Business Days' notice to the Administrative Agent, to ratably reduce the respective Commitment Amounts of the Lenders in accordance with their Pro Rata Shares; provided that the Aggregate Commitment Amount may not be reduced to an amount that is less than the Outstanding Credit Extensions; and provided, further, that each partial reduction of the Commitment Amounts shall be in the aggregate amount of \$5,000,000 or an integral multiple thereof. Once reduced pursuant to this Section 2.04, the Commitment Amounts may not be increased.

(b) Any Borrower shall have the right at any time, upon at least two Business Days' notice to the Administrative Agent, to terminate the Commitment of each Lender with respect to such Borrower in its entirety (but only if such Borrower concurrently pays all of its obligations hereunder). Upon any such termination, such Borrower shall cease to be a party hereto and shall no longer have any rights or obligations hereunder (except under provisions hereof which by their terms would survive any termination hereof).

SECTION 2.05 Repayment of Advances. Each Borrower shall repay the principal amount of all Advances made to it on or before the Commitment Termination Date for such Borrower.

SECTION 2.06 Interest on Advances. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) At all times such Advance is a Base Rate Advance, a rate per annum equal to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December and on the date such Base Rate Advance is converted to a Eurodollar Rate Advance or paid in full.

(b) Subject to Section 2.07, at all times such Advance is a Eurodollar Rate Advance, a rate per annum equal to the sum of the Eurodollar Rate for each applicable Interest Period plus the Applicable Margin in effect from time to time for such Borrower, payable on the last day of each Interest Period for such Eurodollar Rate 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 Eurodollar Rate Advance is converted to a Base Rate Advance or paid in full.

SECTION 2.07 Additional Interest on Eurodollar Advances. Each Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender made to such Borrower, from the date of such Advance until such principal amount is paid in full or converted to a Base Rate Advance, at an interest rate per annum equal to the remainder obtained by subtracting (i) the Eurodollar Rate for each Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such

Advance; provided that no Lender shall be entitled to demand such additional interest more than 90 days following the last day of the Interest Period in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive such additional interest to the extent that such additional interest relates to the retroactive application of the reserve requirements described above if such demand is made within 90 days after the implementation of such retroactive reserve requirements. Such additional interest shall be determined by the applicable Lender and notified to the applicable Borrower through the Administrative Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.08 Interest Rate Determination. (a) The Administrative Agent shall give prompt notice to the applicable Borrower and the Lenders of each applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the applicable Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor (unless prepaid or converted to a Base Rate Advance prior to such day), convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, continue or convert into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09 Continuation and Conversion of Advances. (a) Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. (Chicago time) on the third Business Day prior to the date of any proposed continuation of or conversion into Eurodollar Rate 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 Eurodollar Rate 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 Eurodollar Rate Advances or conversion of Eurodollar Rate Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances, unless, in the case of such a conversion, such Borrower shall also reimburse the Lenders pursuant to Section 8.04(b) on the date of such conversion; and provided, further, that Base Rate Advances may not be converted into Eurodollar Rate Advances unless all Lenders have consented in writing to 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 Eurodollar Rate Advances, the duration of the Interest Period for such Advances.

(b) If a Borrower shall fail to select the Type of any Advance or the duration of any Interest Period for any Borrowing of Eurodollar Rate 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 such 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. Any Borrower may, upon notice to the Administrative Agent at least three Business Days prior to any prepayment of Eurodollar Rate Advances, or one Business Day's notice prior to 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 that 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 Eurodollar Rate 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 Eurodollar Rate Advance, such Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment. After the Commitment Termination Date, amounts prepaid under this Section 2.10 may not be reborrowed.

SECTION 2.11 Increased Costs. (a) If on or after the date of this Agreement, any Lender or the LC Issuer determines that (i) the introduction of or any change (other than, in the case of Eurodollar Rate Advances, any change by way of imposition or increase of reserve requirements, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) shall increase the cost to such Lender or the LC Issuer, as the case may be, of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of issuing or participating in any Facility LC, then the applicable Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, pay to the Administrative Agent for the account of such Lender or the LC Issuer, as the case may be, the additional amounts (without duplication of any amount payable pursuant to Section 2.14) sufficient to compensate such Lender or the LC Issuer, as applicable, for such increased cost; provided that no Lender shall be entitled to demand such compensation more than 90 days following the last day of the Interest Period in respect of which such demand is made and the LC Issuer shall not be entitled to demand such compensation more than 90 days following the expiration or termination (by a drawing or otherwise) of the Facility LC in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described in clause (i) or (ii) above if such demand is made within 90 days after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to the amount of such increased cost, submitted to the applicable Borrower and the Administrative Agent by a Lender or the LC Issuer, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or the LC Issuer determines that, after the date of this Agreement, compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) regarding capital adequacy requirements affects or would affect the amount of capital required or expected to be maintained by such Lender or the LC Issuer or any Person controlling such Lender or the LC Issuer (including, in any event, any determination after the date of this Agreement by any such governmental authority or central bank that, for purposes of capital adequacy requirements, any Lender's Commitment to a Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower as the case may be does not constitute a commitment with an original maturity of less than one year) and that the amount of such capital is increased by or based upon the existence of such Lender's Commitment to such Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower, as applicable, or the Advances made by such Lender to such Borrower or Reimbursement Obligations owed to the LC Issuer by such Borrower, as the case may be, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, such Borrower shall immediately pay to the Administrative Agent for the account of such Lender or LC Issuer, as applicable, from time to time as specified by such Lender or the LC Issuer, as applicable, additional amounts sufficient to compensate such Lender, the LC Issuer or such controlling Person, as applicable, in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's Commitment to such Borrower or the Advances made by such Lender to such Borrower or the LC Issuer determines such increase in capital to be allocable to the LC Issuer's commitment to issue Facility LCs for the account of such Borrower or the Reimbursement Obligations owed by such Borrower to the LC Issuer; provided that no Lender or the LC Issuer shall be entitled to demand such compensation more than one year following the payment to or for the account of such Lender of all other amounts payable hereunder by such Borrower and under any Note of such Borrower held by such Lender and the termination of such Lender's Commitment to such Borrower and the LC Issuer shall not be entitled to demand such compensation more than one year after the expiration or termination (by drawing or otherwise) of all Facility LCs issued for the account of such Borrower and the termination of the LC Issuer's commitment to issue Facility LCs for the account of such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described above if such demand is made within one year after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to such amounts submitted to the applicable Borrower and the Administrative Agent by the applicable Lender or the LC Issuer shall be conclusive and binding, for all purposes, absent manifest error.

(c) Any Lender claiming compensation pursuant to this Section 2.11 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such compensation that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

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 Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, continue or convert Advances into Eurodollar Rate Advances shall be suspended (subject to the following paragraph of this [Section 2.12](#)) until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) all Eurodollar Rate 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 Eurodollar Rate Advances has been suspended pursuant to the preceding paragraph, then, unless and until the Administrative Agent shall notify the applicable 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 Eurodollar Rate Advances shall instead be made as Base Rate Advances and (ii) to the extent that Eurodollar Rate 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 Eurodollar Rate Advances of such Lender shall be applied instead to such Base Rate Advances of such Lender.

SECTION 2.13 [Payments and Computations](#). (a) Each Borrower shall make each payment hereunder and under any Note issued by such Borrower not later than 10:00 A.M. (Chicago time) 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, facility fees and letter of credit fees ratably (other than amounts payable pursuant to [Section 2.02\(b\)](#), [2.07](#), [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 Acceptance and recording of the information contained therein in the Register pursuant to [Section 8.07\(d\)](#), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by such Borrower is not made when due hereunder, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Prime 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 computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.07 shall be made by a Lender, 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 (or, in the case of Section 2.07, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes 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 Eurodollar Rate 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 a Borrower prior to the date on which any payment is due by such Borrower to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such 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 such 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 a 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 Base Rate plus 2%, payable upon demand.

SECTION 2.14 Taxes. (a) Any and all payments by any Borrower hereunder or under any Note issued by such Borrower shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, the LC Issuer and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender, the LC Issuer or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If a Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under

any Note issued by such Borrower to any Lender, the LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this [Section 2.14](#)) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower severally agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies to the extent arising from the execution, delivery or registration of this Agreement or the Notes (hereinafter referred to as "[Other Taxes](#)"), in each case to the extent attributable to such Borrower; it being understood that to the extent any [Other Taxes](#) so payable are not attributable to any particular Borrower, each Borrower shall pay its proportionate share thereof (according to the number of Borrowers at the time such [Other Taxes](#) arose).

(c) No Lender may claim or demand payment or reimbursement in respect of any Taxes or [Other Taxes](#) pursuant to this [Section 2.14](#) if such Taxes or [Other Taxes](#), as the case may be, were imposed solely as the result of a voluntary change in the location of the jurisdiction of such Lender's Applicable Lending Office.

(d) Each Borrower will indemnify each Lender, the LC Issuer and the Administrative Agent for the full amount of Taxes or [Other Taxes](#) (including any Taxes or [Other Taxes](#) imposed by any jurisdiction on amounts payable under this [Section 2.14](#)) paid by such Lender, the LC Issuer or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or [Other Taxes](#) were correctly or legally asserted, in each case to the extent attributable to such Borrower; it being understood that to the extent any Taxes, [Other Taxes](#) or other liabilities described above are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof (according to the number of Borrowers at the time such Taxes, [Other Taxes](#) or other liability arose). This indemnification shall be made within 30 days from the date such Lender, the LC Issuer or the Administrative Agent (as the case may be) makes written demand therefor.

(e) Prior to the date of an initial borrowing hereunder in the case of each Lender listed on the signature pages hereof, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter within 30 days from the date of request if requested by any Borrower or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and each Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under the Notes. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Administrative Agent and the Borrowers in writing to that effect. Unless the Borrowers and the Administrative Agent have received forms or other documents satisfactory to them indicating

that payments hereunder or under any Note are not subject to United States withholding tax, the Borrowers or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States and no Lender may claim or demand payment or reimbursement for such withheld taxes pursuant to this Section 2.14.

(f) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(g) If a Borrower makes any additional payment to any Lender pursuant to this Section 2.14 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge attributable solely to any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.14, such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to such Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If, within one year after the payment of any such amount to such Borrower, such Lender determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.14(g), such Borrower shall upon notice and demand of such Lender promptly repay the amount of such overpayment. Any determination made by a Lender pursuant to this Section 2.14(g) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.14(g) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs (except as required by Section 2.14(f)) so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of such Lender.

(h) Without prejudice to the survival of any other agreement of any Borrower or any Lender hereunder, the agreements and obligations of the Borrowers and the Lenders contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and under the Notes; provided that no Lender shall be entitled to demand any payment from a Borrower under this Section 2.14 more than one year following the payment to or for the account of such Lender of all other amounts payable by such Borrower hereunder and under any Note issued by such Borrower to such Lender and the termination of such Lender's Commitment to such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive any payment under this Section 2.14 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

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 any Borrower or its participation interest in any Facility

LC issued for the account of any Borrower (other than pursuant to Section 2.02(b), 2.07, 2.11, 2.14 or 8.04(b)) in excess of its ratable share of payments on account of the Advances to such Borrower and Facility LCs issued for the account of such Borrower obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them to such Borrower and/or LC Obligations of such Borrower 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 Borrowers agree 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 applicable Borrower in the amount of such participation.

SECTION 2.16 Facility LCs

SECTION 2.16.1 Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement (including the limitations set forth in Section 2.01), upon the request of any Borrower, to issue standby letters of credit and to renew, extend, increase or otherwise modify Facility LCs ("Modify," and each such action a "Modification") for such Borrower, from time to time from and including the date of this Agreement and prior to the Commitment Termination Date for such Borrower. No Facility LC shall have an expiry date later than the earlier of (a) 364 days after the date of issuance, or of extension or renewal, thereof or (b) 360 days after the scheduled Commitment Termination Date. No Facility LC may be renewed or extended, or increased in amount, after the Commitment Termination Date (but a Facility LC may be decreased in amount or, subject to the foregoing provisions of this sentence, otherwise amended after such date). By their execution of this Agreement, the parties hereto agree that on the Closing Date (without any further action by any Person), each Existing Letter of Credit shall be deemed to have been issued under this Agreement and the rights and obligations of the issuer and the account party thereunder shall be subject to the terms hereof.

SECTION 2.16.2 Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.16 (or, in this case of the Existing Letters of Credit, on the Closing Date), the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

SECTION 2.16.3 Notice. Subject to Section 2.16.1, the applicable Borrower shall give the LC Issuer notice prior to 10:00 A.M. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the applicable conditions precedent set forth in Article III (the satisfaction of which the LC Issuer shall have no duty to ascertain; provided that the LC Issuer shall not issue any Facility LC if the LC Issuer shall have received written notice (which has not been rescinded) from the Administrative Agent or any Lender that any applicable condition precedent to the issuance or modification of such Facility LC has not been satisfied and, in fact, such condition precedent is not satisfied at the requested time of issuance), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the applicable Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

SECTION 2.16.4 LC Fees. Each Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC issued for the account of such Borrower, a letter of credit fee at a per annum rate equal to the LC Fee Rate to such Borrower in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on the last day of each March, June, September and December and on the Final Termination Date for such Borrower (and thereafter on demand). Each Borrower shall also pay to the LC Issuer for its own account (x) a fronting fee in an amount and at the times agreed upon between the LC Issuer and such Borrower and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

SECTION 2.16.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the applicable Borrower and each Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the applicable Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being

understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable, without regard to the occurrence of the Commitment Termination Date or the Final Termination Date for the applicable Borrower, the occurrence of any Event of Default or Unmatured Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the applicable Borrower pursuant to [Section 2.16.6](#), plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 A.M. (Chicago time) on such day, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Rate for the first three days and, thereafter, at the Base Rate.

SECTION 2.16.6 [Reimbursement by Borrowers](#). Each Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amount to be paid by the LC Issuer upon any drawing under any Facility LC issued for the account of such Borrower, without presentment, demand, protest or other formalities of any kind; [provided](#) that neither the applicable Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by such Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the applicable Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Base Rate plus 2%. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from any Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to [Section 2.16.5](#). So long as the Commitment Termination Date has not occurred with respect to a Borrower, but subject to the terms and conditions of this Agreement (including the submission of a Notice of Borrowing in compliance with [Section 2.02](#) and the satisfaction of the applicable conditions precedent set forth in Article III), such Borrower may request Advances hereunder for the purpose of satisfying any Reimbursement Obligation.

SECTION 2.16.7 [Obligations Absolute](#). Each Borrower's obligations under this [Section 2.16](#) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Borrower may have against the LC Issuer, any Lender or any beneficiary of a Facility LC. Each Borrower agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and such Borrower's Reimbursement Obligation in respect of any Facility LC issued for its account shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such

documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among such Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of such Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. Each Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with any Facility LC issued for the account of such Borrower and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon such Borrower and shall not put the LC Issuer or any Lender under any liability to such Borrower. Nothing in this Section 2.16.7 is intended to limit the right of any Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.16.6.

SECTION 2.16.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, teletype, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.16, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Facility LC.

SECTION 2.16.9 Indemnification. Each Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC issued for the account of such Borrower or any actual or proposed use of any such Facility LC, including any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any right such Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any such Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility

LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that no Borrower shall be required to indemnify any Lender, the LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.16.9 is intended to limit the obligations of any Borrower under any other provision of this Agreement.

SECTION 2.16.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.16 or any action taken or omitted by such indemnitees hereunder.

SECTION 2.16.11 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

SECTION 2.17 Extension of Commitment Termination Date. Exelon may request an extension of the scheduled Commitment Termination Date for any or all Borrowers by submitting a request for an extension to the Administrative Agent (an "Extension Request") no more than 60 days prior to the scheduled Commitment Termination Date then in effect. The Extension Request must specify the new scheduled Commitment Termination Date requested by Exelon and the date (which must be at least 30 days after the Extension Request is delivered to the Administrative Agent) as of which the Lenders must respond to the Extension Request (the "Response Date"). The new scheduled Commitment Termination Date shall be 364 days after the scheduled Commitment Termination Date in effect at the time an Extension Request is received, including the scheduled Commitment Termination Date as one of the days in the calculation of the days elapsed. Promptly upon receipt of an Extension Request, the Administrative Agent shall notify each Lender of the contents thereof and shall request each Lender to approve such Extension Request, which approval shall be at the sole discretion of each Lender. Each Lender approving such Extension Request shall deliver its written consent no later than the Response Date. If the written consent of each of the Lenders (excluding any Person which ceases to be a Lender pursuant to Section 8.07(g)(iii)) is received by the Administrative Agent, the new scheduled Commitment Termination Date specified in the Extension Request shall become effective on the existing scheduled Commitment Termination Date and the Administrative Agent shall promptly notify each Borrower and each Lender of the new scheduled Commitment Termination Date. If all Lenders (including any Person which becomes

a Lender pursuant to Section 8.07(g), do not consent to an Extension Request, the scheduled Commitment Termination Date shall not be extended pursuant to such Extension Request.

ARTICLE III

CONDITIONS TO CREDIT EXTENSIONS

SECTION 3.01 Conditions Precedent to Initial Credit Extensions. No Lender shall be obligated to make any Advance, and the LC Issuer shall not be obligated to issue any Facility LC, unless the Administrative Agent shall have received (a) evidence, satisfactory to the Administrative Agent, that the Borrowers have paid (or will pay with the proceeds of the initial Credit Extensions) all amounts then payable under the Existing Agreement (after giving effect to the last sentence of Section 2.16.1) and (b) subject to Section 3.03, each of the following documents, each dated the date of the initial Credit Extension (or an earlier date satisfactory to the Administrative Agent, in form and substance satisfactory to the Administrative Agent and each (except for the Notes) in sufficient copies to provide one for each Lender:

(i) The Notes payable to the order of each of the Lenders, respectively;

(ii) Certified copies of resolutions of the Board of Directors or equivalent managing body of each Borrower approving the transactions contemplated by this Agreement and the Notes and of all documents evidencing other necessary organizational action of such Borrower with respect to this Agreement and the documents contemplated hereby;

(iii) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying (A) the names and true signatures of the officers of such 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 articles or certificate of incorporation and by-laws, or equivalent organizational documents, of such 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 such Borrower of this Agreement and the documents contemplated hereby;

(iv) A certificate signed by either the chief financial officer, principal accounting officer or treasurer of each Borrower stating that (A) the representations and warranties contained in Section 4.01 are correct on and as of the date of such certificate as though made on and as of such date and (B) no Event of Default or Unmatured Event of Default has occurred and is continuing on the date of such certificate; and

(v) A favorable opinion of Ballard Spahr Andrews & Ingersoll LLC, counsel for the Borrowers, substantially in the form of Exhibit D.

SECTION 3.02 Conditions Precedent to All Credit Extensions. The obligation of each Lender to make any Advance to any Borrower and of the LC Issuer to issue or modify any Facility LC for the account of any Borrower shall be subject to the further conditions precedent that (a) in the case of a Borrowing, the Administrative Agent shall have received consents to such Borrowing (and, if such requested Borrowing is to be comprised of Eurodollar Rate Advances, to the making of such Type of Advances), substantially in the form of Exhibit E, from all Lenders, (b) in the case of all Credit Extensions, on the date of such Credit Extension the following statements shall be true (and (i) the giving of the applicable Notice of Borrowing and the acceptance by the applicable Borrower of the proceeds of Advances pursuant thereto and (ii) the request by a Borrower for the issuance or Modification of a Facility LC shall, in each case, constitute a representation and warranty by such Borrower that on the date of the making of the applicable Advances or the issuance or Modification of the applicable Facility LC such statements are true):

(A) The representations and warranties of such Borrower contained in Section 4.01 (other than the representations and warranties contained in Sections 4.01(e)(i)(B), 4.01(e)(ii)(B) and 4.01(e)(iii)(B) and the first sentence of Section 4.01(f)) are correct on and as of the date of such Credit Extension, before and after giving effect to such 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

(B) No event has occurred and is continuing, or would result from such Credit Extension 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 with respect to such Borrower.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows:

(a) Such Borrower is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

(b) The execution, delivery and performance by such Borrower of this Agreement and the Notes issued by such Borrower are within such Borrower's powers, have been duly authorized by all necessary organizational action on the part of such Borrower, and do not and will not contravene (i) the articles or certificate of incorporation, by-laws or the organizational documents of such Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of such Borrower or any of its Subsidiaries.

(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 such Borrower of this Agreement or the applicable Notes, except an

appropriate order or orders of (i) the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, if applicable, and (ii) the Federal Energy Regulatory Commission, if applicable, which order or orders have been duly obtained and are (x) in full force and effect and (y) sufficient for the purposes hereof.

(d) This Agreement is, and the applicable Notes when delivered hereunder will be, legal, valid and binding obligations of such Borrowers, enforceable against such Borrower in accordance with their respective 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) (i) In the case of PECO, (A) the consolidated balance sheet of PECO and its Subsidiaries as at December 31, 2004, and the related statements of income and retained earnings and of cash flows of PECO and its Subsidiaries for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of PECO and its Subsidiaries as at September 30, 2005, and the related unaudited statements of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of PECO and its Subsidiaries as at such dates and the consolidated results of the operations of PECO and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to PECO.

(ii) In the case of Exelon, (A) the consolidated balance sheet of Exelon and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Exelon for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Exelon and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Exelon and its Subsidiaries as at such dates and the consolidated results of the operations of Exelon and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to Exelon.

(iii) In the case of Genco, (A) the consolidated balance sheet of Genco and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Genco for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Genco and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of

income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Genco and its Subsidiaries as at such dates and the consolidated results of the operations of Genco and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to Genco.

(f) Except as disclosed in such Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the later of the date of execution and delivery of this Agreement or the date of the most recent extension of the Commitment Termination Date pursuant to Section 2.17, and, in the case of Exelon, on and after the PSEG Merger Date, as disclosed in any Annual, Quarterly or Current Report of PSEG or any Subsidiary thereof filed with the Securities and Exchange Commission prior to October 25, 2005, and, in the case of Genco, on and after the Power Merger Date, as disclosed in any Annual, Quarterly or Current Report of Power filed with the Securities and Exchange Commission prior to October 25, 2005, there is no pending or threatened action, investigation or proceeding affecting such Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect with respect to such Borrower. There is no pending or threatened action or proceeding against such Borrower or any of its Subsidiaries that purports to affect the legality, validity, binding effect or enforceability against such Borrower of this Agreement or any Note issued by such Borrower.

(g) No proceeds of any Advance to such Borrower 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) Such Borrower is not engaged 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 to such Borrower 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 such Borrower and its Subsidiaries is represented by margin stock.

(i) Such Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(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 borrowing of Advances by such Borrower or the issuance or modification of any Facility LC for the account of such Borrower, no steps have been taken 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 will not constitute an Event of Default or Unmatured Event of Default under Section 6.01(g)), and there is no "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA) with respect to any Plan. No condition exists or event or transaction has occurred with respect to any Plan (including any

Multiemployer Plan) which might result in the incurrence by such 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)).

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01 Affirmative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated, such 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 on such Borrower) 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 on such Borrower;

(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 such Borrower and its Principal Subsidiaries operate;

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to such 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, such Borrower and any of its Principal Subsidiaries and to discuss the affairs, finances and accounts of such Borrower and any of its Principal Subsidiaries with any of their respective officers; provided that any non-public information (which has been identified as such by such 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 any other party to this Agreement, its examiners, affiliates, outside auditors, counsel or other professional advisors in connection with the Agreement or if otherwise required to do so by law or regulatory process;

(vii) use the proceeds of the Advances to it for general corporate or limited liability company purposes, as the case may be (including primarily for the issuance of standby letters of credit for the account of any Borrower (or jointly for the account of a Borrower and any of its Subsidiaries)) but in no event for any purpose which would be contrary to Section 4.01(g) or 4.01(h); 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 such Borrower continuing on the date of such statement, a statement of an authorized officer of such Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which such 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 such Borrower (commencing with the quarter ending September 30, 2005), a copy of such Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if such Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of such Borrower as of the end of such quarter and the related consolidated statement of income of such Borrower for the portion of such 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 such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such 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 such Borrower, a copy of such Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if such Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of such Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of income, retained earnings (if applicable) and cash flows of such Borrower for such fiscal year, certified by Pricewaterhouse Coopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such Borrower proposes to take with respect thereto;

(iv) concurrently with the delivery of the annual and quarterly 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 E, duly completed and signed by the Chief Financial Officer, Treasurer or an Assistant Treasurer of such Borrower;

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that such Borrower sends to any of its security holders, and copies of all Reports on Form 10-K, 10-Q or 8-K, and registration statements and prospectuses that such Borrower or any of its Subsidiaries 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 such Borrower or such Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by such 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 302(f) of ERISA, or the taking of any action with respect to a Plan which could result in the requirement that such 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 such 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 such Borrower proposes to take with respect thereto;

(vii) promptly upon becoming aware thereof, notice of any change in the Moody's Rating or the S&P Rating for such Borrower; and

(viii) such other information respecting the condition, operations, business or prospects, financial or otherwise, of such Borrower or any of its Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request.

Each 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 or any reduction of the Commitments, (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). Notwithstanding the foregoing, each Borrower agrees that, to the extent requested by the Administrative Agent, it will continue to provide "hard copies" of Communications to the Administrative Agent.

Each Borrower further agrees that the Administrative Agent may make Communications available to the Lenders by posting such Communications on Intralinks or a substantially similar electronic transmission system (the "Platform").

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 ANY BORROWER, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY 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 ANY 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.

SECTION 5.02 Negative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated (except with respect to Section 5.02(a), which shall be applicable only as of the date hereof and at any time any Advance to such Borrower or Facility LC issued for the account of such Borrower is outstanding or is to be made or issued, as applicable), such Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or, in the case of Exelon, permit any of its Material Subsidiaries to create, incur, assume or suffer to exist, any Lien on its respective property, revenues or assets, whether now owned or hereafter acquired except (i) Liens imposed by law, such as carriers', warehousemen'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 of its Subsidiaries (excluding, in the case of Exelon, the stock of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing) or any such Subsidiary's assets to secure Nonrecourse Indebtedness; (iii) 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; (iv) Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (iii)); (v) Liens on the property, revenues and/or assets of any Person that exist at the time such Person becomes a Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens; (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 granted by a Special Purpose Subsidiary to secure Transitional Funding Instruments of such Special Purpose Subsidiary; (ix) in the case of PECO, (A) Liens granted under the PECO Mortgage and "excepted encumbrances" as defined in the PECO Mortgage, and (B) Liens securing PECO's notes collateralized solely by mortgage bonds of PECO issued under the terms of the PECO Mortgage; (x) in the case of Exelon (on and after the PSEG Merger Date), (A) Liens granted under the PSE&G Mortgage and Liens permitted under the PSE&G Mortgage, and (B) Liens securing PSE&G's notes collateralized solely by mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, (xi) in the case of PECO and Genco, Liens arising in connection with sale and leaseback transactions entered into by such Borrower or a Subsidiary thereof, but only to the extent (I) in the case of PECO or any Subsidiary thereof, the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PECO issued under the terms of the PECO Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PECO, Genco and their Subsidiaries,

\$1,000,000,000; (xii) in the case of Exelon (on and after the PSEG Merger Date), Liens arising in connection with sale and leaseback transactions entered into by PSE&G or a Subsidiary thereof, but only to the extent (I) the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PSE&G and its Subsidiaries, \$50,000,000, (xiii) Liens securing Permitted Obligations; and (xiv) Liens, other than those described in clauses (i) through (xiii) of this Section 5.02(a), granted by such Borrower or, in the case of Exelon, any of its Material Subsidiaries in the ordinary course of business securing Debt of such Borrower and, if applicable, such Material Subsidiaries; provided that the aggregate amount of all Debt secured by Liens permitted by clause (xiv) of this Section 5.02(a) shall not exceed in the aggregate at any one time outstanding (I) in the case of Exelon and its Material Subsidiaries, \$100,000,000, (II) in the case of Genco, \$50,000,000 (prior to the Power Merger Date) and \$75,000,000 (on and after the Power Merger Date), and (III) in the case of PECO, \$50,000,000.

(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 of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary of such Borrower, (ii) any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to such Borrower and (iii) such Borrower or any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Person; provided that, in each case, immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default with respect to such Borrower shall have occurred and be continuing and (A) in the case of any such merger, consolidation or transfer of assets to which a Borrower is a party, either (x) such Borrower shall be the surviving entity or (y) the surviving entity shall be an Eligible Successor and shall have assumed all of the obligations of such Borrower under this Agreement and the Notes issued by such Borrower and the Facility LCs issued for the account of such Borrower pursuant to a written instrument in form and substance satisfactory to the Administrative Agent, (B) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which any of its Principal Subsidiaries is a party, a Principal Subsidiary of such Borrower shall be the surviving entity and (C) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which a Material Subsidiary of Exelon is a party, a Material Subsidiary of Exelon shall be the surviving entity.

(c) Interest Coverage Ratio. Permit its Interest Coverage Ratio as of the last day of any fiscal quarter to be less than (i) in the case of Exelon, 2.65 to 1.0; (ii) in the case of PECO, 2.25 to 1.0; and (iii) in the case of Genco, 3.25 to 1.0.

(d) Continuation of Businesses. Engage in, or permit any of its Subsidiaries (other than any ComEd Entity or, on or after the PSEG Merger Date, Energy Holdings Entity) to engage in, any line of business which is material to Exelon and its Subsidiaries, taken as a whole, other than businesses engaged in by such Borrower and its Subsidiaries as of the date hereof and reasonable extensions thereof.

(e) Capital Structure. In the case of Exelon, fail at any time to own, free and clear of all Liens, 100% of the issued and outstanding common shares or other common ownership interests of each of PECO and, on and after the PSEG Merger Date, PSE&G and 100% of the issued and outstanding membership interests of Genco (or, in any such case, 100% of a holding company which owns, free and clear of all Liens, at least 100% of the issued and outstanding common shares or other common ownership interests of PECO or, on and after the PSEG Merger Date, PSE&G, as applicable, or 100% of the issued and outstanding membership interests of Genco).

(f) Restrictive Agreements. In the case of Exelon, permit Genco, PECO or, on and after the PSEG Merger Date, PSE&G, or any holding company for any of the foregoing described in the parenthetical clause at the end of Section 5.02(e), to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of such entity to declare or pay dividends to Exelon (or, if applicable, to its holding company), except for existing restrictions on (i) PECO relating to (A) the priority of payments on its subordinated debentures contained in the Indenture dated as of July 1, 1994 between PECO and Wachovia Bank, National Association (f/k/a First Union National Bank), as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of quarterly dividends on its preferred stock contained in its Amended and Restated Articles of Incorporation as in effect on the date hereof; and (ii) PSE&G relating to the priority payment of dividends on any outstanding shares of its prior preferred stock and preference stock as set forth in its Restated Certificate of Incorporation, as is in effect on the date hereof.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing with respect to a Borrower (any such event an “Event of Default” with respect to such Borrower):

(a) Such Borrower shall fail to pay (i) any principal of any Advance to such Borrower when the same becomes due and payable, (ii) any Reimbursement Obligation of such Borrower within one Business Day after the same becomes due and payable or (iii) any interest on any Advance to such Borrower or any other amount payable by such Borrower under this Agreement or any Note issued by such Borrower within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by such Borrower herein or by such 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) Such 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, in each case to the extent applicable to such Borrower, 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 such Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender); or

(d) Such Borrower or any Principal Subsidiary thereof shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount in excess of \$50,000,000 in the aggregate (but excluding Debt hereunder, Nonrecourse Indebtedness and Transitional Funding Instruments) of such Borrower or such Principal Subsidiary (as the case may be) 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 such Borrower or a Principal Subsidiary thereof 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 with respect to such Borrower; or

(e) Such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 undismitted 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose Subsidiary) shall take any 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 \$50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against such Borrower or any Principal Subsidiary thereof 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 Plan or in the appointment by the appropriate United States District Court of a trustee to administer a Plan shall have occurred and be continuing 60 days after written notice to such effect shall have been given to such Borrower by the Administrative Agent; (ii) any Plan shall be terminated; (iii) a Trustee shall be appointed by an appropriate United States District Court to administer any Plan; (iv) the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan; or (v) any Borrower or any 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 with respect to any Borrower 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), subclause (b) of the proviso to clause (i) of the definition of Material Adverse Effect) on such Borrower; or

(h) In the case of PECO, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of its issued and outstanding common shares or other common ownership interests; or

(i) In the case of Genco, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of the membership interests of Genco;

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 such Borrower, (i) declare the respective Commitments of the Lenders to such Borrower and the commitment of the LC Issuer to issue Facility LCs for the account of such Borrower to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare the principal amount outstanding under the Notes issued by such Borrower, all interest thereon and all other amounts payable under this Agreement by such Borrower (including all contingent LC Obligations) to be forthwith due and payable, whereupon the principal amount outstanding under such Notes, 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 such 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 such Borrower and the obligation of the LC Issuer to issue Facility LCs for the account of such Borrower shall automatically be terminated and (B) the principal amount outstanding under the Notes issued by such Borrower, all interest thereon and all other amounts payable by such Borrower hereunder (including all contingent LC Obligations of such Borrower) 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 such Borrower.

ARTICLE VII
THE ADMINISTRATIVE AGENT

SECTION 7.01 Authorization and Action.

SECTION 7.01.1 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 Notes), 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 and all holders of Notes; 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 a Borrower pursuant to the terms of this Agreement.

SECTION 7.01.2 The Administrative Agent may perform any and all of its duties and exercise its rights hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights hereunder through its respective Affiliates, directors, officers, employees, agents and advisors (collectively, the "Related Parties"). The provisions of this Article VII shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent.

SECTION 7.02 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 treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) the Administrative Agent may consult with legal counsel (including counsel for a 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; (iii) 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; (iv) 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 any Borrower or to inspect the property (including the books and records) of any Borrower; (v) 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 (vi) 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 telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Agent and Affiliates. With respect to its Commitment, Advances and Notes (if any), JPMorgan 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, unless otherwise expressly indicated, include JPMorgan in its individual capacity (to the extent applicable). JPMorgan 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, any Borrower, any subsidiary of any Borrower and any Person who may do business with or own securities of any Borrower or any such subsidiary, all as if it were not the 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 a 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 a Borrower but for which the Administrative Agent is not reimbursed by such 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 Borrowers 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" and having a combined capital and surplus of at least \$150,000,000. 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 Borrowers, which consent shall not be unreasonably withheld or delayed.

SECTION 7.07 Arrangers. The title "Arranger" is purely honorific, and no Person designated as an "Arranger" shall have any duties or responsibilities in such capacity.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any 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 Borrowers, 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, unless in writing and signed by all the Lenders (other than any Lender that is a Borrower or an Affiliate of a Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase or extend the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, or (f) amend this Section 8.01; provided, further, that (i) 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 or any Note; and (ii) no amendment, waiver or consent shall, unless in writing and signed by the LC Issuer, in addition to the Lenders required above to take such action, affect the rights or duties of the LC Issuer under this Agreement.

SECTION 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication)

and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Borrower, at 10 S. Dearborn, 37th Floor, Chicago, IL 60603, Attention: Michael R. Metzner, Telecopy: (312) 394- 5215; if to any Lender, at its Domestic Lending Office specified in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Chase Plaza, Mail Suite IL1-0010, Chicago, Illinois 60670, Attention: Mr. Ron Cromey, Telecopy: (312) 385-7096 with a copy to JPMorgan Chase Bank, 1111 Fannin, 10th Floor, Houston, TX 77002, Attn: Jaime Garcia, Telecopy: (713) 750-6307 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, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, 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, the LC Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note 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) Each Borrower severally agrees to pay on demand all costs and expenses incurred by the Administrative Agent, the LC Issuer and the Arrangers in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement, the Notes 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, the LC issuer and the Arrangers with respect thereto and with respect to advising the Administrative Agent, the LC Issuer and the Arrangers as to their respective rights and responsibilities under this Agreement, in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof (according to the number of Borrowers at the time such costs and expenses were incurred). Each Borrower further severally 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, the LC Issuer or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of such Borrower's obligations this Agreement, the Notes issued by such Borrower and the other documents to be delivered by such Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a), in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof (according to the number of Borrowers at the time such costs and expenses were incurred).

(b) If any payment of principal of, or any conversion of, any Eurodollar Rate 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

Notes pursuant to Section 6.01 or for any other reason, the applicable 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 losses, costs or expenses which it may reasonably incur as a result of such payment or conversion, 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) Each Borrower hereby severally agrees to indemnify and hold each Lender, the LC Issuer, the Administrative Agent and each of their respective Affiliates, officers, directors and employees (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (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, the Notes or the transactions contemplated thereby, or the use by such Borrowers or any of its Subsidiaries of the proceeds of any Advance to such Borrower, in each case to the extent such claims damages, losses, liabilities, costs or expenses are attributable to such Borrower, it being understood that to the extent any such claims, damages, losses, liabilities, costs or expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof (according to the number of Borrowers at the time such claims, damages, losses, liabilities, costs or expenses arose); provided that no Borrower shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from such Indemnified Person's gross negligence or willful misconduct. Each Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by such Borrower to the Lenders and the Administrative Agent under this Agreement and the Notes issued by such Borrower and the termination of the Commitments to such Borrower. If and to the extent that the obligations of a Borrower under this Section 8.04(c) are unenforceable for any reason, such Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default with respect to a Borrower 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 Notes issued by such Borrower due and payable pursuant to the provisions of Section 6.01, each Lender 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 to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and any Note of such Borrower held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmaturing. Each Lender agrees promptly to notify the applicable Borrower 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. 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 become effective when counterparts hereof shall have been executed by the Borrowers and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender that such Lender has executed a counterpart hereof and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) no Borrower shall 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 Exelon, the LC Issuer and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by a Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and the Note or Notes held by 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 Acceptance with respect to such assignment) shall in no event be less than \$500,000 or, if less, the entire amount of such Lender's Commitment, and shall be an integral multiple of \$500,000 or such Lender's entire Commitment, (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 Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of \$3,500 (which shall be payable by one or more of the parties to the Assignment and Acceptance, and not by any Borrower, and shall not be payable if the assignee is a Federal Reserve Bank), and (v) the consent of Exelon shall not be required after the occurrence and during the continuance of any Event of Default. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (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 Acceptance, 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 Acceptance, relinquish its rights and be released from its obligations under this Agreement and, in the case of an Assignment and Acceptance 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 Exelon, the LC Issuer 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 and (B) any Lender may at any time, without the consent of Exelon, the LC Issuer or the Administrative Agent, and without any requirement to have an Assignment and Acceptance executed, assign all or any part of its rights under this Agreement and its Notes to a Federal Reserve Bank, provided that no such assignment shall release the transferor Lender from any of its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, 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 Acceptance, 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 any Borrower or the performance or observance by any 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 Acceptance; (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 Acceptance 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 by each Borrower 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 each Borrower, the Administrative Agent and the Lenders may 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 any 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 Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with all Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, each Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note issued by such Borrower a new Note to the order of such Eligible Assignee in an amount equal to the Commitment Amount assumed by such Eligible Assignee pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment Amount of such assigning Lender after giving effect to such

assignment. Each such new Note or Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A.

(e) Each Lender may sell participations to one or more banks or other entities (each, a “Participant”) in or to all or a portion of its rights and/or obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and the Note or Notes held by it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, 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 and (v) such Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of this Agreement or the Note or Notes held by such Lender, other than any such amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest that forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Advance or Commitment, postpones any date fixed for any regularly scheduled payment of principal of, or interest or fees on, any such Advance or Commitment, extends any Commitment, releases any guarantor of any such Advance or releases any substantial portion of collateral, if any, securing any such Advance.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrowers received by it from such Lender (subject to customary exceptions regarding regulatory requirements, compliance with legal process and other requirements of law).

(g) If any Lender shall (i) 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 Eurodollar Rate Advances or (iii) shall fail to consent to, or shall revoke its consent to, an extension of the scheduled Commitment Termination Date pursuant to Section 2.17, then (in the case of clause (i)) within 60 days after such demand (if, but only if, such payment demanded under Section 2.11 (a), 2.11(b) or 2.14 has been made by the applicable Borrower) or (in the case of clause (ii)) within 60 days after such notice (if such suspension is still in effect), or (in the case of clause (iii)) no later than five days prior to the then effective scheduled Commitment Termination Date, as the case may be, the Borrowers may demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrowers and reasonably acceptable to the Administrative Agent all (but not less than all) of such Lender’s Commitment, the Advances owing to it and its participation in the Facility LCs within the next succeeding 30 days (in the case of clause (i) or clause (ii)), or within the next succeeding five days (in the case of clause (iii)). If any such Eligible Assignee designated by the Borrowers shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrowers shall fail

to designate any such Eligible Assignee for all of such Lender's Commitment, Advances and participation in Facility LCs, 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.

(h) 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 Borrowers, the option to provide to any Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make to such Borrower 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 Advances to the Granting Bank or to any financial institutions (consented to by such Borrower and Administrative Agent, neither of 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(h) 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.

SECTION 8.08 Governing Law. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

SECTION 8.09 Consent to Jurisdiction; Certain Waivers. (a) THE BORROWERS HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND ANY UNITED STATES DISTRICT COURT SITTING IN THE COMMONWEALTH OF PENNSYLVANIA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE NOTES AND THE BORROWERS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND

IRREVOCABLY WAIVE ANY OBJECTION THEY 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 ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(b) 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 OR THE NOTES ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.

SECTION 8.10 Execution in Counterparts; Integration. 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.

SECTION 8.11 Liability Several. No Borrower shall be liable for the obligations of any other Borrower hereunder.

SECTION 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrowers 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 a Borrower: When any Borrower opens an account, if such Borrower is an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower, and, if such Borrower is not an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower. The Administrative Agent and the Lenders may also ask, if such Borrower is an individual, to see such Borrower's driver's license or other identifying documents, and, if such Borrower is not an individual, to see such Borrower's legal organizational documents or other identifying documents.

SECTION 8.13 Termination of Existing Agreement. The Borrowers, the Lenders which are parties to the Existing Agreement (which Lenders constitute the “Majority Lenders” as defined in the Existing Agreement) and JPMorgan Chase Bank, N.A., as Administrative Agent under the Existing Agreement, agree that, on the Closing Date, the commitments under the Existing Agreement shall terminate and be of no further force or effect (without regard to any requirement in Section 2.04 of the Existing Agreement for prior notice of termination of the commitments thereunder).

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

EXELON CORPORATION

By: _____

Name:

Title:

PECO ENERGY COMPANY

By: _____

Name:

Title:

EXELON GENERATION COMPANY, LLC

By: _____

Name:

Title:

Credit Agreement

JPMORGAN CHASE BANK, N.A., as
Administrative Agent, as LC Issuer and as
a Lender

By: _____
Name:
Title:

Credit Agreement

SHOREBANK, as an Arranger and as a Lender

By: _____
Name:
Title:

Credit Agreement

UNITED BANK OF PHILADELPHIA, as an
Arranger and as a Lender

By: _____
Name:
Title:

Credit Agreement

**BANCO POPULAR NORTH AMERICA, as a
Lender**

By: _____
Name:
Title:

Credit Agreement

ADAMS NATIONAL BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

SEAWAY NATIONAL BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

CITIZENS TRUST BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

HIGHLAND COMMUNITY BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

**ILLINOIS SERVICE FEDERAL SAVINGS
AND LOAN ASSOCIATION OF CHICAGO, as
a Lender**

By: _____
Name:
Title:

Credit Agreement

BANK FINANCIAL, as a Lender

By: _____
Name:
Title:

Credit Agreement

LEGACY BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

NORTH MILWAUKEE STATE BANK,
as a Lender

By: _____
Name:
Title:

Credit Agreement

PACIFIC GLOBAL BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

ASIAN BANK, as a Lender

By: _____
Name:
Title:

Credit Agreement

SCHEDULE I
PRICING SCHEDULE

Status	LC Fee Rate	Facility Fee Rate
Level I Status	0.50%	0.200%
Level II Status	0.65%	0.225%
Level III Status	0.75%	0.250%
Level IV Status	1.00%	0.300%
Level V Status	1.15%	0.350%

The LC Fee Rate shall be determined separately for each Borrower in accordance with the foregoing table based on the Status for such Borrower. The Facility Fee Rate shall be determined in accordance with the foregoing table based on the Status for Exelon. The applicable Status in effect on any date for the purposes of this Schedule is based on the applicable Moody's Rating and S&P Rating in effect at the close of business on such date.

For the purposes of the foregoing (but subject to the final paragraph of this Schedule):

"Level I Status" exists at any date for a Borrower if, on such date, such Borrower's Moody's Rating is A3 or better or such Borrower's S&P Rating is A- or better.

"Level II Status" exists at any date for a Borrower if, on such date, (i) Level I Status does not exist for such Borrower and (ii) such Borrower's Moody's Rating is Baal or better or such Borrower's S&P Rating is BBB+ or better.

"Level III Status" exists at any date for a Borrower if, on such date, (i) neither Level I Status nor Level II Status exists for such Borrower and (ii) such Borrower's Moody's Rating is Baa2 or better or such Borrower's S&P Rating is BBB or better.

"Level IV Status" exists at any date for a Borrower if, on such date, (i) none of Level I Status, Level II Status or Level III Status exists for such Borrower and (ii) such Borrower's Moody's Rating is Baa3 or better or such Borrower's S&P Rating is BBB- or better.

"Level V Status" exists at any date for a Borrower if, on such date, none of Level I Status, Level II Status, Level III Status or Level IV Status exists for such Borrower.

"Status" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

If the S&P Rating and the Moody's Rating for a Borrower create a split-rated situation and the ratings differential is one level, the higher rating will apply. If the differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. If a Borrower has no Moody's Rating or no S&P Rating, Level V Status shall exist for such Borrower.

SCHEDULE II
COMMITMENTS AND PRO RATA SHARES

Lender	Commitment
ShoreBank, <i>Co-Arranger</i>	\$ 15,000,000
United Bank of Philadelphia, <i>Co-Arranger</i>	\$ 1,000,000
JPMorgan Chase Bank, <i>Administrative Agent</i>	\$ 3,500,000
Banco Popular North America	\$ 14,000,000
Adams National Bank	\$ 4,000,000
Seaway National Bank	\$ 3,000,000
Citizens Bank	\$ 2,000,000
Highland Community Bank	\$ 2,000,000
Illinois Service Federal Savings and Loan Association	\$ 1,000,000
Bank Financial	\$ 1,000,000
Legacy Bank	\$ 2,000,000
North Milwaukee State Bank	\$ 500,000
Pacific Global Bank	\$ 500,000
Asian Bank	\$ 500,000
Total	\$50,000,000

SCHEDULE III
EXISTING LETTERS OF CREDIT

Number	Type	Borrower	Outstanding Amount	Expiration
SLT325419	Standby Letter of Credit	Exelon	\$ 1,001,725	12/19/2005
SLT325420	Standby Letter of Credit	Exelon	\$ 87,669	7/31/2006
SLT325611	Standby Letter of Credit	Exelon	\$ 3,400,000	12/19/2005
SLT325715	Standby Letter of Credit	Exelon	\$ 20,000	10/10/2006
SLT326947	Standby Letter of Credit	Exelon	\$ 1,700,000	8/12/2006
SLT330190	Standby Letter of Credit	Exelon	\$ 2,000,000	9/30/2006
SLT330949	Standby Letter of Credit	Exelon	\$ 185,000	2/9/2006
SLT332085	Standby Letter of Credit	PECO	\$ 1,895,154	12/31/2005
SLT326103	Standby Letter of Credit	Exelon	\$ 2,884,188	12/31/2005
SLT329840	Standby Letter of Credit	Genco	\$ 335,000	3/31/2006
SLT644088	Standby Letter of Credit	Genco	\$ 100,000	7/11/2006
SLT324436	Standby Letter of Credit	Genco	\$ 9,329,635	6/17/2006
SLT328320	Standby Letter of Credit	Genco	\$ 19,600,000	8/30/2006

EXHIBIT A
FORM OF NOTE

Dated: [], 20_

FOR VALUE RECEIVED, the undersigned, _____, a _____ (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender"), for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) on the Commitment Termination Date, the aggregate principal amount of all outstanding Advances made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower further promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to JPMorgan Chase Bank, N.A., as Administrative Agent, at 1 Chase Plaza, Chicago, Illinois 60670 (or such other address as the Administrative Agent shall notify the Borrower), in immediately available funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, at the Lender's option, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement dated as of October 28, 2005 among the Borrower, [Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC], various financial institutions and JPMorgan Chase Bank, as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Lender's Pro Rata Share of the aggregate principal amount of all Advances to such Borrower at such time and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

[By _____]

[Name:]

[Title:]

A-2

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Principal Paid or Prepaid	Amount of Unpaid Principal Balance	Notation Made By
------	----------------------	---------------------------------	---	---------------------

EXHIBIT B
FORM OF NOTICE OF BORROWING

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders parties to the Credit Agreement referred to below
1 Chase Plaza
Chicago, Illinois 60670
with a copy to:
1111 Fannin, 10th Floor,
Houston, TX 77002

[Date]

Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, [Exelon Corporation] [PECO Energy Company] [Exelon Generation Company, LLC], refers to the Credit Agreement, dated as of October 28, 2005, among Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"), and hereby gives you notice, irrevocably, pursuant to Section 2.02(a) of the Credit Agreement that the undersigned requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

- (i) The Business Day of the Proposed Borrowing is _____, 20 _____.
- (ii) The Type of Advances to be made in connection with the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed Borrowing is \$ _____.
- (iv) The Interest Period for each Advance made as part of the Proposed Borrowing is [____month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the undersigned contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default; and

(C) after giving effect to the Proposed Borrowing, the undersigned will not have exceeded any limitation on its ability to incur indebtedness (including any limitation imposed by any governmental or regulatory authority).

Very truly yours,

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

[By _____]
[Name:]
[Title:]

EXHIBIT C

FORM OF ASSIGNMENT AND ACCEPTANCE

Dated _____, 20 _____

Reference is made to the Credit Agreement dated as of October 28, 2005 among Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC (together the "Borrowers"), various financial institutions and JPMorgan Chase Bank N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Assignor") and _____ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the Pro Rata Share specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement, including, without limitation, a corresponding interest in the Assignor's Commitment, the Advances owing to the Assignor, the Assignor's interest in Facility LCs and the Notes held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment Amount will be as set forth in Section 2 of Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statement, warranty or representation made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Lead Arranger, the LC Issuer, the Assignor 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 the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (vi) confirms that none of the consideration used to make the purchase being made by the Assignee hereunder are "plan assets" as defined under ERISA; and the rights and interests of

the Assignee in and under the Credit Agreement will not be “plan assets” under ERISA; [and] (vii) specifies as its Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof [;and (viii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that it is exempt from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes].¹

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Administrative Agent for acceptance by Exelon (if required), the LC Issuer and the Administrative Agent and recording by the Administrative Agent. The effective date of this Assignment and Acceptance shall be the date of recording thereof by the Administrative Agent, unless otherwise specified on Schedule 1 hereto (the “Effective Date”).

5. Upon such recording by the Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such recording by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

¹ If the Assignee is organized under the laws of a jurisdiction outside the United States.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NAME OF
ASSIGNOR]

By _____

Name:

Title:

[NAME OF ASSIGNOR]

By _____

Name:

Title:

Domestic Lending Office (and
address for notices):

[Address]

Eurodollar Lending Office:

[Address]

[Consented to this ____ day
of _____, 20__]

EXELON CORPORATION

By _____
Name:
Title:

Consented to and Accepted this ____ day
of _____, 20__

JPMORGAN CHASE BANK, N.A., as Administrative Agent and LC Issuer

By
Name:
Title:

Schedule 1
to
Assignment and Acceptance
Dated _____, 20 ____

Section 1.

Pro Rata Share: _____%

Section 2.

Assignee's Commitment Amount after giving effect hereto: \$

Section 3.

Effective Date²: _____, 20 ____

² This date should be no earlier than the date of recording by the Administrative Agent.

EXHIBIT D — 1
FORM OF OPINION OF BALLARD SPAHR ANDREWS & INGERSOLL
[to be attached]

D-1-1

EXHIBIT D-2
FORM OF OPINION OF SIDLEY AUSTIN BROWN & WOOD LLP
[to be attached]

D-2-1

EXHIBIT E
FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

_____, 20____

Pursuant to the Credit Agreement, dated as of October 28, 2005, among Exelon Corporation (“Exelon”), PECO Energy Company (“PECO”), Exelon Generation Company, LLC (“Genco”), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”), the undersigned, being _____ of [Exelon] [PECO] [Genco] (the “Borrower”), hereby certifies on behalf of the Borrower as follows:

1. Delivered herewith are the financial statements prepared pursuant to Section 5.01(b)[(ii)/(iii)] of the Credit Agreement for the fiscal _____ ended _____, 20____. All such financial statements comply with the applicable requirements of the Credit Agreement.

2. Schedule I hereto sets forth in reasonable detail the information and calculations necessary to establish the Borrower’s compliance with the provisions of Section 5.02(c) of the Credit Agreement as of the end of the fiscal period referred to in paragraph 1 above.

3. (Check one and only one:)

_____ No Event of Default or Unmatured Event of Default has occurred and is continuing.

_____ An Event of Default or Unmatured Event of Default has occurred and is continuing, and the document(s) attached hereto as Schedule II specify in detail the nature and period of existence of such Event of Default or Unmatured Event of Default as well as any and all actions with respect thereto taken or contemplated to be taken by the Borrower.

4. The undersigned has personally reviewed the Credit Agreement, and this certificate was based on an examination made by or under the supervision of the undersigned sufficient to assure that this certificate is accurate.

5. Capitalized terms used in this certificate and not otherwise defined shall have the meanings given in the Credit Agreement.

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

By _____
Name:
Title:

Date:

EXHIBIT F
FORM OF CONSENT TO BORROWING

_____, 20____

Please refer to the Credit Agreement, dated as of October 28, 2005, among Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein have the respective meanings given thereto in the Credit Agreement.

Pursuant to Section 3.02 of the Credit Agreement, the undersigned [(a)] consents to a Borrowing in the aggregate amount of \$[] by [Exelon] [PECO] [Genco] on [date] [and (b) agrees that such Borrowing may consist of Eurodollar Rate Advances].

The forgoing consent and agreement shall become effective when the Administrative Agent has received counterparts hereof signed by all Lenders.

[Lender]

By _____

Name:

Title:

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT (this "Amendment"), dated as of February 22, 2006, amends the Five Year Credit Agreement dated as of July 16, 2004 (as previously amended, the "Credit Agreement") among EXELON CORPORATION, COMMONWEALTH EDISON COMPANY, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC (each, an "Initial Borrower" and collectively, the "Initial Borrowers"), various financial institutions and JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA), as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, Exelon Corporation, on behalf of itself and the other Initial Borrowers, has requested certain amendments to the Credit Agreement, including the deletion of ComEd as a Borrower thereunder;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Upon the effectiveness of this Amendment pursuant to Section 2 below, the Credit Agreement shall be amended to read in its entirety as set forth on the attached Annex I.

SECTION 2 CONDITIONS PRECEDENT. This Amendment shall become effective when the Administrative Agent has received (a) counterpart signature pages to this Amendment (by facsimile or otherwise) signed by the Initial Borrowers and the Majority Lenders; and (b) payment in full by ComEd of all of its obligations under the Credit Agreement, other than contingent indemnification obligations arising under provisions of the Credit Agreement that by their terms survive termination thereof (any such obligations, "Surviving Obligations").

SECTION 3 REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of ComEd. ComEd represents and warrants to the Administrative Agent and the Lenders that (a) no Event of Default or Unmatured Event of Default exists with respect to ComEd, (b) the execution and delivery by ComEd of this Amendment (i) are within the powers of ComEd, (ii) have been duly authorized by all necessary action on the part of ComEd, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of ComEd; and (c) this Amendment is the legal, valid and binding obligation of ComEd, enforceable against ComEd in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

3.2 Representations and Warranties of Continuing Borrowers. Each of Exelon, PECO and Genco (each, a "Continuing Borrower" and collectively, the "Continuing Borrowers") represents and warrants to the Administrative Agent and the Lenders that (a) each representation and warranty set forth in Article IV of the Credit Agreement is true and correct as if made on the

date hereof; (b) the execution and delivery by such Continuing Borrower of this Amendment and the performance by such Continuing Borrower of its obligations under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement") (i) are within the powers of such Continuing Borrower, (ii) have been duly authorized by all necessary action on the part of such Continuing Borrower, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of such Continuing Borrower; and (c) this Amendment and the Amended Credit Agreement are legal, valid and binding obligations of such Continuing Borrower, enforceable against such Continuing Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

SECTION 4 MISCELLANEOUS.

4.1 Continuing Effectiveness, etc. Except as expressly set forth herein, the Credit Agreement shall remain in full force and effect and is ratified, approved and confirmed in all respects.

4.2 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.3 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment.

4.4 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

4.5 Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

4.6 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

4.7 Deletion of ComEd as a Borrower. ComEd acknowledges that it shall not be a party to the Amended Credit Agreement, shall have no right to request or obtain Credit Extensions thereunder and shall have no other rights or obligations thereunder or in connection therewith (other than Surviving Obligations).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers as of the date first above written.

EXELON CORPORATION

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

COMMONWEALTH EDISON COMPANY

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

PECO ENERGY COMPANY

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

EXELON GENERATION COMPANY, LLC

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

*Second Amendment to
Five Year Credit Agreement*

THE LENDERS:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and as a Lender

By: /s/ Michael J. DeForge

Name: Michael J. DeForge

Title: Vice President

*Second Amendment to
Five Year Credit Agreement*

BARCLAYS BANK PLC

By: /s/ David Barton

Name: David Barton

Title: Associate Director

*Second Amendment to
Five Year Credit Agreement*

CITIBANK, N.A.

By: /s/ Stuart J. Murray

Name: STUART J. MURRAY

Title: Director

388 Greenwich Street/21st FL/NYC
(212) 816-8597

*Second Amendment to
Five Year Credit Agreement*

DEUTSCHE, BANK AG NEW YORK BRANCH

By: /s/ Marcus Tarkington

Name: Marcus Tarkington

Title: Director

By: /s/ Rainer Meier

Name: Rainer Meier

Title: Assistant Vice President

*Second Amendment to
Five Year Credit Agreement*

BANK OF AMERICA, N.A.

By: /s/ Kevin R. Wagley

Name: Kevin R. Wagley

Title: Senior Vice President

*Second Amendment to
Five Year Credit Agreement*

MERRILL LYNCH BANK USA

By: /s/ Louis Alder
Name: Louis Alder
Title: Director

*Second Amendment to
Five Year Credit Agreement*

THE BANK OF NOVA SCOTIA

By: /s/ Thane Rattew

Name: Thane Rattew

Title: Managing Director

*Second Amendment to
Five Year Credit Agreement*

CREDIT SUISSE, Cayman Islands Branch (formerly known as CREDIT SUISSE FIRST BOSTON. Cayman Islands Branch)

By: /s/ Sarah Wu

Name: Sarah Wu

Title: Director

By: /s/ Denise Alvarez

Name: Denise Alvarez

Title: Associate

*Second Amendment to
Five Year Credit Agreement*

KEYBANK NATIONAL ASSOCIATION

By: /s/ Lawrence A. Mack
Name: Lawrence A. Mack
Title: Senior Vice President

*Second Amendment to
Five Year Credit Agreement*

LEHMAN BROTHERS BANK, FSB

By: /s/ Janine M. Shugan

Name: Janine M. Shugan

Title: Authorized Signatory

Five Year Credit Agreement

UBS LOAN FINANCE LLC

By: /s/ Richard L. Tavrow

Name: Richard L. Tavrow

Title: Director

By: /s/ Irja R. Otsa

Name: Irja R. Otsa

Title: Associate Director

*Second Amendment to
Five Year Credit Agreement*

BNP PARIBAS

By: /s/ Mark A. Renaud

Name: MARK A. RENAUD

Title: Managing Director

By: /s/ Timothy F. Vincent

Name: TIMOTHY F. VINCENT

Title: Director

*Second Amendment to
Five Year Credit Agreement*

THE BANK OF NEW YORK

By: /s/ Richard K. Fronapfel, Jr.
Name: Richard K. Fronapfel, Jr.
Title: Vice President

*Second Amendment to
Five Year Credit Agreement*

MELLON BANK, N.A.

By: /s/ Mark W. Rogers

Name: Mark W. Rogers

Title: Vice President

*Second Amendment to
Five Year Credit Agreement*

ABN AMRO BANK, N.V.

By: /s/ R. Scott Donaldson

Name: R. Scott Donaldson

Title: Vice President

By: /s/ Todd Vaubel

Name: Todd Vaubel

Title: Assistant Vice President

*Second Amendment to
Five Year Credit Agreement*

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES**

By: /s/ Thomas R. Brady

Name: Thomas R. Brady

Title: Director

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES**

By: /s/ Brian Smith

Name: Brian Smith

Title: Managing Director

*Second Amendment to
Five Year Credit Agreement*

THE NORTHERN TRUST COMPANY

By: /s/ Karen E. Dahl

Name: KAREN E. DAHL

Title: VICE PRESIDENT

*Second Amendment to
Five Year Credit Agreement*

U.S. BANK NATIONAL ASSOCIATION

By: /s/ R. Michael Newton

Name: R. Michael Newton

Title: Vice President

*Second Amendment to
Five Year Credit Agreement*

WELLS FARGO BANK, N.A.

By: /s/ Charles W. Reed

Name: Charles W. Reed

Title: Vice President

By: /s/ Peter R. Martinets

Name: Peter R. Martinets

Title: Vice President

Five Year Credit Agreement

MIZUHO CORPORATE BANK, LTD.

By: /s/ Raymond Ventura

Name: Raymond Ventura

Title: Deputy General Manager

*Second Amendment to
Five Year Credit Agreement*

UNION BANK OF CALIFORNIA

By: /s/ Jonathan Bigelow

Name: Jonathan Bigelow

Title: Vice President

*Second Amendment to
Five Year Credit Agreement*

**WACHOVIA BANK, NATIONAL
ASSOCIATION**

By: _____

Name:

Title:

*Second Amendment to
Five Year Credit Agreement*

MORGAN STANLEY BANK

By: _____
Name:
Title:

*Second Amendment to
Five Year Credit Agreement*

FIFTH THIRD BANK

By: _____
Name:
Title:

*Second Amendment to
Five Year Credit Agreement*

ANNEX I

COPY OF CREDIT AGREEMENT AS AMENDED

[ATTACHED]

Annex I-1

COMPOSITE COPY

\$1,000,000,000

FIVE YEAR CREDIT AGREEMENT

dated as of July 16, 2004

among

EXELON CORPORATION,
PECO ENERGY COMPANY
and
EXELON GENERATION COMPANY, LLC

as Borrowers

VARIOUS FINANCIAL INSTITUTIONS

as Lenders

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

CITIBANK, N.A.,

WACHOVIA BANK, NATIONAL ASSOCIATION

and

ABN AMRO BANK, N.V.

as Co-Documentation Agents

and

BARCLAYS BANK PLC

as Syndication Agent

J.P. MORGAN SECURITIES INC.

and

BARCLAYS CAPITAL

Co-Lead Arrangers and Joint Book Runners

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FIVE YEAR CREDIT AGREEMENT
dated as of July 16, 2004

EXELON CORPORATION, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC, the banks listed on the signature pages hereof, JPMORGAN CHASE BANK, N.A., as Administrative Agent, CITIBANK, N.A., WACHOVIA BANK, NATIONAL ASSOCIATION and ABN AMRO BANK, N.V., as Co-Documentation Agents, and BARCLAYS BANK PLC, as Syndication Agent, hereby agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

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):

“Adjusted Funds From Operations” means, for any Borrower for any period, such Borrower’s Net Cash Flows From Operating Activities for such period minus such Borrower’s Transitional Funding Instrument Revenue for such period plus such Borrower’s Net Interest Expense for such period minus, in the case of Exelon, the portion (but, not less than zero) of Exelon’s Net Cash Flows From Operating Activities for such period attributable to ComEd Entities and Energy Holdings Entities.

“Administrative Agent” means JPMCB 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 a Borrower hereunder. An Advance may be a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a “Type” of Advance.

“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.

“Agents” means the Administrative Agent, the Co-Documentation Agents and the Syndication Agent; and “Agent” means any one of the foregoing.

“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 Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

“Applicable Margin” — see Schedule I.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C.

“Base Rate” means, for any period, a fluctuating interest rate per annum which rate per annum shall at all times be equal to the higher of:

(a) the Prime Rate; and

(b) the sum of 0.5% per annum plus the Federal Funds Rate in effect from time to time.

“Base Rate Advance” means an Advance that bears interest as provided in Section 2.06(a).

“Borrowers” means Exelon, PECO and Genco; and “Borrower” means any one of the foregoing.

“Borrowing” means a group of Advances to the same Borrower 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 Eurodollar Rate 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 Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

“Closing Date” shall mean the date on which all conditions precedent to the initial Credit Extension have been satisfied.

“Code” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, in each case as amended, reformed or otherwise modified from time to time.

“Co-Documentation Agent” means each of Citibank, N.A., Wachovia Bank, National Association and ABN AMRO Bank, N.V. in its capacity as a co-documentation agent hereunder.

“Co-Lead Arranger” means each of J.P. Morgan Securities Inc. and Barclays Capital in its capacity as a Co-Lead Arranger.

“ComEd” means Commonwealth Edison Company, an Illinois corporation, or any successor thereof.

“ComEd Debt” means Debt of any ComEd Entity for which none of the Borrowers nor any of their Subsidiaries (other than another ComEd Entity) has any liability, contingent or otherwise.

“ComEd Entity” means ComEd and each of its Subsidiaries.

“Commitment” means, for any Lender, such Lender’s commitment to make Advances and participate in Facility LCs for the account of each Borrower hereunder.

“Commitment Amount” means, for any Lender at any time, the amount set forth opposite such Lender’s name on Schedule II attached hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04.

“Commitment Termination Date” means, with respect to any Borrower, the earlier of (i) July 16, 2009 or (ii) the date of termination of the Commitments to such Borrower pursuant to Section 2.04 or 6.01.

“Commodity Trading Obligations” mean, with respect to any Person, the obligations of such Person 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 and emissions forward contracts, or any combination of any such arrangements, agreements and/or transactions, employed in the ordinary course of such Person’s business, including any such Person’s energy marketing, trading and asset optimization business, or (ii) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, 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 such Person pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors of such Person. The term “commodities” shall include electric energy and/or capacity, coal, petroleum, natural gas, emissions allowances, weather derivatives and related products and by-products and ancillary services.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with Exelon or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

“Credit Extension” means the making of an Advance or the issuance or modification of a Facility LC hereunder.

“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, (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.

“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 Acceptance 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 Borrowers and the Administrative Agent.

“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 (v) any Affiliate of a Lender; provided that, unless otherwise agreed by Exelon 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) or (v) 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)).

“Eligible Successor” means a Person which (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 a Borrower and its Subsidiaries, (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) is acceptable to the Majority Lenders as a credit matter.

“Energy Holdings” means PSEG Energy Holdings L.L.C., a New Jersey limited liability company.

“Energy Holdings Debt” means Debt of any Energy Holdings Entity for which none of the Borrowers nor any of their Subsidiaries (other than another Energy Holdings Entity) has any liability, contingent or otherwise.

“Energy Holdings Entity” means Energy Holdings and each of its Subsidiaries.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” in its Administrative Questionnaire or in the Assignment and Acceptance 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 Borrowers and the Administrative Agent.

“Eurodollar Rate” means, for each Interest Period for each Eurodollar Rate Advance made as part of a Borrowing, the applicable British Bankers’ Association LIBOR rate for deposits in U.S. dollars having a maturity equal to such Interest Period, as reported by any generally recognized financial information service as of 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period; provided that if no such British Bankers’ Association LIBOR rate is available to the Administrative Agent, the Eurodollar Rate for such Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which JPMCB or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of JPMCB’s relevant Eurodollar Rate Advance and having a maturity equal to such Interest Period.

“Eurodollar Rate Advance” means any Advance that bears interest as provided in Section 2.06(b).

“Eurodollar Rate Reserve Percentage” of any Lender for any Interest Period means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“Event of Default” — see Section 6.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended and modified from time to time.

“Exelon” means Exelon Corporation, a Pennsylvania corporation, or any Eligible Successor thereof.

“Exelon Sublimit” means \$100,000,000, subject to adjustment as provided in Section 2.04(c)

“Existing Agreement” means the 364-Day Credit Agreement dated as of October 31, 2003 among the Borrowers, various financial institutions and Bank One, NA, as Administrative Agent.

“Existing Letter of Credit” means each letter of credit listed on Schedule III.

“Facility Fee Rate” — see Schedule I.

“Facility LC” means any letter of credit issued pursuant to Section 2.16 and any Existing Letter of Credit.

“Facility LC Application” — see Section 2.16.3.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“GAAP” — see Section 1.03.

“Genco” means Exelon Generation Company, LLC, a Pennsylvania limited liability company, or any Eligible Successor thereof.

“Genco Sublimit” means \$650,000,000, subject to adjustment as provided in Section 2.04(c)

“Granting Bank” — see Section 8.07(h).

“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.

“Interest Coverage Ratio” means, with respect to any Borrower for any period of four consecutive fiscal quarters, the ratio of such Borrower’s Adjusted Funds From Operations for such period to such Borrower’s Net Interest Expense for such period.

“Interest Expense” means, for any Borrower for any period, “interest expense” as shown on a consolidated statement of income of such Borrower for such period prepared in accordance with GAAP.

“Interest Expense to Affiliates” means, for any period, in the case of Exelon and PECO, “Interest Expense to Affiliates” as shown on a consolidated statement of income of Exelon or PECO, as applicable, for such period.

“Interest Period” means, for each Eurodollar Rate Advance, the period commencing on the date of such Eurodollar Rate Advance is made or is converted from a Base Rate Advance and ending on the last day of the period selected by the applicable 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 such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 2, 3 or 6 months, as the applicable Borrower may select in accordance with Section 2.02 or 2.09; provided that:

(i) no Borrower may select any Interest Period that ends after the scheduled Maturity Date for such Borrower;

(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.

“JPMCB” means JPMorgan Chase Bank, N.A., a national banking association.

“LC Fee Rate” — see Schedule I.

“LC Issuer” means JPMCB in its capacity as issuer of Facility LCs hereunder.

“LC Obligations” means, with respect to any Borrower at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs issued for the account of such Borrower outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations of such Borrower.

“LC Payment Date” — see Section 2.16.5.

“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.

“Letter of Credit Sublimit” means \$800,000,000.

“Lien” means any lien (statutory or other), mortgage, pledge, security interest or other charge or encumbrance, or any other type of preferential arrangement (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, no Borrower nor any Affiliate of a Borrower, 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) with respect to any Borrower, (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of such Borrower and its consolidated Subsidiaries (other than ComEd Entities and Energy Holdings Entities), taken as a whole, provided that, except as otherwise expressly provided herein, neither (a) changes or effects relating to the investment of such Borrower or any of its Subsidiaries in ComEd Entities or Energy Holdings Entities nor (b) the assertion against such Borrower or any of its Subsidiaries of liability for any obligation arising under ERISA for which such Borrower or any of its Subsidiaries bore joint and several liability with any ComEd Entity, or the payment by such Borrower or any of its Subsidiaries of any such obligation, shall 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 such Borrower of this Agreement or any applicable Note.

“Material Subsidiary” means, with respect to Exelon, each of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing.

“Maturity Date” means, with respect to any Borrower, the earlier of (i) July 16, 2009 or (ii) the date on which all obligations of such Borrower become due and payable (pursuant to Section 6.01 or otherwise).

“Modify” and “Modification” — see Section 2.16.1.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Moody’s Rating” means, at any time for any Borrower, the rating issued by Moody’s and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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 maintained pursuant to a collective bargaining agreement or any other arrangement to which Exelon or any other member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

“Net Cash Flows From Operating Activities” means, for any Borrower for any period, “Net Cash Flows provided by Operating Activities” as shown on a consolidated statement of cash flows of such Borrower for such period prepared in accordance with GAAP, excluding any “working capital changes” (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities.

“Net Interest Expense” means, for any Borrower for any period, the total of (a) such Borrower’s Interest Expense for such period minus (b) to the extent that Interest Expense to Affiliates is included in such Interest Expense and relates to (i) interest payments on debt obligations that are subordinated to the obligations of such Borrower under this Agreement, (ii) such Borrower’s Interest Expense to Affiliates for such period or (iii) such Borrower’s or such Borrower’s Subsidiaries’ Transitional Funding Instrument Interest for such period minus (c) in the case of Exelon, interest on ComEd Debt and Energy Holdings Debt for such period.

“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 any Borrower or any of their respective 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.

“Note” means a promissory note of a Borrower payable to the order of a Lender, in substantially the form of Exhibit A, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

“Notice of Borrowing” — see Section 2.02(a).

“OECD” means the Organization for Economic Cooperation and Development.

“Outstanding Credit Extensions” means, with respect to any Borrower, the sum of the aggregate principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“PECO” means PECO Energy Company, a Pennsylvania corporation, or any Eligible Successor thereof.

“PECO Mortgage” means the First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas & Electric Company (to which PECO is successor) and Fidelity Trust Company, Trustee (to which First Union National Bank is successor), as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the definition of “excepted encumbrances” as defined in the PECO Mortgage as constituted on the date of this Agreement.

“PECO Sublimit” means \$250,000,000, subject to adjustment as provided in Section 2.04(c).

“Permitted Obligations” mean, with respect to Genco or any of its Subsidiaries, (1) Hedging Obligations arising in the ordinary course of business and in accordance with such 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 Obligations being hedged thereby 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 Exelon or any other member of the Controlled Group may have any liability.

“Power” means PSEG Power LLC, a Delaware limited liability company.

“Power Merger” means the proposed merger of Power into Genco subsequent to the PSEG Merger.

“Power Merger Date” means the date that the Power Merger is consummated.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced by JPMCB (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Principal Subsidiary” means, with respect to a Borrower, (a) each Utility Subsidiary of such Borrower and (b) each other Subsidiary of such Borrower (i) the consolidated assets of which, as of the date of any determination thereof, constitute at least 10% of the consolidated assets of such Borrower or (ii) the consolidated earnings before taxes of which constitute at least 10% of the consolidated earnings before taxes of such Borrower for the most recently completed fiscal year; provided that (x) no ComEd Entity shall be considered a Principal Subsidiary of Exelon; and (y) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Principal Subsidiary of Exelon.

“Pro Rata Share” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender’s Commitment Amount (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of such Lender’s outstanding Advances to such Borrower plus the amount of such Lender’s participation in all of such Borrower’s LC Obligations) and the denominator of which is the aggregate amount of the Commitment Amounts (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower).

“PSE&G” means Public Service Electric and Gas Company, a New Jersey corporation.

“PSEG” means Public Service Enterprise Group Incorporated, a New Jersey corporation.

“PSEG Merger” means the merger of PSEG into Exelon substantially as contemplated by the Agreement and Plan of Merger dated as of December 20, 2004 between PSEG and Exelon.

“PSEG Merger Date” means the date that the PSEG Merger is consummated.

“PSE&G Mortgage” means the Mortgage Indenture dated August 1, 1924, between PSE&G and Wachovia Bank, National Association (formerly Fidelity Union Trust Company), as trustee, as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the scope of Liens permitted under the PSE&G Mortgage as constituted on the date of this Agreement.

“Register” — see Section 8.07(c).

“Reimbursement Obligations” means, with respect to any Borrower at any time, the aggregate of all obligations of such Borrower then outstanding under Section 2.16 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and regulations issued under such section with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043 (a) of ERISA that it be

notified within 30 days of the occurrence of such event, 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(d) of the Code.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“S&P Rating” means, at any time for any Borrower, the rating issued by S&P and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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”).

“Single Employer Plan” means a Plan maintained by Exelon or any other member of the Controlled Group for employees of Exelon or any other member of the Controlled Group.

“SPC” — see Section 8.07(h).

“Special Purpose Subsidiary” means a direct or indirect wholly owned corporate Subsidiary of PECO or, on and after the PSEG Merger Date, PSE&G, substantially all of the assets of which are “intangible transition property” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended, or any successor provision of similar import) or “bondable transition property” (as defined in N.J.S.A. 48:3-51, as amended, or any successor provision of similar import), and proceeds thereof, formed solely for the purpose of holding such assets and issuing such Transitional Funding Instruments, and which complies with the requirements customarily imposed on bankruptcy-remote corporations in receivables securitizations.

“Sublimit” means the Exelon Sublimit, the PECO Sublimit or the Genco Sublimit.

“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).

“Syndication Agent” means Barclays Bank PLC in its capacity as a syndication agent hereunder.

“Taxes” — see Section 2.14.

“Transitional Funding Instrument” means any instruments, pass-through certificates, notes, debentures, certificates of participation, bonds, certificates of beneficial interest or other evidences of indebtedness or instruments evidencing a beneficial interest which (i) in the case of PECO, are “transition bonds” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended), representing a securitization of “intangible transition property” (as defined in the foregoing

statute), (ii) on and after the PSEG Merger Date, in the case of PSE&G are “transition bonds” (as defined in N.J.S.A. 48:3-51, as amended), representing a securitization of “bondable transition property” (as defined in the foregoing statute) and (iii) in the case of each of PECO and, after the PSEG Merger Date, PSE&G, (A) are issued pursuant to a financing order of a public utilities commission at the request of an electric utility pursuant to state legislation which is enacted to facilitate the recovery of certain specified costs by electric utilities through non-bypassable cent per kilowatt hour charges and/or demand charges authorized pursuant to such order to be applied and invoiced to customers of such utility and (B) are secured by or otherwise payable solely from such non-bypassable charges.

“Transitional Funding Instrument Interest” means, for any Borrower for any period, the portion of such Borrower’s Interest Expense for such period which was payable in respect of Transitional Funding Instruments.

“Transitional Funding Instrument Revenue” means, for any Borrower for any period, the portion of such Borrower’s (or, in the case of Exelon, its Subsidiaries’) consolidated revenue for such period attributable to charges invoiced to customers in respect of Transitional Funding Instruments.

“Type” — see the definition of Advance.

“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 evaluation date for such 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.

“Utility Subsidiary” means, with respect to a Borrower, each Subsidiary of such Borrower that is engaged principally in the transmission, or distribution of electricity or gas and is subject to rate regulation as a public utility by federal or state regulatory authorities; provided that, (i) no ComEd Entity shall be considered a Utility Subsidiary of Exelon and (ii) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Utility Subsidiary of Exelon.

“Utilization Fee Rate” — see Schedule I.

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) unless otherwise indicated, any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; and (c) the term “including” means “including without limitation”.

SECTION 1.03 Accounting Principles. (a) As used in this Agreement, "GAAP" shall mean generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing Exelon's audited consolidated financial statements as of December 31, 2004 and for the fiscal year then ended, as such principles may be revised as a result of changes in GAAP implemented by a 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 any Borrower apply accounting principles other than GAAP (including as a result of any event described in 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 to GAAP 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 applicable Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and such 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.

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 (a) make Advances to any Borrower and (b) to participate in Facility LCs issued upon the request of any Borrower, in each case from time to time during the period from the date hereof to the Commitment Termination Date for such Borrower, in an aggregate amount not to exceed such Lender's Commitment Amount as in effect from time to time; provided that (i) the aggregate principal amount of all Advances by such Lender to any Borrower shall not exceed such Lender's Pro Rata Share of the aggregate principal amount of all Advances to such Borrower; (ii) such Lender's participation in Facility LCs issued for the account of any Borrower shall not exceed such Lender's Pro Rata Share of all LC Obligations of such Borrower; (iii) the Outstanding Credit Extensions to Exelon shall not at any time exceed the Exelon Sublimit; (iv) the Outstanding Credit Extensions to PECO shall not at any time exceed the PECO Sublimit; (v) the Outstanding Credit Extensions to Genco shall not at any time exceed the Genco Sublimit; and (vi) the LC Obligations of all Borrowers collectively shall not at any time exceed the Letter of Credit Sublimit. Within the foregoing limits, each Borrower may from time to time borrow, prepay pursuant to Section 2.10 and reborrow hereunder prior to the Commitment Termination Date for such Borrower.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

(a) Any Borrower may request Advances hereunder 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. (Chicago time) on the third Business Day prior to the date of any proposed borrowing of Eurodollar Rate Advances and on the date of any proposed borrowing of Base Rate Advances. Each Notice of Borrowing shall be sent by telecopier, confirmed immediately in writing, and shall be in substantially the form of Exhibit B, specifying therein the Borrower which is requesting Advances and the requested (i) date of borrowing (which shall be a Business Day), (ii) Type of Advances to be borrowed, (iii) the aggregate amount of such Advances, and (iv) in the case of a borrowing of Eurodollar Rate Advances, the initial Interest Period therefor. Each Lender shall, before 12:00 noon (Chicago time) 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 applicable Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the applicable Borrower. If a Notice of Borrowing requests Eurodollar Rate Advances, the applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure 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 any 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., Chicago time, 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 applicable 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 such 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 such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such 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 Eurodollar Rate 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 Borrowers collectively may not have more than 25 Borrowings of Eurodollar Rate Advances outstanding at any time.

SECTION 2.03 Facility and Utilization Fees.

(a) Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a facility fee for the period from the Closing Date to the Commitment Termination Date for such Borrower (or, if later, the date on which all Outstanding Credit Extensions to such Borrower have been paid in full) in an amount equal to the Facility Fee Rate for such Borrower multiplied by such Borrower's Sublimit (or, after the Commitment Termination Date for such Borrower, the principal amount of all Outstanding Credit Extensions to such Borrower), payable on the last day of each March, June, September and December and on the Final Termination Date for such Borrower (and, if applicable, thereafter on demand).

(b) Utilization Fee. Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a utilization fee for each day on which either (i) the Outstanding Credit Extensions to all Borrowers exceed 50% of the aggregate amount of the Commitment Amounts or (ii) such Borrower's Outstanding Credit Extensions exceed 50% of such Borrower's Sublimit, in each case in an amount equal to the Utilization Fee Rate for such Borrower multiplied by such Borrower's Outstanding Credit Extensions on such day, payable on the last day of each March, June, September and December and on the Commitment Termination Date for such Borrower.

SECTION 2.04 Reduction of Commitment Amounts; Adjustment of Sublimits. (a) Each Borrower shall have the right, upon at least two Business Days' notice to the Administrative Agent, to ratably reduce the respective Commitment Amounts of the Lenders in accordance with their Pro Rata Shares; provided that no Borrower may reduce the Commitment Amounts by an aggregate amount that is greater than the remainder of the amount of such Borrower's Sublimit minus the Outstanding Credit Extensions to such Borrower; and provided, further, that each partial reduction of the Commitment Amounts shall be in the aggregate amount of \$10,000,000 or an integral multiple thereof. Once reduced pursuant to this Section 2.04, the Commitment Amounts may not be increased.

(b) Any Borrower shall have the right at any time such Borrower's Sublimit has been reduced to zero, upon at least two Business Days' notice to the Administrative Agent, to terminate the Commitment of each Lender with respect to such Borrower in its entirety (but only if such Borrower concurrently pays all of its obligations hereunder). Upon any such termination, such Borrower shall cease to be a party hereto and shall no longer have any rights or obligations hereunder (except under provisions hereof which by their terms would survive any termination hereof).

(c) The Borrowers may from time to time so long as no Event of Default or Unmatured Event of Default exists with respect to any Borrower, upon not less than five Business Days' notice to the Administrative Agent (which shall promptly notify each Lender), change their respective Sublimits; provided that (i) the sum of the Sublimits shall at all times be equal to the aggregate amount of the Commitment Amounts; and (ii) after giving effect to any adjustment of the Sublimits, (A) each Sublimit shall be an integral multiple of \$50,000,000 (except that one Sublimit may not be such an integral multiple if the aggregate amount of the Commitment Amounts is not an integral multiple of \$50,000,000); (B) no Borrower's Sublimit shall exceed \$750,000,000; (C) the Outstanding Credit Extensions to Exelon shall not exceed the Exelon Sublimit; (D) the Outstanding Credit Extensions to Genco shall not exceed the Genco Sublimit and (E) the Outstanding Credit Extensions to PECO shall not exceed the PECO Sublimit.

SECTION 2.05 Repayment of Advances. Each Borrower shall repay the principal amount of all Advances made to it on or before the Maturity Date for such Borrower.

SECTION 2.06 Interest on Advances. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) At all times such Advance is a Base Rate Advance, a rate per annum equal to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December and on the date such Base Rate Advance is converted to a Eurodollar Rate Advance or paid in full.

(b) Subject to Section 2.07, at all times such Advance is a Eurodollar Rate Advance, a rate per annum equal to the sum of the Eurodollar Rate for each applicable Interest Period plus the Applicable Margin in effect from time to time for such Borrower, payable on the last day of each Interest Period for such Eurodollar Rate 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 Eurodollar Rate Advance is converted to a Base Rate Advance or paid in full.

SECTION 2.07 Additional Interest on Eurodollar Advances. Each Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender made to such Borrower, from the date of such Advance until such principal amount is paid in full or converted to a Base Rate Advance, at an interest rate per annum equal to the remainder obtained by subtracting (i) the Eurodollar Rate for each Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance; provided that no Lender shall be entitled to demand such additional interest more than 90 days following the last day of the Interest Period in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive such additional interest to the extent that such additional interest relates to the

retroactive application of the reserve requirements described above if such demand is made within 90 days after the implementation of such retroactive reserve requirements. Such additional interest shall be determined by the applicable Lender and notified to the applicable Borrower through the Administrative Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.08 Interest Rate Determination. (a) The Administrative Agent shall give prompt notice to the applicable Borrower and the Lenders of each applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the applicable Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor (unless prepaid or converted to a Base Rate Advance prior to such day), convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, continue or convert into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09 Continuation and Conversion of Advances. (a) Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. (Chicago time) on the third Business Day prior to the date of any proposed continuation of or conversion into Eurodollar Rate 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 Eurodollar Rate 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 Eurodollar Rate Advances or conversion of Eurodollar Rate Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances, unless, in the case of such a conversion, such 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 Eurodollar Rate Advances, the duration of the Interest Period for such Advances.

(b) If a Borrower shall fail to select the Type of any Advance or the duration of any Interest Period for any Borrowing of Eurodollar Rate 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 such 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. Any Borrower may, upon notice to the Administrative Agent at least three Business Days prior to any prepayment of Eurodollar Rate Advances, or one Business Day's notice prior to 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 that 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 Eurodollar Rate 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 Eurodollar Rate Advance, such Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment.

SECTION 2.11 Increased Costs. (a) If on or after the date of this Agreement, any Lender or the LC Issuer determines that (i) the introduction of or any change (other than, in the case of Eurodollar Rate Advances, any change by way of imposition or increase of reserve requirements, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) shall increase the cost to such Lender or the LC Issuer, as the case may be, of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of issuing or participating in any Facility LC, then the applicable Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, pay to the Administrative Agent for the account of such Lender additional amounts (without duplication of any amount payable pursuant to Section 2.14) sufficient to compensate such Lender or the LC Issuer, as applicable, for such increased cost; provided that no Lender shall be entitled to demand such compensation more than 90 days following the last day of the Interest Period in respect of which such demand is made and the LC Issuer shall not be entitled to demand such compensation more than 90 days following the expiration or termination (by a drawing or otherwise) of the Facility LC in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described in clause (i) or (ii) above if such demand is made within 90 days after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to the amount of such increased cost, submitted to the applicable Borrower and the Administrative Agent by a Lender or the LC Issuer, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or the LC Issuer determines that, after the date of this Agreement, compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) regarding capital adequacy requirements affects or would affect the amount of capital required or expected to be maintained by such Lender or the LC Issuer or any Person controlling such Lender or the LC Issuer (including, in any event, any determination after the date of this Agreement by any such governmental authority or central bank that, for purposes of capital adequacy requirements, any Lender's Commitment to a Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower as the case may be does not constitute a commitment with an

original maturity of less than one year) and that the amount of such capital is increased by or based upon the existence of such Lender's Commitment to such Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower, as applicable, or the Advances made by such Lender to such Borrower or Reimbursement Obligations owed to the LC Issuer by such Borrower, as the case may be, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, such Borrower shall immediately pay to the Administrative Agent for the account of such Lender or LC Issuer, as applicable, from time to time as specified by such Lender or the LC Issuer, as applicable, additional amounts sufficient to compensate such Lender, the LC Issuer or such controlling Person, as applicable, in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's Commitment to such Borrower or the Advances made by such Lender to such Borrower or the LC Issuer determines such increase in capital to be allocable to the LC Issuer's commitment to issue Facility LCs for the account of such Borrower or the Reimbursement Obligations owed by such Borrower to the LC Issuer; provided that no Lender or the LC Issuer shall be entitled to demand such compensation more than one year following the payment to or for the account of such Lender of all other amounts payable hereunder by such Borrower and under any Note of such Borrower held by such Lender and the termination of such Lender's Commitment to such Borrower and the LC Issuer shall not be entitled to demand such compensation more than one year after the expiration or termination (by drawing or otherwise) of all Facility LCs issued for the account of such Borrower and the termination of the LC Issuer's commitment to issue Facility LCs for the account of such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described above if such demand is made within one year after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to such amounts submitted to the applicable Borrower and the Administrative Agent by the applicable Lender or the LC Issuer shall be conclusive and binding, for all purposes, absent manifest error.

(c) Any Lender claiming compensation pursuant to this Section 2.11 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such compensation that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

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 Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, continue or convert Advances into Eurodollar Rate Advances shall be suspended (subject to the following paragraph of this Section 2.12) until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) all Eurodollar Rate 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 Eurodollar Rate Advances has been suspended pursuant to the preceding paragraph, then, unless and until the Administrative Agent shall notify the applicable 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 Eurodollar Rate Advances shall instead be made as Base Rate Advances and (ii) to the extent that Eurodollar Rate 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 Eurodollar Rate Advances of such Lender shall be applied instead to such Base Rate Advances of such Lender.

SECTION 2.13 Payments and Computations. (a) Each Borrower shall make each payment hereunder and under any Note issued by such Borrower not later than 10:00 A.M. (Chicago time) 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, facility fees, utilization fees and letter of credit fees ratably (other than amounts payable pursuant to Section 2.02(b), 2.07, 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 Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, 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 Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by such Borrower is not made when due hereunder, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Prime 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 computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.07 shall be made by a Lender, 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 (or, in the case of Section 2.07, by a Lender) 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 Eurodollar Rate 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 a Borrower prior to the date on which any payment is due by such Borrower to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such 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 such 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 a 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 Base Rate plus 2%, payable upon demand.

SECTION 2.14 Taxes. (a) Any and all payments by any Borrower hereunder or under any Note issued by such Borrower shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, the LC Issuer and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender, the LC Issuer or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If a Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note issued by such Borrower to any Lender, the LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower severally agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies to the extent

arising from the execution, delivery or registration of this Agreement or any Note (hereinafter referred to as “Other Taxes”), in each case to the extent attributable to such Borrower; it being understood that to the extent any Other Taxes so payable are not attributable to any particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers’ respective Sublimits at the time such Other Taxes arose.

(c) No Lender may claim or demand payment or reimbursement in respect of any Taxes or Other Taxes pursuant to this Section 2.14 if such Taxes or Other Taxes, as the case may be, were imposed solely as the result of a voluntary change in the location of the jurisdiction of such Lender’s Applicable Lending Office.

(d) Each Borrower will indemnify each Lender, the LC Issuer and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) paid by such Lender, the LC Issuer or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted, in each case to the extent attributable to such Borrower; it being understood that to the extent any Taxes, Other Taxes or other liabilities described above are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers’ respective Sublimits at the time such Taxes, Other Taxes or other liability arose. This indemnification shall be made within 30 days from the date such Lender, the LC Issuer or the Administrative Agent (as the case may be) makes written demand therefor.

(e) Prior to the date of an initial borrowing hereunder in the case of each Lender listed on the signature pages hereof, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter within 30 days from the date of request if requested by any Borrower or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and each Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under any Note. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Administrative Agent and the Borrowers in writing to that effect. Unless the Borrowers and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrowers or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States and no Lender may claim or demand payment or reimbursement for such withheld taxes pursuant to this Section 2.14.

(f) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which

may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(g) If a Borrower makes any additional payment to any Lender pursuant to this Section 2.14 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge attributable solely to any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.14, such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to such Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If, within one year after the payment of any such amount to such Borrower, such Lender determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.14(g), such Borrower shall upon notice and demand of such Lender promptly repay the amount of such overpayment. Any determination made by a Lender pursuant to this Section 2.14(g) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.14(g) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs (except as required by Section 2.14(f)) so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of such Lender.

(h) Without prejudice to the survival of any other agreement of any Borrower or any Lender hereunder, the agreements and obligations of the Borrowers and the Lenders contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and the termination of this Agreement; provided that no Lender shall be entitled to demand any payment from a Borrower under this Section 2.14 more than one year following the payment to or for the account of such Lender of all other amounts payable by such Borrower hereunder and under any Note issued by such Borrower to such Lender and the termination of such Lender's Commitment to such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive any payment under this Section 2.14 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

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 any Borrower or its participation interest in any Facility LC issued for the account of any Borrower (other than pursuant to Section 2.02(b), 2.07, 2.11, 2.14 or 8.04(b)) in excess of its ratable share of payments on account of the Advances to such Borrower and Facility LCs issued for the account of such Borrower obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them to such Borrower and/or LC Obligations of such Borrower 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 Borrowers agree 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 applicable Borrower in the amount of such participation.

SECTION 2.16 Facility LCs.

SECTION 2.16.1 Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement (including the limitations set forth in [Section 2.01](#)), upon the request of any Borrower, to issue standby letters of credit and to renew, extend, increase or otherwise modify Facility LCs ("Modify," and each such action a "Modification") for such Borrower, from time to time from and including the date of this Agreement and prior to the Commitment Termination Date for such Borrower. Facility LCs may be issued, at any Borrower's request, for any proper corporate or limited liability company purpose, as applicable, including for the provision of credit enhancement and/or liquidity support for any existing or future tax-exempt or taxable debt issuance (including the existing tax-exempt debt issuances listed on [Schedule IV](#)). No Facility LC shall have an expiry date later than 5 Business Days prior to the scheduled Commitment Termination Date. By their execution of this Agreement, the parties hereto agree that on the Closing Date (without any further action by any Person), each Existing Letter of Credit shall be deemed to have been issued under this Agreement and the rights and obligations of the issuer and the account party thereunder shall be subject to the terms hereof.

SECTION 2.16.2 Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this [Section 2.16](#) (or, in this case of the Existing Letters of Credit, on the Closing Date), the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

SECTION 2.16.3 Notice. Subject to [Section 2.16.1](#), the applicable Borrower shall give the LC Issuer notice prior to 10:00 A.M. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the applicable conditions

precedent set forth in Article III (the satisfaction of which the LC Issuer shall have no duty to ascertain; provided that the LC Issuer shall not issue any Facility LC if the LC Issuer shall have received written notice (which has not been rescinded) from the Administrative Agent or any Lender that any applicable condition precedent to the issuance or modification of such Facility LC has not been satisfied and, in fact, such condition precedent is not satisfied at the requested time of issuance), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the applicable Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

SECTION 2.16.4 LC Fees. Each Borrower shall pay to the Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC issued for the account of such Borrower, a letter of credit fee at a per annum rate equal to the LC Fee Rate to such Borrower in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on the last day of each March, June, September and December and on the Maturity Date for such Borrower (and thereafter on demand). Each Borrower shall also pay to the LC Issuer for its own account (x) a fronting fee in an amount and at the times agreed upon between the LC Issuer and such Borrower and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

SECTION 2.16.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the applicable Borrower and each Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the applicable Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable, without regard to the occurrence of the Commitment Termination Date, the occurrence of any Event of Default or Unmatured Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the applicable Borrower pursuant to Section 2.16.6, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 A.M. (Chicago time) on such day, from the next succeeding Business Day) to the date on

which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Rate for the first three days and, thereafter, at the Base Rate.

SECTION 2.16.6 Reimbursement by Borrowers. Each Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amount to be paid by the LC Issuer upon any drawing under any Facility LC issued for the account of such Borrower, without presentment, demand, protest or other formalities of any kind; provided that neither the applicable Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by such Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the applicable Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Base Rate plus 2%. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from any Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.16.5. So long as the Commitment Termination Date has not occurred with respect to a Borrower, but subject to the terms and conditions of this Agreement (including the submission of a Notice of Borrowing in compliance with Section 2.02 and the satisfaction of the applicable conditions precedent set forth in Article III), such Borrower may request Advances hereunder for the purpose of satisfying any Reimbursement Obligation.

SECTION 2.16.7 Obligations Absolute. Each Borrower's obligations under this Section 2.16 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Borrower may have against the LC Issuer, any Lender or any beneficiary of a Facility LC. Each Borrower agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and such Borrower's Reimbursement Obligation in respect of any Facility LC issued for its account shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among such Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of such Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. Each Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with any Facility LC issued for the account of such Borrower and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon such Borrower and shall not put the LC Issuer

or any Lender under any liability to such Borrower. Nothing in this Section 2.16.7 is intended to limit the right of any Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.16.6.

SECTION 2.16.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.16, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Facility LC.

SECTION 2.16.9 Indemnification. Each Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC issued for the account of such Borrower or any actual or proposed use of any such Facility LC, including any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any right such Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any such Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that no Borrower shall be required to indemnify any Lender, the LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.16.9 is intended to limit the obligations of any Borrower under any other provision of this Agreement.

SECTION 2.16.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.16 or any action taken or omitted by such indemnitees hereunder.

SECTION 2.16.11 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

ARTICLE III

CONDITIONS TO CREDIT EXTENSIONS

SECTION 3.01 Conditions Precedent to Initial Credit Extensions. No Lender shall be obligated to make any Advance, and the LC Issuer shall not be obligated to issue any Facility LC, unless the Administrative Agent shall have received (a) evidence, satisfactory to the Administrative Agent, that the Borrowers have paid (or will pay with the proceeds of the initial Credit Extensions) all amounts then payable under the Existing Agreement and that all "Commitments" under and as defined in the Existing Agreement have been (or concurrently with the initial Advances will be) terminated, (b) evidence, satisfactory to the Administrative Agent, that the "Commitments" under and as defined in the Three Year Credit Agreement dated as of October 31, 2003 among the Borrowers, various financial institutions and Bank One, NA, as agent, have been reduced by \$250,000,000 and that the maximum available "Sublimit" for any Borrower thereunder has been reduced to \$250,000,000 and (c) each of the following documents, each dated the date of the initial Credit Extension (or an earlier date satisfactory to the Administrative Agent, in form and substance satisfactory to the Administrative Agent and each (except for any Note) in sufficient copies to provide one for each Lender:

- (i) Notes issued by each Borrower in favor of each Lender that has requested a Note to evidence its Advances;
- (ii) Certified copies of resolutions of the Board of Directors or equivalent managing body of each Borrower approving the transactions contemplated by this Agreement and of all documents evidencing other necessary organizational action of such Borrower with respect to this Agreement and the documents contemplated hereby;
- (iii) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying (A) the names and true signatures of the officers of such 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 articles or certificate of incorporation and by-laws, or equivalent organizational

documents, of such 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 such Borrower of this Agreement and the documents contemplated hereby;

(iv) A certificate signed by either the chief financial officer, principal accounting officer or treasurer of each Borrower stating that (A) the representations and warranties contained in Section 4.01 are correct on and as of the date of such certificate as though made on and as of such date and (B) no Event of Default or Unmatured Event of Default has occurred and is continuing on the date of such certificate; and

(v) A favorable opinion of Ballard Spahr Andrews & Ingersoll LLC, counsel for the Borrowers, substantially in the form of Exhibit D.

SECTION 3.02 Conditions Precedent to All Credit Extensions. The obligation of each Lender to make any Advance to any Borrower and of the LC Issuer to issue or modify any Facility LC for the account of any Borrower shall be subject to the further conditions precedent that on the date of such Credit Extension the following statements shall be true, and (a) the giving of the applicable Notice of Borrowing and the acceptance by the applicable Borrower of the proceeds of Advances pursuant thereto and (b) the request by a Borrower for the issuance or Modification of a Facility LC shall, in each case, constitute a representation and warranty by such Borrower that on the date of the making of such Advances or the issuance or Modification of such Facility LC such statements are true:

(A) The representations and warranties of such Borrower contained in Section 4.01 are correct on and as of the date of such Credit Extension, before and after giving effect to such 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; provided that this Section 3.02(A) shall not apply to the representations and warranties set forth in Sections 4.01(e)(i)(B), 4.01(e)(ii)(B) and 4.01(e)(iii)(B) and the first sentence of Section 4.01(f) with respect to a Borrowing if the proceeds of such Borrowing will be used exclusively to repay such Borrower's commercial paper (and, in the event of any such Borrowing, the Administrative Agent may require the applicable Borrower to deliver information sufficient to disburse the proceeds of such Borrowing directly to the holders of such commercial paper or a paying agent therefor); and

(B) No event has occurred and is continuing, or would result from such Credit Extension 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 with respect to such Borrower.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows:

(a) Such Borrower is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

(b) The execution, delivery and performance by such Borrower of this Agreement and any Note issued by such Borrower are within such Borrower's powers, have been duly authorized by all necessary organizational action on the part of such Borrower, and do not and will not contravene (i) the articles or certificate of incorporation, by-laws or the organizational documents of such Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of such Borrower or any of its Subsidiaries.

(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 such Borrower of this Agreement or any applicable Note, except an appropriate order or orders of (i) the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, if applicable, (ii) the Federal Energy Regulatory Commission, if applicable, and (iii) in the case of PECO, the Pennsylvania Public Utility Commission under the Pennsylvania Public Utility Code, which order or orders have been duly obtained and are (x) in full force and effect and (y) sufficient for the purposes hereof.

(d) This Agreement is, and each applicable Note when delivered hereunder will be, legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective 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) (i) In the case of PECO, (A) the consolidated balance sheet of PECO and its Subsidiaries as at December 31, 2004, and the related statements of income and retained earnings and of cash flows of PECO and its Subsidiaries for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of PECO and its Subsidiaries as at September 30, 2005, and the related unaudited statements of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of PECO and its Subsidiaries as at such dates and the consolidated results of the operations of PECO and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to PECO.

(ii) In the case of Exelon, (A) the consolidated balance sheet of Exelon and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Exelon for the fiscal

year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Exelon and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Exelon and its Subsidiaries as at such dates and the consolidated results of the operations of Exelon and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to Exelon.

(iii) In the case of Genco, (A) the consolidated balance sheet of Genco and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Genco for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Genco and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Genco and its Subsidiaries as at such dates and the consolidated results of the operations of Genco and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to Genco.

(f) Except as disclosed in such Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the date of execution and delivery of this Agreement and, in the case of Exelon, on and after the PSEG Merger Date, as disclosed in any Annual, Quarterly or Current Report of PSEG or any Subsidiary thereof filed with the Securities and Exchange Commission prior to October 25, 2005, and, in the case of Genco, on and after the Power Merger Date, as disclosed in any Annual, Quarterly or Current Report of Power filed with the Securities and Exchange Commission prior to October 25, 2005, there is no pending or threatened action, investigation or proceeding affecting such Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect with respect to such Borrower. There is no pending or threatened action or proceeding against such Borrower or any of its Subsidiaries that purports to affect the legality, validity, binding effect or enforceability against such Borrower of this Agreement or any Note issued by such Borrower.

(g) No proceeds of any Advance to such Borrower 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) Such Borrower is not engaged 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 to such Borrower 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 such Borrower and its Subsidiaries is represented by margin stock.

(i) Such Borrower is not an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(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 borrowing of Advances by such Borrower or the issuance or modification of any Facility LC for the account of such Borrower, no steps have been taken 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 will not constitute an Event of Default or Unmatured Event of Default under Section 6.01(g)), and there is no “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA) with respect to any Plan. No condition exists or event or transaction has occurred with respect to any Plan (including any Multiemployer Plan) which might result in the incurrence by such 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)).

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01 Affirmative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated, such 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 on such Borrower) 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 on such Borrower;

(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 such Borrower and its Principal Subsidiaries operate;

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to such 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, such Borrower and any of its Principal Subsidiaries and to discuss the affairs, finances and accounts of such Borrower and any of its Principal Subsidiaries with any of their respective officers; provided that any non-public information (which has been identified as such by such 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 any other party to this Agreement, its examiners, affiliates, outside auditors, counsel or other professional advisors in connection with the Agreement or if otherwise required to do so by law or regulatory process;

(vii) use the proceeds of the Advances to it for general corporate or limited liability company purposes, as the case may be (including the refinancing of its commercial paper and the making of acquisitions), but in no event for any purpose which would be contrary to Section 4.01(g) or 4.01(h); 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 such Borrower continuing on the date of such statement, a statement of an authorized officer of such Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which such 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 such Borrower (commencing with the quarter ending June 30, 2004), a copy of such Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if such Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of such Borrower as of the end of such quarter and the related consolidated statement of income of such Borrower for the portion of such 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 such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such 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 such Borrower, a copy of such Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if such Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of such Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of income, retained earnings (if applicable) and cash flows of such Borrower for such fiscal year, certified by Pricewaterhouse Coopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such Borrower proposes to take with respect thereto;

(iv) concurrently with the delivery of the annual and quarterly 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 E, duly completed and signed by the Chief Financial Officer, Treasurer or an Assistant Treasurer of such Borrower;

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that such Borrower sends to any of its security holders, and copies of all Reports on Form 10-K, 10-Q or

8-K, and registration statements and prospectuses that such Borrower or any of its Subsidiaries 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 such Borrower or such Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by such 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 302(f) of ERISA, or the taking of any action with respect to a Plan which could result in the requirement that such 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 such 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 such Borrower proposes to take with respect thereto;

(vii) promptly upon becoming aware thereof, notice of any change in the Moody's Rating or the S&P Rating for such Borrower; and

(viii) such other information respecting the condition, operations, business or prospects, financial or otherwise, of such Borrower or any of its Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request.

Each 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 or any reduction of the Commitments, (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). Notwithstanding the foregoing, each Borrower agrees that, to the extent requested by the Administrative Agent, it will continue to provide "hard copies" of Communications to the Administrative Agent.

Each Borrower further agrees that the Administrative Agent may make Communications available to the Lenders by posting such Communications on Intralinks or a substantially similar electronic transmission system (the "[Platform](#)").

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 ANY BORROWER, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY 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 ANY 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.

SECTION 5.02 Negative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated (except with respect to Section 5.02(a), which shall be applicable only as of the date hereof and at any time any Advance to such Borrower or Facility LC issued for the account of such Borrower is outstanding or is to be made or issued, as applicable), such Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or, in the case of Exelon, permit any of its Material Subsidiaries to create, incur, assume or suffer to exist, any Lien on its respective property, revenues or assets, whether now owned or hereafter acquired except (i) Liens imposed by law, such as carriers', warehousemen'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 of its Subsidiaries (excluding, in the case of Exelon, the stock of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing) or any such Subsidiary's assets to secure Nonrecourse Indebtedness; (iii) 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; (iv) Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (iii)); (v) Liens on the property, revenues and/or assets of any Person that exist at the time such Person becomes a Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens; (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 granted by a Special Purpose Subsidiary to secure Transitional Funding Instruments of such Special Purpose Subsidiary; (ix) in the case of PECO, (A) Liens granted under the PECO Mortgage and "excepted encumbrances" as defined in the PECO Mortgage, and (B) Liens securing PECO's notes collateralized solely by mortgage bonds of PECO issued under the terms of the PECO Mortgage; (x) in the case of Exelon (on and after the PSEG Merger Date), (A) Liens granted under the PSE&G Mortgage and Liens permitted under the PSE&G Mortgage, and (B) Liens securing PSE&G's notes collateralized solely by mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, (xi) in the case of PECO and Genco, Liens arising in connection with sale and leaseback transactions entered into by such Borrower or a Subsidiary thereof, but only to the extent (I) in the case of PECO or any Subsidiary thereof, the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PECO issued under the terms of the PECO Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PECO, Genco and their Subsidiaries, \$1,000,000,000; (xii) in the case of Exelon (on and after the PSEG Merger Date), Liens arising in connection with sale and leaseback transactions entered into by PSE&G or a Subsidiary thereof, but only to the extent (I) the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PSE&G and its Subsidiaries, \$50,000,000, (xiii) Liens securing Permitted Obligations; and (xiv) Liens, other than those described in clauses (i) through (xiii) of this Section 5.02(a), granted by such Borrower or, in the case of Exelon, any of its Material Subsidiaries in the ordinary course of business securing Debt of such Borrower and, if applicable, such Material Subsidiaries; provided that the aggregate amount of all Debt secured by Liens permitted by clause (xiv) of this Section 5.02(a) shall not exceed in the aggregate at any one time outstanding (I) in the case of Exelon and its Material Subsidiaries, \$100,000,000, (II) in the case of Genco, \$50,000,000 (prior to the Power Merger Date) and \$75,000,000 (on and after the Power Merger Date), and (III) in the case of PECO, \$50,000,000.

(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 of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary of such Borrower, (ii) any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to such Borrower and (iii) such Borrower or any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Person; provided that, in each case, immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default with respect to such Borrower shall have occurred and be continuing and (A) in the case of any such merger, consolidation or transfer of assets to which a Borrower is a party, either (x) such Borrower shall be the surviving entity or (y) the surviving entity shall be an Eligible Successor and shall have assumed all of the obligations of such

Borrower under this Agreement and the Notes issued by such Borrower and the Facility LCs issued for the account of such Borrower pursuant to a written instrument in form and substance satisfactory to the Administrative Agent, (B) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which any of its Principal Subsidiaries is a party, a Principal Subsidiary of such Borrower shall be the surviving entity and (C) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which a Material Subsidiary of Exelon is a party, a Material Subsidiary of Exelon shall be the surviving entity.

(c) Interest Coverage Ratio. Permit its Interest Coverage Ratio as of the last day of any fiscal quarter to be less than (i) in the case of Exelon, 2.65 to 1.0; (ii) in the case of PECO, 2.25 to 1.0; and (iii) in the case of Genco, 3.25 to 1.0.

(d) Continuation of Businesses. Engage in, or permit any of its Subsidiaries (other than any ComEd Entity or, on or after the PSEG Merger Date, Energy Holdings Entity) to engage in, any line of business which is material to Exelon and its Subsidiaries, taken as a whole, other than businesses engaged in by such Borrower and its Subsidiaries as of the date hereof and reasonable extensions thereof.

(e) Capital Structure. In the case of Exelon, fail at any time to own, free and clear of all Liens, 100% of the issued and outstanding common shares or other common ownership interests of each of PECO and, on and after the PSEG Merger Date, PSE&G and 100% of the issued and outstanding membership interests of Genco (or, in any such case, 100% of a holding company which owns, free and clear of all Liens, at least 100% of the issued and outstanding common shares or other common ownership interests of PECO or, on and after the PSEG Merger Date, PSE&G, as applicable, or 100% of the issued and outstanding membership interests of Genco).

(f) Restrictive Agreements. In the case of Exelon, permit Genco, PECO or, on and after the PSEG Merger Date, PSE&G, or any holding company for any of the foregoing described in the parenthetical clause at the end of Section 5.02(e), to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of such entity to declare or pay dividends to Exelon (or, if applicable, to its holding company), except for existing restrictions on (i) PECO relating to (A) the priority of payments on its subordinated debentures contained in the Indenture dated as of July 1, 1994 between PECO and Wachovia Bank, National Association (f/k/a First Union National Bank), as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of quarterly dividends on its preferred stock contained in its Amended and Restated Articles of Incorporation as in effect on the date hereof; and (ii) PSE&G relating to the priority payment of dividends on any outstanding shares of its prior preferred stock and preference stock as set forth in its Restated Certificate of Incorporation, as in effect on the date hereof.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing with respect to a Borrower (any such event an “Event of Default” with respect to such Borrower):

(a) Such Borrower shall fail to pay (i) any principal of any Advance to such Borrower when the same becomes due and payable, (ii) any Reimbursement Obligation of such Borrower within one Business Day after the same becomes due and payable or (iii) any interest on any Advance to such Borrower or any other amount payable by such Borrower under this Agreement or any Note issued by such Borrower within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by such Borrower herein or by such 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) Such 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, in each case to the extent applicable to such Borrower, 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 such Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender); or

(d) Such Borrower or any Principal Subsidiary thereof shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount in excess of \$50,000,000 in the aggregate (but excluding Debt hereunder, Nonrecourse Indebtedness and Transitional Funding Instruments) of such Borrower or such Principal Subsidiary (as the case may be) 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 such Borrower or a Principal Subsidiary thereof 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 with respect to such Borrower; or

(e) Such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 undismitted 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose Subsidiary) shall take any 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 \$50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against such Borrower or any Principal Subsidiary thereof 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 Plan or in the appointment by the appropriate United States District Court of a trustee to administer a Plan shall have occurred and be continuing 60 days after written notice to such effect shall have been given to such Borrower by the Administrative Agent; (ii) any Plan shall be terminated; (iii) a Trustee shall be appointed by an appropriate United States District Court to administer any Plan; (iv) the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan; or (v) any Borrower or any 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 with respect to any Borrower 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), subclause (b) of the proviso to clause (i) of the definition of Material Adverse Effect) on such Borrower; or

(h) In the case of PECO, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of its issued and outstanding common shares or other common ownership interests; or

(i) In the case of Genco, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of the membership interests of Genco;

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 such Borrower, (i) declare the respective

Commitments of the Lenders to such Borrower and the commitment of the LC Issuer to issue Facility LCs for the account of such Borrower to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare the outstanding principal amount of the Advances to such Borrower, all interest thereon and all other amounts payable under this Agreement by such Borrower (including all contingent LC Obligations) to be forthwith due and payable, whereupon the outstanding principal amount of such 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 such 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 such Borrower and the obligation of the LC Issuer to issue Facility LCs for the account of such Borrower shall automatically be terminated and (B) the outstanding principal amount of all Advances to such Borrower, all interest thereon and all other amounts payable by such Borrower hereunder (including all contingent LC Obligations of such Borrower) 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 such Borrower.

ARTICLE VII

THE AGENTS

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 Notes), 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 and all holders of Notes; 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 a Borrower pursuant to the terms of this Agreement.

SECTION 7.02 Agents' 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 treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) the Administrative Agent may consult with legal counsel (including counsel for a 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; (iii) 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; (iv) 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 any Borrower or to inspect the property (including the books and records) of any Borrower; (v) 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 (vi) 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 telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Agents and Affiliates. With respect to its Commitment, Advances and Notes, JPMCB shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include JPMCB in its individual capacity. JPMCB 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, any Borrower, any subsidiary of any Borrower and any Person who may do business with or own securities of any Borrower or any such subsidiary, all as if it were not an 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 each Agent (to the extent not reimbursed by a 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 any such Agent in any way relating to or arising out of this Agreement or any action taken or omitted by any such 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 such Agent's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse each such Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable counsel fees) incurred by such 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 a Borrower but for which such Agent is not reimbursed by such 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 Borrowers 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" and having a combined capital and surplus of at least \$150,000,000. 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 Borrowers, which consent shall not be unreasonably withheld or delayed.

SECTION 7.07 Co-Documentation Agents, Syndication Agent and Co-Lead Arranger. The titles "Co-Documentation Agent," "Syndication Agent" and "Co-Lead Arranger" are purely honorific, and no Person designated as a "Co-Documentation Agent," the "Syndication Agent" or a "Co-Lead Arranger" shall have any duties or responsibilities in such capacity.

ARTICLE VIII MISCELLANEOUS

SECTION 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any 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 Borrowers, 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, unless in writing and signed by all the Lenders (other than any Lender that is a Borrower or an Affiliate of a Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase or extend the Commitments of the Lenders, increase any Borrower's Sublimit to an amount greater than the amount specified in Section 2.04(c)(ii)(B) or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, or (f) amend this Section 8.01; provided, further, that (i) 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 or any Note; and (ii) no

amendment, waiver or consent shall, unless in writing and signed by the LC Issuer, in addition to the Lenders required above to take such action, affect the rights or duties of the LC Issuer under this Agreement.

SECTION 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Borrower, at 10 S. Dearborn, 37th Floor, Chicago, IL 60603, Attention: Michael R. Metzner, Telecopy: (312) 394-5215; if to any Lender, at its Domestic Lending Office specified in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Chase Plaza, Mail Suite IL1-0010, Chicago, Illinois 60670, Attention: Mr. Ron Cromey, Telecopy: (312) 385-7096 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, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, 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, the LC Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note 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) Each Borrower severally agrees to pay on demand all costs and expenses incurred by the Administrative Agent, the LC Issuer and the Co-Lead Arrangers in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement, the Notes 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, the LC Issuer and the Co-Lead Arrangers with respect thereto and with respect to advising the Administrative Agent, the LC Issuer and the Co-Lead Arrangers as to their respective rights and responsibilities under this Agreement, in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred. Each Borrower further severally 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 Agent, the LC Issuer or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of such Borrower's obligations this Agreement, any Note issued by such Borrower and the other documents to be delivered by such Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a), in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred.

(b) If any payment of principal of, or any conversion of, any Eurodollar Rate 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, the applicable 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 losses, costs or expenses which it may reasonably incur as a result of such payment or conversion, 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) Each Borrower hereby severally agrees to indemnify and hold each Lender, the LC Issuer, each Agent and each of their respective Affiliates, officers, directors and employees (each, an “Indemnified Person”) harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (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, any Note issued by such Borrower or the transactions contemplated hereby, or the use by such Borrowers or any of its Subsidiaries of the proceeds of any Advance to such Borrower, in each case to the extent such claims damages, losses, liabilities, costs or expenses are attributable to such Borrower, it being understood that to the extent any such claims, damages, losses, liabilities, costs or expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers’ respective Sublimits at the time such claims, damages, losses, liabilities, costs or expenses arose; provided that no Borrower shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from such Indemnified Person’s gross negligence or willful misconduct. Each Borrower’s obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by such Borrower to the Lenders and the Administrative Agent under this Agreement and any Note issued by such Borrower and the termination of the Commitments to such Borrower. If and to the extent that the obligations of a Borrower under this Section 8.04(c) are unenforceable for any reason, such Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default with respect to a Borrower 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 to such Borrower due and payable pursuant to the provisions of Section 6.01, each Lender 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 to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and any Note of such Borrower held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Borrower 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.

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 become effective when counterparts hereof shall have been executed by the Borrowers and the Agents and when the Administrative Agent shall have been notified by each Lender that such Lender has executed a counterpart hereof and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Agents and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) no Borrower shall 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 Exelon, the LC Issuer and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by a Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and any Note or Notes held by 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 Acceptance 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, and shall be an integral multiple of \$1,000,000 or such Lender's entire Commitment, (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 Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of \$4,000 (which shall be payable by one or more of the parties to the Assignment and Acceptance, and not by any Borrower, and shall not be payable if the assignee is a Federal Reserve Bank), and (v) the consent of Exelon shall not be required after the occurrence and during the continuance of any Event of Default. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (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 Acceptance, 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 Acceptance, relinquish its rights and be released from its obligations under this Agreement and, in the case of an Assignment and Acceptance 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 Exelon, the LC Issuer 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 and (B) any Lender may at any time, without the consent of Exelon, the LC Issuer or the Administrative Agent, and without any requirement to have an Assignment and Acceptance executed, assign all or any part of its rights under this Agreement and any Note to a Federal

Reserve Bank, provided that no such assignment shall release the transferor Lender from any of its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, 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 Acceptance, 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 any Borrower or the performance or observance by any 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 Acceptance; (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 Acceptance 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 by each Borrower 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 each Borrower, the Administrative Agent and the Lenders may 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 any 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 Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with all Notes, if any, subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers.

(e) Each Lender may sell participations to one or more banks or other entities (each, a "Participant") in or to all or a portion of its rights and/or obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its

participation in Facility LCs and any Note or Notes held by it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, 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 and (v) such Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of this Agreement or any Note held by such Lender, other than any such amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest that forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Advance or Commitment, postpones any date fixed for any regularly scheduled payment of principal of, or interest or fees on, any such Advance or Commitment, extends any Commitment, releases any guarantor of any such Advance or releases any substantial portion of collateral, if any, securing any such Advance.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrowers received by it from such Lender (subject to customary exceptions regarding regulatory requirements, compliance with legal process and other requirements of law).

(g) If (i) any Lender shall make demand for payment under Section 2.11(a), 2.11(b) or 2.14, or (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 Eurodollar Rate Advances, then (in the case of clause (i)) within 60 days after such demand (if, but only if, such payment demanded under Section 2.11(a), 2.11(b) or 2.14 has been made by the applicable Borrower) or (in the case of clause (ii)) within 60 days after such notice (if such suspension is still in effect), as the case may be, the Borrowers may demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrowers and reasonably acceptable to the Administrative Agent all (but not less than all) of such Lender's Commitment, the Advances owing to it and its participation in the Facility LCs within the next succeeding 30 days. If any such Eligible Assignee designated by the Borrowers shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrowers shall fail to designate any such Eligible Assignee for all of such Lender's Commitment, Advances and participation in Facility LCs, 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.

(h) 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 Borrowers, the option to provide to any Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make to such Borrower 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 Advances to the Granting Bank or to any financial institutions (consented to by such Borrower and Administrative Agent, neither of 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(h) 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.

SECTION 8.08 Governing Law. THIS AGREEMENT AND ALL NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

SECTION 8.09 Consent to Jurisdiction; Certain Waivers. (a) THE BORROWERS HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND ANY UNITED STATES DISTRICT COURT SITTING IN THE COMMONWEALTH OF PENNSYLVANIA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE AND THE BORROWERS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY 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 ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(b) 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 OR ANY

NOTE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.

SECTION 8.10 Execution in Counterparts; Integration. 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.

SECTION 8.11 Liability Several. No Borrower shall be liable for the obligations of any other Borrower hereunder.

SECTION 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrowers 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 a Borrower: When any Borrower opens an account, if such Borrower is an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower, and, if such Borrower is not an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower. The Administrative Agent and the Lenders may also ask, if such Borrower is an individual, to see such Borrower's driver's license or other identifying documents, and, if such Borrower is not an individual, to see such Borrower's legal organizational documents or other identifying documents.

SECTION 8.13 Termination of Existing Agreement. The Borrowers, the Lenders which are parties to the Existing Agreement (which Lenders constitute the "Majority Lenders" as defined in the Existing Agreement) and Bank One, NA, as Administrative Agent under the Existing Agreement, agree that, on the Closing Date, the commitments under the Existing Agreement shall terminate and be of no further force or effect (without regard to any requirement in Section 2.04 of the Existing Agreement for prior notice of termination of the commitments thereunder).

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

EXELON CORPORATION

By: _____

Name:

Title:

PECO ENERGY COMPANY

By: _____

Name:

Title

EXELON GENERATION COMPANY, LLC

By: _____

Name:

Title

Five Year Credit Agreement

THE LENDERS

BANK ONE, NA (Main Office Chicago), as
Administrative Agent, as LC Issuer and as a Lender

By: _____
Name:
Title

Five Year Credit Agreement

BARCLAYS BANK PLC, as Syndication Agent
and as a Lender

By: _____

Name:

Title

Five Year Credit Agreement

CITIBANK, N.A., as Co-Documentation Agent
and as a Lender

By: _____

Name:

Title:

Five Year Credit Agreement

WACHOVIA BANK, NATIONAL ASSOCIATION, as
Co-Documentation Agent and as a Lender

By: _____
Name:
Title

Five Year Credit Agreement

ABN AMRO BANK, N.V., as Co-Documentation
Agent and as a Lender

By: _____

Name:

Title

By: _____

Name:

Title

Five Year Credit Agreement

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES**

By: _____

Name:

Title

By: _____

Name:

Title

Five Year Credit Agreement

DEUTSCHE BANK AG NEW YORK BRANCH

By: _____
Name:
Title

By: _____
Name:
Title

Five Year Credit Agreement

BANK OF AMERICA, N.A.

By: _____
Name:
Title

Five Year Credit Agreement

JPMORGAN CHASE BANK

By: _____
Name:
Title

Five Year Credit Agreement

KEYBANK NATIONAL ASSOCIATION

By: _____
Name:
Title

Five Year Credit Agreement

LEHMAN BROTHERS BANK, FSB

By: _____
Name:
Title

Five Year Credit Agreement

MORGAN STANLEY BANK

By: _____
Name:
Title

Five Year Credit Agreement

BNP PARIBAS

By: _____
Name:
Title

By: _____
Name:
Title

Five Year Credit Agreement

MERRILL LYNCH BANK USA

By: _____
Name:
Title

Five Year Credit Agreement

THE BANK OF NOVA SCOTIA

By: _____
Name:
Title

Five Year Credit Agreement

UBS LOAN FINANCE LLC

By: _____
Name:
Title

By: _____
Name:
Title

Five Year Credit Agreement

THE NORTHERN TRUST COMPANY

By: _____
Name:
Title

Five Year Credit Agreement

MELLON BANK, N.A.

By: _____
Name:
Title

Five Year Credit Agreement

CREDIT SUISSE FIRST BOSTON, CAYMAN ISLANDS BRANCH

By: _____
Name:
Title

By: _____
Name:
Title

Five Year Credit Agreement

THE BANK OF NEW YORK

By: _____
Name:
Title

Five Year Credit Agreement

MIZUHO CORPORATE BANK, LTD.

By: _____
Name:
Title

Five Year Credit Agreement

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title

Five Year Credit Agreement

WELLS FARGO BANK, N.A.

By: _____
Name:
Title

By: _____
Name:
Title

Five Year Credit Agreement

FIFTH THIRD BANK

By: _____
Name:
Title

Five Year Credit Agreement

SCHEDULE I
PRICING SCHEDULE

The “Applicable Margin,” the “Facility Fee Rate,” the “Utilization Fee Rate” and the “LC Fee Rate” for any day are the respective percentages set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Applicable Margin and LC Fee Rate	Facility Fee Rate	Utilization Fee Rate
Level I	0.300%	0.100%	0.100%
Level II	0.400%	0.125%	0.100%
Level III	0.475%	0.150%	0.125%
Level IV	0.575%	0.175%	0.125%
Level V	0.750%	0.250%	0.250%
Level VI	0.825%	0.300%	0.500%

The Applicable Margin, the Facility Fee Rate, the Utilization Fee Rate and the LC Fee Rate shall be determined separately for each Borrower in accordance with the table above based on the Status for such Borrower. The Status in effect for any Borrower on any date for the purposes of this Pricing Schedule is based on the Moody’s Rating and S&P Rating in effect at the close of business on such date.

For the purposes of the foregoing (but subject to the final paragraph of this Pricing Schedule):

“Level I Status” exists at any date for a Borrower if, on such date, such Borrower’s Moody’s Rating is A2 or better or such Borrower’s S&P Rating is A or better.

“Level II Status” exists at any date for a Borrower if, on such date, (i) Level I Status does not exist for such Borrower and (ii) such Borrower’s Moody’s Rating is A3 or better or such Borrower’s S&P Rating is A- or better.

“Level III Status” exists at any date for a Borrower if, on such date, (i) neither Level I Status nor Level II Status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa1 or better or such Borrower’s S&P Rating is BBB+ or better.

“Level IV Status” exists at any date for a Borrower if, on such date, (i) none of Level I Status, Level II Status or Level III Status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa2 or better or such Borrower’s S&P Rating is BBB or better.

“Level V Status” exists at any date if, on such date, (i) none of Level I Status, Level II Status, Level III Status or Level IV status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa3 or better or such Borrower’s S&P Rating is BBB- or better.

“Level VI Status” exists at any date for a Borrower if, on such date, none of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists for such Borrower.

“Status” means Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status.

If the S&P Rating and the Moody’s Rating for a Borrower create a split-rated situation and the ratings differential is one level, the higher rating will apply. If the differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. If a Borrower has no Moody’s Rating or no S&P Rating, Level VI Status shall exist for such Borrower.

SCHEDULE II
COMMITMENTS

LENDER	COMMITMENT
JPMorgan Chase Bank, N.A.	\$ 55,000,000
Barclays Bank PLC	\$ 55,000,000
Citibank, N.A.	\$ 55,000,000
Wachovia Bank, National Association	\$ 55,000,000
Deutsche Bank	\$ 85,000,000
Bank of America, N.A.	\$ 43,000,000
Morgan Stanley Bank	\$ 43,000,000
Merrill Lynch Bank USA	\$ 33,000,000
The Bank of Nova Scotia	\$ 43,000,000
Credit Suisse First Boston	\$ 43,000,000
KeyBank National Association	\$ 43,000,000
Lehman Brothers Bank, FSB	\$ 43,000,000
UBS Loan Finance LLC	\$ 43,000,000
BNP Paribas	\$ 43,000,000
The Bank of New York	\$ 43,000,000
Mellon Bank, N.A.	\$ 26,000,000
ABN AMRO Bank, N.V.	\$ 55,000,000
Dresdner Bank, AG New York and Grand Cayman Branches	\$ 55,000,000
The Northern Trust Company	\$ 26,000,000
U.S. Bank National Association	\$ 26,000,000
Wells Fargo Bank, N.A.	\$ 26,000,000
Mizuho Corporate Bank, Ltd.	\$ 25,000,000
Fifth Third Bank	\$ 26,000,000
Union Bank of California	\$ 10,000,000
TOTAL	\$ 1,000,000,000

SCHEDULE III
EXISTING LETTERS OF CREDIT

<u>Number</u>	<u>Type</u>	<u>Borrower</u>	<u>Current Amount (in Dollars)</u>	<u>Original Amount (in Dollars)</u>	<u>Actual Expiration</u>	<u>Adjusted Expiration</u>
00325419	Standby Letter of Credit	Exelon	1,001,725.00	2,155,500.00	31-Oct-2004	19-Dec-2004
00326103	Standby Letter of Credit	Exelon	2,884,188.00	12,500,000.00	31-Dec-2004	19-Dec-2004
00330868	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	30-Jun-2004	30-Jun-2004
SLT325319	Standby Letter of Credit	Exelon	220,000.00	200,000.00	20-May-2005	20-Nov-2004
SLT325320	Standby Letter of Credit	Exelon	1,587,411.62	1,587,411.62	20-May-2005	20-Nov-2004
00326643	Standby Letter of Credit	Exelon	5,500,000.00	5,500,000.00	31-May-2005	31-May-2005
00326644	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	31-May-2005	31-May-2005
00325420	Standby Letter of Credit	Exelon	87,669.00	87,669.00	31-Jul-2004	31-Jul-2005
SLT326297	Standby Letter of Credit	Exelon	60,600.00	60,600.00	15-Nov-2004	15-Nov-2005
00325611	Standby Letter of Credit	Exelon	3,400,000.00	3,400,000.00	1-Oct-2004	19-Dec-2004
00325715	Standby Letter of Credit	Exelon	20,000.00	20,000.00	10-Oct-2004	10-Oct-2004
00326947	Standby Letter of Credit	Exelon	1,700,000.00	1,700,000.00	12-Aug-2004	12-Aug-2005
00330949	Standby Letter of Credit	Exelon	185,000.00	185,000.00	9-Feb-2005	9-Feb-2005
SLT751645	Standby Letter of Credit	Exelon Generation	7,000,000.00	10,000,000.00	21-Nov-2004	7-Oct-2004
SLT752101	Standby Letter of Credit	Exelon Generation	1,150,000.00	1,150,000.00	4-Dec-2004	4-Dec-2004
00325698	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Sep-2004	30-Sep-2004
SLT332490	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Sep-2004	30-Jun-2004
00325858	Standby Letter of Credit	Exelon Generation	390,000.00	2,200,000.00	30-Nov-2004	30-Nov-2004
00325446	Standby Letter of Credit	Exelon Generation	50,000.00	45,000.00	31-May-2005	31-May-2005
00330190	Standby Letter of Credit	Exelon Generation	2,000,000.00	2,000,000.00	30-Sep-2004	30-Sep-2004
00326663	Standby Letter of Credit	Exelon Generation	635,000.00	575,000.00	31-May-2005	31-May-2005
00329840	Standby Letter of Credit	Exelon Generation	335,000.00	1,400,000.00	31-Mar-2005	31-Mar-2005
00330867	Standby Letter of Credit	Exelon Generation	250,000.00	2,000,000.00	31-Aug-2004	31-Aug-2005

<u>Number</u>	<u>Type</u>	<u>Borrower</u>	<u>Current Amount (in Dollars)</u>	<u>Original Amount (in Dollars)</u>	<u>Actual Expiration</u>	<u>Adjusted Expiration</u>
00326414	Standby Letter of Credit	Exelon Generation	100,000.00	2,000,000.00	23-Apr-2005	24-Apr-2005
SLT751658	Standby Letter of Credit	Exelon Generation	1,252,000.00	950,000.00	5-Dec-2004	5-Dec-2004
00325638	Standby Letter of Credit	Exelon Generation	1,700,000.00	1,700,000.00	19-Dec-2004	19-Dec-2004
00330901	Standby Letter of Credit	Exelon Generation	7,325,000.00	6,125,000.00	1-Dec-2004	1-Dec-2004
00331843	Standby Letter of Credit	Exelon Generation	3,500,000.00	1,500,000.00	14-Apr-2005	14-Apr-2005
SLT330230	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	12/1/04	1-Dec-2004
SLT751677	Standby Letter of Credit	Exelon Generation	1,700,000.00	1,700,000.00	30-Jun-2005	30-Jun-2005
SLT751676	Standby Letter of Credit	Exelon Generation	200,000.00	200,000.00	30-Jun-2005	30-Jun-2005
SLT751674	Standby Letter of Credit	Exelon Generation	2,268,926.00	1,211,426.00	30-Jun-2005	30-Jun-2005
SLT751678	Standby Letter of Credit	Exelon Generation	2,300,000.00	2,300,000.00	30-Jun-2005	30-Jun-2005
SLT751675	Standby Letter of Credit	Exelon Generation	300,000.00	300,000.00	30-Jun-2005	30-Jun-2005
SLT751673	Standby Letter of Credit	Exelon Generation	3,628,504.00	2,335,904.00	30-Jun-2005	30-Jun-2005
SLT751670	Standby Letter of Credit	Exelon Generation	45,000,000.00	45,000,000.00	30-Jun-2005	30-Jun-2005
SLT752168	Standby Letter of Credit	Exelon Generation	50,000,000.00	50,000,000.00	25-Jan-2005	26-Jan-2005
SLT751672	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Jun-2005	7-Jul-2004
SLT751679	Standby Letter of Credit	Exelon Generation	590,000.00	575,000.00	30-Jun-2005	30-Jun-2005
SLT751667	Standby Letter of Credit	Exelon Generation	325,000.00	315,000.00	30-Jun-2005	30-Jun-2005
SLT751684	Standby Letter of Credit	Exelon Generation	4,050,000.00	7,500,000.00	30-Jul-2004	30-Jul-2004
SLT751685	Standby Letter of Credit	Exelon Generation	2,194,653.00	2,194,653.00	30-Jun-2005	30-Jun-2005

SCHEDULE IV
EXISTING TAX EXEMPT DEBT ISSUANCES

Exelon Corp. Tax-exempt Debt — As of 6/30/04

PECO

<u>Series</u>	<u>Rate</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Call Date</u>	<u>Call Price</u>	<u>Principal</u>	<u>CUSIP</u>
Delaware Co. 1988 Ser. A	Auction	4/1/93	12/1/12			\$ 50,000,000	246015AV3
Delaware Co. 1988 Ser. B	Auction	4/1/93	12/1/12			\$ 50,000,000	246015AW1
Delaware Co. 1988 Ser. C	Auction	4/1/93	12/1/12			\$ 50,000,000	246015AX9
Salem Co. 1988 Ser. A	Auction	4/1/93	12/1/12			\$ 4,200,000	794103AY7
Delaware Co. 1999 Ser. A	5.2% 5yrPUT	10/14/99	4/1/21	9/30/04	Par	\$ 50,765,000	246015BE0
Montgomery Co. 1999 Ser. A	5.2% 5yrPUT	10/14/99	10/1/30	9/30/04	Par	\$ 91,775,000	6130RAB2
Montgomery Co. 1999 Ser. B	5.3% 5yrPUT	10/14/99	10/1/34	9/30/04	Par	\$ 13,880,000	6130RAC0
Total						<u>\$ 310,620,000</u>	

Genco

<u>Series</u>	<u>Rate</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Call Date</u>	<u>Call Price</u>	<u>Principal</u>	<u>CUSIP</u>
Montgomery Co. 2001 Ser. B	CP	9/5/01	10/1/30			\$ 68,795,000	61360QAA6
Delaware Co. 2001 Ser. A	CP	4/25/01	4/1/21			\$ 39,235,000	24601VAA2
Montgomery Co. 2001 Ser. A	CP	4/25/01	10/1/34			\$ 13,150,000	61360RAD8
Delaware Co. 1993 Ser. A	CP	8/24/93	8/1/16			\$ 24,125,000	24601TAJ8
Salem Co. 1993 Ser. A	CP	9/9/93	3/1/25			\$ 23,000,000	79410QAX8
Montgomery Co. 1994 Ser. A	CP	2/14/95	6/1/29			\$ 82,560,000	613609NX
Montgomery Co. 1994 Ser. B	CP	7/2/95	6/1/29			\$ 13,340,000	613609NY
York County 1993 Ser. A	CP	8/24/93	8/1/16			\$ 18,440,000	98640TAE6
Montgomery Co. 1996 Ser. A	CP	3/27/96	3/1/34			\$ 34,000,000	61360RAA4
Montgomery Co. 2002 Ser. A	CP	7/24/02	12/1/29			\$ 29,530,000	61360SAA2
Indiana Co. 2003 A	Weekly	6/3/03	6/1/27			\$ 17,240,000	454695AJ6
Total						<u>\$ 363,415,000</u>	

EXHIBIT A
FORM OF NOTE

Dated: [], 20__

FOR VALUE RECEIVED, the undersigned, _____, a _____ (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender"), for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) on the Maturity Date, the aggregate principal amount of all outstanding Advances made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower further promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to JPMorgan Chase Bank, N.A., as Administrative Agent, at 1 Chase Plaza, Chicago, Illinois 60670, in immediately available funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, at the Lender's option, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Five Year Credit Agreement dated as of July 16, 2004 among the Borrower, [Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC], various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Lender's Pro Rata Share of the Borrower's Sublimit at such time and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

By _____

Name:

Title:

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EXHIBIT B
FORM OF NOTICE OF BORROWING

JPMorgan Chase Bank, N.A.,
as Administrative Agent,
and the Lenders that are parties to
the Credit Agreement referred to below
1 Chase Plaza
Chicago, Illinois 60670

[Date]

Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, [Exelon Corporation] [PECO Energy Company] [Exelon Generation Company, LLC], refers to the Five Year Credit Agreement, dated as of July 16, 2004, among Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"), and hereby gives you notice, irrevocably, pursuant to Section 2.02(a) of the Credit Agreement that the undersigned requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

- (i) The Business Day of the Proposed Borrowing is ____, 20__.
- (ii) The Type of Advances to be made in connection with the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed Borrowing is \$_____.
- (iv) The Interest Period for each Advance made as part of the Proposed Borrowing is [__ month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the undersigned contained in Section 4.01 of the Credit Agreement (excluding, if the proceeds of the Proposed Borrowing will be used exclusively to repay commercial paper issued by the undersigned, the representations and warranties set forth in Section 4.01(e) and the first sentence of Section 4.01(f) of the Credit Agreement) are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default; and

(C) after giving effect to the Proposed Borrowing, the undersigned will not have exceeded any limitation on its ability to incur indebtedness (including any limitation imposed by any governmental or regulatory authority).

Very truly yours,

[EXELON CORPORATION]

[PECO ENERGY COMPANY]

[EXELON GENERATION COMPANY, LLC]

By _____

Name:

Title:

EXHIBIT C
FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Second Amended and Restated Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including without limitation any letters of credit, guaranties and swingline loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____ [and is an affiliate of Assignor]
3. Borrowers: Exelon Corporation, PECO Energy Company and Exelon Generation Company, LLC
4. Agent: JPMorgan Chase Bank, N.A.
5. Credit Agreement: Five Year Credit Agreement, dated as of July 16, 2004, among the Borrowers, the Lenders party thereto, and the Agent.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/ Outstanding Credit Exposure for all Lenders*	Amount of Commitment/ Outstanding Credit Exposure Assigned*	Percentage Assigned of Commitment/ Outstanding Credit Exposure ¹
_____	\$ _____	\$ _____	_____ %
_____	\$ _____	\$ _____	_____ %
_____	\$ _____	\$ _____	_____ %

7. Trade Date: _____²
 Effective Date: _____, 20____ TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE AGENT.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
 [NAME OF ASSIGNOR]
 By: _____
 Title: _____
 ASSIGNEE
 [NAME OF ASSIGNEE]
 By: _____
 Title: _____

[Consented to and]³ Accepted:
 JPMORGAN CHASE BANK, N.A., as Agent
 By: _____
 Title: _____

[Consented to:]⁴
 [NAME OF RELEVANT PARTY]
 By: _____
 Title: _____

- * Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
- 1 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
- 2 Insert if satisfaction of minimum amounts is to be determined as of the Trade Date.
- 3 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
- 4 To be added only if the consent of the Borrowers and/or other parties (e.g. LC Issuer) is required by the terms of the Credit Agreement.

ANNEX 1
**TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1 Assignor. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document, (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document, (v) inspecting any of the property, books or records of the Company, or any guarantor, or (vi) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Credit Extensions or the Credit Documents.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iii) agrees that its payment instructions and notice instructions are as set forth in Schedule 1 to this Assignment and Assumption, (iv) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are “plan assets” as defined under ERISA and that its rights, benefits and interests in and under the Credit Documents will not be “plan assets” under ERISA, (v) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys’ fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee’s non-performance of the obligations assumed under this Assignment and Assumption, (vi) it has received a copy of the Credit Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (vii) attached as Schedule 1 to this Assignment and Assumption is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor 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 the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, Reimbursement Obligations, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

ADMINISTRATIVE QUESTIONNAIRE

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

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US AND NON-US TAX INFORMATION REPORTING REQUIREMENTS

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

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July 16, 2004

To each of the Agents and the Lenders which is a party to the Credit Agreement, dated as of July 16, 2004, among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC, as Borrowers, the various financial institutions named therein, as Lenders and Bank One, NA, as Administrative Agent

Re: \$1,000,000,000 Five-Year Credit Agreement

Ladies and Gentlemen:

This opinion letter is furnished to you pursuant to Section 3.01(v) of the \$1,000,000,000 Five-Year Credit Agreement, dated as of July 16, 2004 (the "Agreement"), among Exelon Corporation ("Exelon"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Exelon Generation Company, LLC ("Genco"), as Borrowers, the various financial institutions named therein, as Lenders and Bank One, NA, as Administrative Agent. Unless otherwise specified, terms defined in the Agreement are used herein as therein defined.

We have acted as counsel for Exelon, Genco and PECO (collectively, the "Pennsylvania Borrowers") in connection with the preparation, execution and delivery of the Agreement and as local counsel for ComEd with respect to certain matters of Pennsylvania law relating to the Agreement. In that capacity, we have examined the following:

- (i) The Agreement, the Notes executed by Exelon (the "Exelon Notes"), the Notes executed by PECO (the "PECO Notes"), the Notes executed by Genco (the "Genco Notes") and the Notes executed by ComEd (the "ComEd Notes" and, together with the Exelon Notes, the PECO Notes and the Genco Notes, the "Notes");
- (ii) The documents furnished by each of the Pennsylvania Borrowers pursuant to Section 3.01 of the Agreement;
- (iii) The Articles of Incorporation of each of Exelon and PECO and all amendments thereto (in each case, its "Charter");
- (iv) The by-laws of each of Exelon and PECO and all amendments thereto (in each case, its "By-laws");
- (v) the Operating Agreement of Genco and all amendments thereto (the "Operating Agreement");

(vi) certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [], 2004 certifying as to the subsistence of Exelon in Pennsylvania;

(vii) certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [], 2004 certifying as to the subsistence of PECO in Pennsylvania; and

(viii) A certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [], 2004 certifying as to the subsistence of Genco in Pennsylvania;

We have also examined, and relied upon the accuracy of factual matters contained in, originals or copies, certified or otherwise identified to our satisfaction, of such other corporate or organizational records of the Pennsylvania Borrowers, certificates or comparable documents of public officials and of officers of the Pennsylvania Borrowers, and such other agreements, instruments and documents and have made such examinations of law as we have deemed necessary in connection with the opinions set forth below.

We have assumed the legal capacity and competence of natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted to us as certified, conformed, photostatic, electronic or facsimile copies. We have made no independent factual investigation other than as described above, and as to other factual matters, we have relied exclusively on the facts stated in the representations and warranties contained in the Agreement and the Exhibits and Schedules to the Agreement (other than representations and warranties constituting conclusions of law on matters on which we opine). We have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion.

When an opinion or confirmation is given to our knowledge or with reference to matters of which we are aware or which are known to us, or with another similar qualification, the relevant knowledge or awareness is limited to the actual contemporaneous knowledge or awareness of facts, without investigation, by the lawyer who is the current primary contact for each of the Pennsylvania Borrowers and the individual lawyers in this firm who have participated in the specific transaction to which this opinion letter relates.

We have also assumed, without verification, (i) that the parties to the Agreement and the other agreements, instruments and documents executed in connection therewith, other than the Borrowers, have the power (including, without limitation, corporate power where applicable) and authority to enter into and perform the Agreement and such other agreements, instruments and documents, (ii) the due authorization, execution and delivery by such parties other than the Borrowers of the Agreement and such other agreements, instruments and documents, (iii) that the Agreement and such other agreements, instruments and documents constitute legal, valid and binding obligations of each such party other than the Borrowers, enforceable against each such other party in accordance with their respective terms and (iv) the amount of a Borrower's borrowings outstanding under the Agreement and the \$500,000,000 3-Year Credit Agreement to which each Borrower is a party will not exceed the amount such Borrower is authorized to borrow under any approval referred to in Paragraphs 4 and 8 below.

Based upon the foregoing and subject to the assumptions, exceptions, limitations and qualifications set forth herein, we are of the opinion that:

1. Each of Exelon and PECO is a corporation duly incorporated and presently subsisting under the laws of the Commonwealth of Pennsylvania. Genco is a limited liability company duly formed and presently subsisting under the laws of the Commonwealth of Pennsylvania.

2. The execution and delivery, and the performance of the obligations thereunder, by the Pennsylvania Borrowers of the Agreement and the applicable Notes (a) are within the Pennsylvania Borrowers' corporate or limited liability company powers, (b) have been duly authorized by all necessary corporate and limited liability company action of each of the Pennsylvania Borrowers, (c) do not (i) violate the Charter, By-laws or the Operating Agreement, as the case may be, of each of the Pennsylvania Borrowers, (ii) violate any present statute, rule or regulation promulgated by the United States or the Commonwealth of Pennsylvania or (iii) to our knowledge, breach or result in a default under any agreement or instrument to which any of the Pennsylvania Borrowers is a party or by which any of the Pennsylvania Borrowers is bound and (d) to our knowledge, do not result in the creation or imposition of any lien, security interest or other charge or encumbrance upon or with respect to any of the properties of the Pennsylvania Borrowers pursuant to such agreements or instruments referred to in clause (c)(iii), except security interests and liens created under the Agreement.

3. The execution, delivery and performance by ComEd of the Agreement and the ComEd Notes do not violate any present statute, rule or regulation promulgated by the Commonwealth of Pennsylvania.

4. No consent or approval of, or notice to or filing with, any federal or state regulatory authority of the United States or the Commonwealth of Pennsylvania is required by the Pennsylvania Borrowers in connection with the execution or delivery by the Pennsylvania Borrowers of the Agreement or the applicable Notes, except for, in the case of Exelon and Genco, the authorization of the U.S. Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 and, in the case of PECO, approval from the Public Utility Commission of the Commonwealth of Pennsylvania, which authorization and approval have been received and are in full force and effect.

5. The Agreement and the Exelon Notes have been duly executed and delivered by Exelon, and the Agreement and the Exelon Notes constitute the legal, valid and binding obligations of Exelon, enforceable against Exelon in accordance with their respective terms.

6. The Agreement and the PECO Notes have been duly executed and delivered by PECO, and the Agreement and the PECO Notes constitute the legal, valid and binding obligations of PECO, enforceable against PECO in accordance with their respective terms.

7. The Agreement and the Genco Notes have been duly executed and delivered by Genco, and the Agreement and the Genco Notes constitute the legal,

valid and binding obligations of Genco, enforceable against Genco in accordance with their respective terms.

8. Assuming that the execution, delivery and performance of the Agreement and the ComEd Notes are within ComEd's corporate power and the Agreement and the ComEd Notes have been duly authorized, executed and delivered by ComEd after receipt of all required governmental and regulatory approvals, the Agreement and the ComEd Notes constitute the legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms.

9. None of the Pennsylvania Borrowers is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

We do not have knowledge, after inquiry of each lawyer in this firm who is the current primary contact for the Borrowers or who has devoted substantive attention to matters on behalf of the Borrowers during the preceding twelve months and who is still currently employed by or a member of this firm, except as disclosed in Exelon's Annual Report on Form 10-K for the year ended December 31, 2003 or Exelon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, no litigation or governmental proceeding is pending or threatened in writing against any Borrower (i) with respect to the Agreement or the Notes, or (ii) which is likely to have a material adverse effect upon the financial condition, business, properties or prospects of any Borrower and its subsidiaries taken as a whole.

The foregoing opinions are subject to the following exceptions, limitations and qualifications:

(a) Our opinions are subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer marshalling or similar laws affecting creditors' rights and remedies generally; general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law); and limitations on enforceability of rights to indemnification or contribution by federal or state securities laws or regulations or by public policy.

(b) We draw your attention to the provisions of Section 911(b) of the Pennsylvania Crimes Code (the "Crimes Code"), 18 Pa. C.S. § 911(b), in connection with the fact that the Advances bear floating rates of interest. Section 911(b) of the Crimes Codes makes it unlawful to use or invest income derived from a pattern of "racketeering activity" in the establishment or operation of any enterprise. "Racketeering activity," as defined in the Crimes Code, includes the collection of money or other property in full or partial satisfaction of a debt which arose as the result of the lending of money or other property at a rate of interest exceeding 25% per annum where not otherwise authorized by law.

(c) We express no opinion as to the application or requirements of federal or state securities (except with respect to the opinion in paragraph 9),

patent, trademark, copyright, antitrust and unfair competition, pension or employee benefit, labor, environmental health and safety or tax laws in respect of the transactions contemplated by or referred to in the Agreement.

(d) We express no opinion as to the validity or enforceability of any provision of the Agreement or the Notes which (i) permits the Lenders to increase the rate of interest or to collect a late charge in the event of delinquency or default to the extent deemed to be penalties or forfeitures; (ii) purports to be a waiver by any Borrower of any right or benefit except to the extent permitted by applicable law; (iii) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions of the Agreement or the Notes has been made; (iv) purports to exculpate any party from its own negligent acts; or (v) purports to authorize any Participant to set off and apply any deposits at any time held, and any other indebtedness at any time owing, by such Participant to or for the account of any Borrower.

We express no opinion as to the law of any jurisdiction other than the law of the Commonwealth of Pennsylvania and the federal law of the United States.

A copy of this opinion may be delivered by you to each financial institution that may become a Lender under the Agreement, and such persons may rely on this opinion as if it were addressed to them and had been delivered to them on the date hereof. This opinion may be relied on by you and such persons to whom you may deliver copies as provided in the preceding sentence only in connection with the consummation of the transactions described herein and may not be used or relied upon by you or any other person for any other purpose, without in each instance our prior written consent.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,
BALLARD SPAHR ANDREWS & INGERSOLL

D-1-5

EXHIBIT D-2
FORM OF OPINION OF SIDLEY AUSTIN BROWN & WOOD LLP

July 16, 2004

To each of the Agents and Lenders party to the Five Year Credit Agreement dated as of July 16, 2004 among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC, as Borrowers, the various financial institutions named therein, as Lenders, and Bank One, NA, as Administrative Agent

Ladies and Gentlemen:

We have been asked to furnish this letter to you pursuant to Section 3.01(b)(v) of the Five Year Credit Agreement dated as of July 16, 2004 (the "**Credit Agreement**") among Exelon Corporation ("**Exelon**"), Commonwealth Edison Company ("**ComEd**"), PECO Energy Company ("**PECO**") and Exelon Generation Company, LLC ("**Genco**"), as Borrowers, various financial institutions, as Lenders, and Bank One, NA, as Administrative Agent. Unless otherwise defined in this letter, capitalized terms defined in the Credit Agreement are used herein as therein defined.

We have acted as Illinois counsel to ComEd in connection with the execution and delivery of the Credit Agreement and the Notes executed and delivered by ComEd (the "**ComEd Notes**"). In that capacity, we have examined:

- (i) the Credit Agreement;
- (ii) the ComEd Notes;
- (iii) the Restated Articles of Incorporation of ComEd and all amendments thereto (the "**ComEd Charter**"); and
- (iv) the by-laws of ComEd and all amendments thereto (the "**ComEd By-Laws**").

We are familiar with the corporate proceedings taken by ComEd in connection with the Credit Agreement and the transactions contemplated thereby. For purposes of expressing the opinions expressed in this letter, we have relied, as to various questions of fact material thereto, upon the representations made by ComEd in the Credit Agreement and upon certificates of officers of ComEd. We have also examined originals, or copies of originals certified to our satisfaction, of such corporate records of ComEd and such agreements, documents, certificates and other statements of government officials and other instruments, have examined such questions of law and have satisfied ourselves as to such matters of fact as we have considered relevant and necessary as a basis for this letter. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as certified or photostatic copies or by facsimile or other means of electronic transmission. We have also assumed that the amount of ComEd's borrowings outstanding under the Credit

Agreement and the Three Year Credit Agreement dated as of October 31, 2003, as amended by the First Amendment to Credit Agreement dated as of July 16, 2004, among Exelon, ComEd, PECO and Genco, as Borrowers, various financial institutions, as Lenders, and Bank One, NA, as Administrative Agent, will not exceed the amount that ComEd is authorized to borrow under any approval referred to in paragraph 5. With respect to any instrument or agreement executed or to be executed by any party other than ComEd, we have assumed, to the extent relevant to the opinions set forth herein, that (i) such other party (if not a natural person) has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization and (ii) such other party has full right, power and authority to execute, deliver and perform its obligations under each instrument or agreement to which it is a party and each such instrument or agreement has been duly authorized (if applicable), executed and delivered by, and is a valid, binding and enforceable agreement or obligation, as the case may be, of, such other party.

Based upon the foregoing and subject to the qualifications and limitations stated below, it is our opinion that:

1. ComEd is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.

2. The execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes are within its corporate powers, have been duly authorized by all necessary corporate action, and do not (a) violate any provision of the ComEd Charter, the ComEd By-laws or any law, rule or regulation known to us to be customarily applicable to transactions of the nature contemplated by the Credit Agreement or the ComEd Notes or (b) to our knowledge, breach, constitute a default under or otherwise violate any agreement or instrument to which ComEd is a party or by which it or its properties are bound; and such execution, delivery and performance do not, to our knowledge, result in or require the creation of any lien, security interest or encumbrance on or in any of ComEd's properties.

3. The Credit Agreement and the ComEd Notes have been duly executed and delivered by ComEd.

4. The Credit Agreement and the ComEd Notes are, to the extent that the laws of the State of Illinois or the federal laws of the United States are applicable to the enforcement of ComEd's obligations thereunder, legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws of general applicability relating to or affecting the enforceability of creditors' rights generally, and by the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body of the United States or the State of Illinois is required for the due execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes, except for (i) the authorization of the U.S. Securities and Exchange Commission under the Public

Utility Holding Company Act of 1935, as amended, which authorization has been received, and (ii) the approval of the Illinois Commerce Commission under the Illinois Public Utilities Act, as amended, which approval has been received.

6. ComEd is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended (“**Investment Company Act**”).

We confirm to you that, to our knowledge, after inquiry of each lawyer in this firm who currently has supervisory responsibility for matters handled by this firm on behalf of ComEd, except as disclosed in ComEd’s Annual Report on Form 10-K for the year ended December 31, 2003 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004, there is no pending or overtly threatened action or proceeding to which ComEd or any of its Subsidiaries is a party before any court, governmental agency or arbitrator that relates to the Credit Agreement or the ComEd Notes or that could reasonably be expected to affect materially and adversely ComEd’s performance of its obligations under the Credit Agreement or the ComEd Notes.

The opinion as to enforceability set forth in paragraph 4 above is subject to the qualification that the enforceability of ComEd’s obligations under the Credit Agreement and the ComEd Notes is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). Such principles of equity are of general application and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants. Such principles would include an expectation that parties act with reasonableness and in good faith, and might be applied, for example, to provisions which purport to grant a party with the authority to exercise sole discretion or make conclusive determinations. We note further, that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the rights of parties seeking to obtain indemnification.

With respect to our opinion in paragraph 6 above that ComEd is not an “investment company” within the meaning of the Investment Company Act, we have relied exclusively, as to all factual matters, on a certificate, dated as of the date of this letter (the “**Certificate**”), of J. Barry Mitchell, Vice President and Treasurer of ComEd (the “**Executing Officer**”). We note that, for purposes of determining whether a particular entity is an “investment company” within the meaning of the Investment Company Act, it is necessary to examine the “value” of the assets of such entity within the meaning of Section 2(a)(41)(A) of the Investment Company Act. Section 2(a)(41)(A)(ii) of the Investment Company Act provides that the “value” of certain assets held by an entity shall be the “fair value” of such assets as determined in good faith by such entity’s board of directors (or similar governing body). Although the Certificate makes certain certifications regarding the value of the assets of ComEd and certain of its subsidiaries, the Executing Officer did not request the Board of Directors of ComEd or of any of such subsidiaries to determine the value of any assets required to be valued at “fair value” pursuant to Section 2(a)(41)(A)(ii), but obtained values from other sources he deemed to be reliable. We have assumed, however, with your permission, that all assets of

ComEd and its subsidiaries that are required to be valued at “fair value” pursuant to Section 2(a)(41)(A)(ii) of the Investment Company Act by the Board of Directors of ComEd or of the relevant subsidiary, as the case may be, would have been valued at the same values ascribed to such assets in the Certificate had the Board of Directors of ComEd or of the relevant subsidiary determined the “fair value” thereof pursuant to said section.

We express no opinion as to the enforceability of provisions of the Credit Agreement that (a) attempt to exculpate other parties from liability for future actions, inactions or practices, (b) purport to establish evidentiary standards, (c) purport to confer subject matter jurisdiction on any court or fix venue, (d) relate to severability or separability, (f) relate to payment without set-off or that otherwise purport to make obligations of, or determinations by, any party unconditional and absolute or (g) constitute agreements to agree. We also express no opinion as to the enforceability of provisions in the Credit Agreement to the effect that terms may not be waived or modified except in writing.

Any opinion or statement herein which is expressed to be “to our knowledge” or is otherwise qualified by words of like import means that the lawyers in this firm who have had an involvement in reviewing the Credit Agreement and the ComEd Notes have no current conscious awareness of any facts or information contrary to such opinion or statement.

This letter is limited to the federal laws of the United States of America and the laws of the State of Illinois. We note that the Credit Agreement and each of the ComEd Notes provides that it is to be governed by the laws of the Commonwealth of Pennsylvania. We express no opinion as to (i) Exelon, PECO or Genco or (ii) the enforceability under the laws of the Commonwealth of Pennsylvania of ComEd’s obligations under the Credit Agreement or the ComEd Notes. With respect to these matters, we understand you are relying upon the opinion of Ballard Spahr Andrews & Ingersoll LLP, counsel to Exelon, PECO and Genco and Pennsylvania counsel to ComEd.

This letter is being delivered solely for the benefit of the persons to whom it is addressed; accordingly, it may not be relied upon by any other person or otherwise circulated or utilized for any purpose without our written consent, except that Ballard Spahr Andrews & Ingersoll LLP may rely upon the opinions expressed in paragraphs 1 through 3 (inclusive) in rendering their opinion to you of even date herewith. This letter may not be quoted or filed with any governmental authority or other regulatory agency (except to the extent required by law). We assume no obligation to update or supplement the opinions expressed herein to reflect any facts or circumstances which may hereafter come to our attention with respect to such opinions, including any changes in applicable law which may hereafter occur.

Very truly yours,

SIDLEY AUSTIN BROWN & WOOD LLP

D-2-4

EXHIBIT E
FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

_____, 20____

Pursuant to the Five Year Credit Agreement, dated as of July 16, 2004, among Exelon Corporation (“Exelon”), PECO Energy Company (“PECO”), Exelon Generation Company, LLC (“Genco”), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”), the undersigned, being _____ of [Exelon] [PECO] [Genco] (the “Borrower”), hereby certifies on behalf of the Borrower as follows:

1. Delivered herewith are the financial statements prepared pursuant to Section 5.01(b)[(ii)/(iii)] of the Credit Agreement for the fiscal _____ ended _____, 20____. All such financial statements comply with the applicable requirements of the Credit Agreement.

2. Schedule I hereto sets forth in reasonable detail the information and calculations necessary to establish the Borrower’s compliance with the provisions of Section 5.02(c) of the Credit Agreement as of the end of the fiscal period referred to in paragraph 1 above.

3. (Check one and only one:)

No Event of Default or Unmatured Event of Default has occurred and is continuing.

An Event of Default or Unmatured Event of Default has occurred and is continuing, and the document(s) attached hereto as Schedule II specify in detail the nature and period of existence of such Event of Default or Unmatured Event of Default as well as any and all actions with respect thereto taken or contemplated to be taken by the Borrower.

4. The undersigned has personally reviewed the Credit Agreement, and this certificate was based on an examination made by or under the supervision of the undersigned sufficient to assure that this certificate is accurate.

5. Capitalized terms used in this certificate and not otherwise defined shall have the meanings given in the Credit Agreement.

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[COMMONWEALTH EDISON COMPANY]
[EXELON GENERATION COMPANY, LLC]

By _____
Name: _____
Title: _____

Date: _____

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT (this "Amendment"), dated as of February 22, 2006, amends the Three Year Credit Agreement dated as of October 31, 2003 (as previously amended, the "Credit Agreement") among EXELON CORPORATION, COMMONWEALTH EDISON COMPANY, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC (each, an "Initial Borrower" and collectively, the "Initial Borrowers"), various financial institutions and JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA), as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, Exelon Corporation, on behalf of itself and the other Initial Borrowers, has requested certain amendments to the Credit Agreement, including the deletion of ComEd as a Borrower thereunder;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Upon the effectiveness of this Amendment pursuant to Section 2 below, the Credit Agreement shall be amended to read in its entirety as set forth on the attached Annex I.

SECTION 2 CONDITIONS PRECEDENT. This Amendment shall become effective when the Administrative Agent has received (a) counterpart signature pages to this Amendment (by facsimile or otherwise) signed by the Initial Borrowers and the Majority Lenders; and (b) payment in full by ComEd of all of its obligations under the Credit Agreement, other than contingent indemnification obligations arising under provisions of the Credit Agreement that by their terms survive termination thereof (any such obligations, "Surviving Obligations").

SECTION 3 REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of ComEd. ComEd represents and warrants to the Administrative Agent and the Lenders that (a) no Event of Default or Unmatured Event of Default exists with respect to ComEd, (b) the execution and delivery by ComEd of this Amendment (i) are within the powers of ComEd, (ii) have been duly authorized by all necessary action on the part of ComEd, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of ComEd; and (c) this Amendment is the legal, valid and binding obligation of ComEd, enforceable against ComEd in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

3.2 Representations and Warranties of Continuing Borrowers. Each of Exelon, PECO and Genco (each, a "Continuing Borrower" and collectively, the "Continuing Borrowers") represents and warrants to the Administrative Agent and the Lenders that (a) each representation and warranty set forth in Article IV of the Credit Agreement is true and correct as if made on the

date hereof; (b) the execution and delivery by such Continuing Borrower of this Amendment and the performance by such Continuing Borrower of its obligations under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement") (i) are within the powers of such Continuing Borrower, (ii) have been duly authorized by all necessary action on the part of such Continuing Borrower, (iii) have received all necessary governmental approval and (iv) do not and will not contravene or conflict with any provision of law or of the organizational documents of such Continuing Borrower; and (c) this Amendment and the Amended Credit Agreement are legal, valid and binding obligations of such Continuing Borrower, enforceable against such Continuing Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditor's rights or by general principles of equity limiting the availability of equitable remedies.

SECTION 4 MISCELLANEOUS.

4.1 Continuing Effectiveness, etc. Except as expressly set forth herein, the Credit Agreement shall remain in full force and effect and is ratified, approved and confirmed in all respects.

4.2 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.3 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment.

4.4 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

4.5 Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

4.6 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

4.7 Deletion of ComEd as a Borrower. ComEd acknowledges that it shall not be a party to the Amended Credit Agreement, shall have no right to request or obtain Credit Extensions thereunder and shall have no other rights or obligations thereunder or in connection therewith (other than Surviving Obligations).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers as of the date first above written.

EXELON CORPORATION

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

COMMONWEALTH EDISON COMPANY

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

PECO ENERGY COMPANY

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

EXELON GENERATION COMPANY, LLC

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Assistant Treasurer

*Third Amendment to
Three Year Credit Agreement*

THE LENDERS:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and as a Lender

By: /s/ Michael J. DeForge _____

Name: Michael J. DeForge

Title: Vice President

*Third Amendment to
Three Year Credit Agreement*

BARCLAYS BANK PLC

By: /s/ David Barton

Name: David Barton

Title: Associate Director

*Third Amendment to
Three Year Credit Agreement*

CITIBANK, N.A.

By: /s/ Stuart J. Murray

Name: STUART J. MURRAY

Title: Director

388 Greenwich Street/21st FL./NYC
(212) 816-8597

*Third Amendment to
Three Year Credit Agreement*

BANK OF AMERICA, N.A.

By: /s/ Kevin R. Wagley

Name: Kevin R. Wagley

Title: Senior Vice President

*Third Amendment to
Three Year Credit Agreement*

MERRILL LYNCH BANK USA

By: /s/ Louis Alder

Name: Louis Alder

Title: Director

*Third Amendment to
Three Year Credit Agreement*

THE BANK OF NOVA SCOTIA

By: /s/ Thane Rattew

Name: Thane Rattew

Title: Managing Director

*Third Amendment to
Three Year Credit Agreement*

**CREDIT SUISSE, Cayman Islands Branch
(formerly known as CREDIT SUISSE FIRST
BOSTON, Cayman Islands Branch)**

By: /s/ Sarah Wu

Name: Sarah Wu

Title: Director

By: /s/ Denise Alvarez

Name: Denise Alvarez

Title: Associate

*Third Amendment to
Three Year Credit Agreement*

KEYBANK NATIONAL ASSOCIATION

By: /s/ Lawrence A. Mack

Name: Lawrence A. Mack

Title: Senior Vice President

*Third Amendment to
Three Year Credit Agreement*

LEHMAN BROTHERS BANK, FSB, as a Lender

By: /s/ Janine M. Shugan

Name: Janine M. Shugan

Title: Authorized Signatory

Three Year Credit Agreement

UBS LOAN FINANCE LLC

By: /s/ Richard L. Tavrow

Name: Richard L. Tavrow

Title: Director

By: /s/ Irja R. Otsa

Name: Irja R. Otsa

Title: Associate Director

*Third Amendment to
Three Year Credit Agreement*

BNP PARIBAS

By: /s/ Mark A. Renaud

Name: MARK A. RENAUD

Title: Managing Director

By: [ILLEGIBLE]

Name: [ILLEGIBLE]

Title: Director

*Third Amendment to
Three Year Credit Agreement*

THE BANK OF NEW YORK

By: /s/ Richard K. Fronapfel, Jr.
Name: Richard K. Fronapfel, Jr.
Title: Vice President

*Third Amendment to
Three Year Credit Agreement*

MELLON BANK, N.A.

By: /s/ Mark W. Rogers

Name: Mark W. Rogers

Title: Vice President

*Third Amendment to
Three Year Credit Agreement*

ABN AMRO BANK, N.V.

By: /s/ R. Scott Donaldson

Name: R. Scott Donaldson

Title: Vice President

By: /s/ Todd Vaubel

Name: Todd Vaubel

Title: Assistant Vice President

*Third Amendment to
Three Year Credit Agreement*

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES**

By: /s/ Thomas R. Brady

Name: Thomas R. Brady

Title: Director

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES**

By: /s/ Brian Smith

Name: Brian Smith

Title: Managing Director

*Third Amendment to
Three Year Credit Agreement*

THE NORTHERN TRUST COMPANY, as a
Lender

By: /s/ Karen E. Dahl

Name: KAREN E. DAHL

Title: VICE PRESIDENT

Three Year Credit Agreement

U.S. BANK NATIONAL ASSOCIATION

By: /s/ R. Michael Newton

Name: R. Michael Newton

Title: Vice President

*Third Amendment to
Three Year Credit Agreement*

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Charles W. Reed

Name: Charles W. Reed

Title: Vice President

By: /s/ Peter R. Martinets

Name: Peter R. Martinets

Title: Vice President

Three Year Credit Agreement

MIZUHO CORPORATE BANK, LTD.

By: /s/ Raymond Ventura

Name: Raymond Ventura

Title: Deputy General Manager

*Third Amendment to
Three Year Credit Agreement*

**WACHOVIA BANK, NATIONAL
ASSOCIATION**

By: _____

Name:

Title:

*Third Amendment to
Three Year Credit Agreement*

MORGAN STANLEY BANK

By: _____
Name:
Title:

*Third Amendment to
Three Year Credit Agreement*

FIFTH THIRD BANK

By: _____
Name:
Title:

*Third Amendment to
Three Year Credit Agreement*

BANK HAPOALIM

By: _____
Name:
Title:

*Third Amendment to
Three Year Credit Agreement*

ANNEX I

**COPY OF CREDIT AGREEMENT AS AMENDED
[ATTACHED]**

Annex I-1

COMPOSITE COPY

THREE YEAR CREDIT AGREEMENT

dated as of October 31, 2003

among

EXELON CORPORATION,
PECO ENERGY COMPANY

and

EXELON GENERATION COMPANY, LLC

as Borrowers

VARIOUS FINANCIAL INSTITUTIONS

as Lenders

JPMORGAN CHASE BANK, N.A.

as Administrative Agent

CITIBANK, N.A.,

WACHOVIA BANK, NATIONAL ASSOCIATION

and

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES

as Co-Documentation Agents

and

BARCLAYS BANK PLC

as Syndication Agent

BANC ONE CAPITAL MARKETS, INC.

and

BARCLAYS CAPITAL

Co-Lead Arrangers

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THREE YEAR CREDIT AGREEMENT
dated as of October 31, 2003

EXELON CORPORATION, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC, the banks listed on the signature pages hereof, JPMORGAN CHASE BANK, N.A., as Administrative Agent, CITIBANK, N.A., WACHOVIA BANK, NATIONAL ASSOCIATION and DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as Co-Documentation Agents, and BARCLAYS BANK PLC, as Syndication Agent, hereby agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

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):

“Adjusted Funds From Operations” means, for any Borrower for any period, such Borrower’s Net Cash Flows From Operating Activities for such period minus such Borrower’s Transitional Funding Instrument Revenue for such period plus such Borrower’s Net Interest Expense for such period minus, in the case of Exelon, the portion (but, not less than zero) of Exelon’s Net Cash Flows From Operating Activities for such period attributable to ComEd Entities and Energy Holdings Entities.

“Administrative Agent” means JPMCB 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 a Borrower hereunder. An Advance may be a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a “Type” of Advance.

“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.

“Agents” means the Administrative Agent, the Co-Documentation Agents and the Syndication Agent; and “Agent” means any one of the foregoing.

“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 Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

“Applicable Margin” — see Schedule I.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C.

“Base Rate” means, for any period, a fluctuating interest rate per annum which rate per annum shall at all times be equal to the higher of:

(a) the Prime Rate; and

(b) the sum of 0.5% per annum plus the Federal Funds Rate in effect from time to time.

“Base Rate Advance” means an Advance that bears interest as provided in Section 2.06(a).

“Borrowers” means Exelon, PECO and Genco; and “Borrower” means any one of the foregoing.

“Borrowing” means a group of Advances to the same Borrower 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 Eurodollar Rate 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 Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

“Closing Date” shall mean the date on which all conditions precedent to the initial Credit Extension have been satisfied.

“Code” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, in each case as amended, reformed or otherwise modified from time to time.

“Co-Documentation Agent” means each of Citibank, N.A., Wachovia Bank, National Association and Dresdner Bank AG, New York and Grand Cayman Branches in its capacity as a co-documentation agent hereunder.

“Co-Lead Arranger” means each of Banc One Capital Markets and Barclays Capital in its capacity as a Co-Lead Arranger.

“ComEd” means Commonwealth Edison Company, an Illinois corporation, or any successor thereof.

“ComEd Debt” means Debt of any ComEd Entity for which none of the Borrowers nor any of their Subsidiaries (other than another ComEd Entity) has any liability, contingent or otherwise. ‘

“ComEd Entity” means ComEd and each of its Subsidiaries.

“Commitment” means, for any Lender, such Lender’s commitment to make Advances and participate in Facility LCs for the account of each Borrower hereunder.

“Commitment Amount” means, for any Lender at any time, the amount set forth opposite such Lender’s name on Schedule II attached hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04.

“Commitment Termination Date” means, with respect to any Borrower, the earlier of (i) October 31, 2006 or (ii) the date of termination of the Commitments to such Borrower pursuant to Section 2.04 or 6.01.

“Commodity Trading Obligations” mean, with respect to any Person, the obligations of such Person 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 and emissions forward contracts, or any combination of any such arrangements, agreements and/or transactions, employed in the ordinary course of such Person’s business, including any such Person’s energy marketing, trading and asset optimization business, or (ii) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, 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 such Person pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors of such Person. The term “commodities” shall include electric energy and/or capacity, coal, petroleum, natural gas, emissions allowances, weather derivatives and related products and by-products and ancillary services.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with Exelon or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

“Credit Extension” means the making of an Advance or the issuance or modification of a Facility LC hereunder.

“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, (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.

“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 Acceptance 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 Borrowers and the Administrative Agent.

“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 (v) any Affiliate of a Lender; provided that, unless otherwise agreed by Exelon 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) or (v) 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)).

“Eligible Successor” means a Person which (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 a Borrower and its Subsidiaries, (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) is acceptable to the Majority Lenders as a credit matter.

“Energy Holdings” means PSEG Energy Holdings L.L.C., a New Jersey limited liability company.

“Energy Holdings Debt” means Debt of any Energy Holdings Entity for which none of the Borrowers nor any of their Subsidiaries (other than another Energy Holdings Entity) has any liability, contingent or otherwise.

“Energy Holdings Entity” means Energy Holdings and each of its Subsidiaries.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” in its Administrative Questionnaire or in the Assignment and Acceptance 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 Borrowers and the Administrative Agent.

“Eurodollar Rate” means, for each Interest Period for each Eurodollar Rate Advance made as part of a Borrowing, the applicable British Bankers’ Association LIBOR rate for deposits in U.S. dollars having a maturity equal to such Interest Period, as reported by any generally recognized financial information service as of 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period; provided that if no such British Bankers’ Association LIBOR rate is available to the Administrative Agent, the Eurodollar Rate for such Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which JPMCB or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of JPMCB’s relevant Eurodollar Rate Advance and having a maturity equal to such Interest Period.

“Eurodollar Rate Advance” means any Advance that bears interest as provided in Section 2.06(b).

“Eurodollar Rate Reserve Percentage” of any Lender for any Interest Period means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“Event of Default” — see Section 6.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended and modified from time to time.

“Exelon” means Exelon Corporation, a Pennsylvania corporation, or any Eligible Successor thereof.

“Exelon Sublimit” means \$100,000,000, subject to adjustment as provided in Section 2.04(c).

“Existing Agreement” means the Credit Agreement dated as of November 22, 2002 among the Borrowers, various financial institutions and Bank One, NA, as Administrative Agent, as amended prior to the Closing Date.

“Existing Letter of Credit” means each letter of credit listed on Schedule III.

“Facility Fee Rate” — see Schedule I.

“Facility LC” means any letter of credit issued pursuant to Section 2.16 and any Existing Letter of Credit.

“Facility LC Application” — see Section 2.16.3.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“GAAP” — see Section 1.03.

“Genco” means Exelon Generation Company, LLC, a Pennsylvania limited liability company, or any Eligible Successor thereof.

“Genco Sublimit” means \$150,000,000, subject to adjustment as provided in Section 2.04(c).

“Granting Bank” — see Section 8.07(h).

“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.

“Interest Coverage Ratio” means, with respect to any Borrower for any period of four consecutive fiscal quarters, the ratio of such Borrower’s Adjusted Funds From Operations for such period to such Borrower’s Net Interest Expense for such period.

“Interest Expense” means, for any Borrower for any period, “interest expense” as shown on a consolidated statement of income of such Borrower for such period prepared in accordance with GAAP.

“Interest Expense to Affiliates” means, for any period, in the case of Exelon and PECO, “Interest Expense to Affiliates” as shown on a consolidated statement of income of Exelon or PECO, as applicable, for such period.

“Interest Period” means, for each Eurodollar Rate Advance, the period commencing on the date of such Eurodollar Rate Advance is made or is converted from a Base Rate Advance and ending on the last day of the period selected by the applicable 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 such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 2, 3 or 6 months, as the applicable Borrower may select in accordance with Section 2.02 or 2.09; provided that:

(i) no Borrower may select any Interest Period that ends after the scheduled Maturity Date for such Borrower;

(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.

“JPMCB” means JPMorgan Chase Bank, N.A., a national banking association.

“LC Fee Rate” — see Schedule I.

“LC Issuer” means JPMCB in its capacity as issuer of Facility LCs hereunder.

“LC Obligations” means, with respect to any Borrower at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs issued for the account of such Borrower outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations of such Borrower.

“LC Payment Date” — see Section 2.16.5.

“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.

“Letter of Credit Sublimit” means \$400,000,000.

“Lien” means any lien (statutory or other), mortgage, pledge, security interest or other charge or encumbrance, or any other type of preferential arrangement (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, no Borrower nor any Affiliate of a Borrower, 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) with respect to any Borrower, (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of such Borrower and its consolidated Subsidiaries (other than ComEd Entities and Energy Holdings Entities), taken as a whole, provided that, except as otherwise expressly provided herein, neither (a) changes or effects relating to the investment of such Borrower or any of its Subsidiaries in ComEd Entities or Energy Holdings Entities nor (b) the assertion against such Borrower or any of its Subsidiaries of liability for any obligation arising under ERISA for which such Borrower or any of its Subsidiaries bore joint and several liability with any ComEd Entity, or the payment by such Borrower or any of its Subsidiaries of any such obligation, shall 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 such Borrower of this Agreement or any applicable Note.

“Material Subsidiary” means, with respect to Exelon, each of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing.

“Maturity Date” means, with respect to any Borrower, the earlier of (i) October 31, 2006 or (ii) the date on which all obligations of such Borrower become due and payable (pursuant to Section 6.01 or otherwise).

“Modify” and “Modification” — see Section 2.16.1.

“Moody’s” means Moody’s Investors Service, Inc.

“Moody’s Rating” means, at any time for any Borrower, the rating issued by Moody’s and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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 maintained pursuant to a collective bargaining agreement or any other arrangement to which Exelon or any other member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

“Net Cash Flows From Operating Activities” means, for any Borrower for any period, “Net Cash Flows provided by Operating Activities” as shown on a consolidated statement of cash flows of such Borrower for such period prepared in accordance with GAAP, excluding any “working capital changes” (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities.

“Net Interest Expense” means, for any Borrower for any period, the total of (a) such Borrower’s Interest Expense for such period minus (b) to the extent that Interest Expense to Affiliates is included in such Interest Expense and relates to (i) interest payments on debt obligations that are subordinated to the obligations of such Borrower under this Agreement, (ii) such Borrower’s Interest Expense to Affiliates for such period or (iii) such Borrower’s or such Borrower’s Subsidiaries’ Transitional Funding Instrument Interest for such period minus (c) in the case of Exelon, interest on ComEd Debt and Energy Holdings Debt for such period.

“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 any Borrower or any of their respective Affiliates other than:

1. 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;
2. 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
3. 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.

“Note” means a promissory note of a Borrower payable to the order of a Lender, in substantially the form of Exhibit A, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

“Notice of Borrowing” — see Section 2.02(a).

“OECD” means the Organization for Economic Cooperation and Development.

“Outstanding Credit Extensions” means, with respect to any Borrower, the sum of the aggregate principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“PECO” means PECO Energy Company, a Pennsylvania corporation, or any Eligible Successor thereof.

“PECO Mortgage” means the First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas & Electric Company (to which PECO is successor) and Fidelity Trust Company, Trustee (to which First Union National Bank is successor), as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the definition of “excepted encumbrances” as defined in the PECO Mortgage as constituted on the date of this Agreement.

“PECO Sublimit” means \$250,000,000, subject to adjustment as provided in Section 2.04(c).

“Permitted Obligations” mean, with respect to Genco or any of its Subsidiaries, (1) Hedging Obligations arising in the ordinary course of business and in accordance with such 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 Obligations being hedged thereby 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 Exelon or any other member of the Controlled Group may have any liability.

“Power” means PSEG Power LLC, a Delaware limited liability company.

“Power Merger” means the proposed merger of Power into Genco subsequent to the PSEG Merger.

“Power Merger Date” means the date that the Power Merger is consummated.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced by JPMCB or by its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Principal Subsidiary” means, with respect to a Borrower, (a) each Utility Subsidiary of such Borrower and (b) each other Subsidiary of such Borrower (i) the consolidated assets of which, as of the date of any determination thereof, constitute at least 10% of the consolidated assets of such Borrower or (ii) the consolidated earnings before taxes of which constitute at least 10% of the consolidated earnings before taxes of such Borrower for the most recently completed fiscal year; provided that (x) no ComEd Entity shall be considered a Principal Subsidiary of Exelon; and (y) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Principal Subsidiary of Exelon.

“Pro Rata Share” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender’s Commitment Amount (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of such Lender’s outstanding Advances to such Borrower plus the amount of such Lender’s participation in all of such Borrower’s LC Obligations) and the denominator of which is the aggregate amount of the Commitment Amounts (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower).

“PSE&G” means Public Service Electric and Gas Company, a New Jersey corporation.

“PSEG” means Public Service Enterprise Group Incorporated, a New Jersey corporation.

“PSEG Merger” means the merger of PSEG into Exelon substantially as contemplated by the Agreement and Plan of Merger dated as of December 20, 2004 between PSEG and Exelon.

“PSEG Merger Date” means the date that the PSEG Merger is consummated.

“PSE&G Mortgage” means the Mortgage Indenture dated August 1, 1924, between PSE&G and Wachovia Bank, National Association (formerly Fidelity Union Trust Company), as trustee, as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the scope of Liens permitted under the PSE&G Mortgage as constituted on the date of this Agreement.

“Register” — see Section 8.07(c).

“Reimbursement Obligations” means, with respect to any Borrower at any time, the aggregate of all obligations of such Borrower then outstanding under Section 2.16 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and regulations issued under such section with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be

notified within 30 days of the occurrence of such event, 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(d) of the Code.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“S&P Rating” means, at any time for any Borrower, the rating issued by S&P and then in effect with respect to such Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if such 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”).

“Single Employer Plan” means a Plan maintained by Exelon or any other member of the Controlled Group for employees of Exelon or any other member of the Controlled Group.

“SPC” — see Section 8.07(h).

“Special Purpose Subsidiary” means a direct or indirect wholly owned corporate Subsidiary of PECO or, on and after the PSEG Merger Date, PSE&G, substantially all of the assets of which are “intangible transition property” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended, or any successor provision of similar import) or “bondable transition property” (as defined in N.J.S.A. 48:3-51, as amended, or any successor provision of similar import), and proceeds thereof, formed solely for the purpose of holding such assets and issuing such Transitional Funding Instruments, and which complies with the requirements customarily imposed on bankruptcy-remote corporations in receivables securitizations.

“Sublimit” means the Exelon Sublimit, the PECO Sublimit or the Genco Sublimit.

“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).

“Syndication Agent” means Barclays Bank PLC in its capacity as a syndication agent hereunder.

“Taxes” — see Section 2.14.

“Transitional Funding Instrument” means any instruments, pass-through certificates, notes, debentures, certificates of participation, bonds, certificates of beneficial interest or other evidences of indebtedness or instruments evidencing a beneficial interest which (i) in the case of PECO, are “transition bonds” (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g), as amended), representing a securitization of “intangible transition property” (as defined in the foregoing

statute), (ii) on and after the PSEG Merger Date, in the case of PSE&G are “transition bonds” (as defined in N.J.S.A. 48:3-51, as amended), representing a securitization of “bondable transition property” (as defined in the foregoing statute) and (iii) in the case of each of PECO and, after the PSEG Merger Date, PSE&G, (A) are issued pursuant to a financing order of a public utilities commission at the request of an electric utility pursuant to state legislation which is enacted to facilitate the recovery of certain specified costs by electric utilities through non-bypassable cent per kilowatt hour charges and/or demand charges authorized pursuant to such order to be applied and invoiced to customers of such utility and (B) are secured by or otherwise payable solely from such non-bypassable charges.

“Transitional Funding Instrument Interest” means, for any Borrower for any period, the portion of such Borrower’s Interest Expense for such period which was payable in respect of Transitional Funding Instruments.

“Transitional Funding Instrument Revenue” means, for any Borrower for any period, the portion of such Borrower’s (or, in the case of Exelon, its Subsidiaries’) consolidated revenue for such period attributable to charges invoiced to customers in respect of Transitional Funding Instruments.

“Type” — see the definition of Advance.

“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 evaluation date for such 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.

“Utility Subsidiary” means, with respect to a Borrower, each Subsidiary of such Borrower that is engaged principally in the transmission, or distribution of electricity or gas and is subject to rate regulation as a public utility by federal or state regulatory authorities; provided that, (i) no ComEd Entity shall be considered a Utility Subsidiary of Exelon and (ii) on or after the PSEG Merger Date, no Energy Holdings Entity shall be considered a Utility Subsidiary of Exelon.

“Utilization Fee Rate” — see Schedule I.

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) unless otherwise indicated, any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; and (c) the term “including” means “including without limitation”.

SECTION 1.03 Accounting Principles. (a) As used in this Agreement, “GAAP” shall mean generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing Exelon’s audited consolidated financial statements as of December 31, 2004 and for the fiscal year then ended, as such principles may be revised as a result of changes in GAAP implemented by a 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 any Borrower apply accounting principles other than GAAP (including as a result of any event described in 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 to GAAP 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 applicable Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and such 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.

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 (a) make Advances to any Borrower and (b) to participate in Facility LCs issued upon the request of any Borrower, in each case from time to time during the period from the date hereof to the Commitment Termination Date for such Borrower, in an aggregate amount not to exceed such Lender’s Commitment Amount as in effect from time to time; provided that (i) the aggregate principal amount of all Advances by such Lender to any Borrower shall not exceed such Lender’s Pro Rata Share of the aggregate principal amount of all Advances to such Borrower; (ii) such Lender’s participation in Facility LCs issued for the account of any Borrower shall not exceed such Lender’s Pro Rata Share of all LC Obligations of such Borrower; (iii) the Outstanding Credit Extensions to Exelon shall not at any time exceed the Exelon Sublimit; (iv) the Outstanding Credit Extensions to PECO shall not at any time exceed the PECO Sublimit; (v) the Outstanding Credit Extensions to Genco shall not at any time exceed the Genco Sublimit; and (vi) the LC Obligations of all Borrowers collectively shall not at any time exceed the Letter of Credit Sublimit. Within the foregoing limits, each Borrower may from time to time borrow, prepay pursuant to Section 2.10 and reborrow hereunder prior to the Commitment Termination Date for such Borrower.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

(a) Any Borrower may request Advances hereunder 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. (Chicago time) on the third Business Day prior to the date of any proposed borrowing of Eurodollar Rate Advances and on the date of any proposed borrowing of Base Rate Advances. Each Notice of Borrowing shall be sent by telecopier, confirmed immediately in writing, and shall be in substantially the form of Exhibit B, specifying therein the Borrower which is requesting Advances and the requested (i) date of borrowing (which shall be a Business Day), (ii) Type of Advances to be borrowed, (iii) the aggregate amount of such Advances, and (iv) in the case of a borrowing of Eurodollar Rate Advances, the initial Interest Period therefor. Each Lender shall, before 12:00 noon (Chicago time) 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 applicable Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the applicable Borrower. If a Notice of Borrowing requests Eurodollar Rate Advances, the applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure 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 any 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., Chicago time, 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 applicable 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 such 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 such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such 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 Eurodollar Rate 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 Borrowers collectively may not have more than 25 Borrowings of Eurodollar Rate Advances outstanding at any time.

SECTION 2.03 Facility and Utilization Fees.

(a) Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a facility fee for the period from the Closing Date to the Commitment Termination Date for such Borrower (or, if later, the date on which all Outstanding Credit Extensions to such Borrower have been paid in full) in an amount equal to the Facility Fee Rate for such Borrower multiplied by such Borrower's Sublimit (or, after the Commitment Termination Date for such Borrower, the principal amount of all Outstanding Credit Extensions to such Borrower), payable on the last day of each March, June, September and December and on the Final Termination Date for such Borrower (and, if applicable, thereafter on demand).

(b) Utilization Fee. Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a utilization fee for each day on which either (i) the Outstanding Credit Extensions to all Borrowers exceed 33-1/3% of the aggregate amount of the Commitment Amounts or (ii) such Borrower's Outstanding Credit Extensions exceed 33-1/3% of such Borrower's Sublimit, in each case in an amount equal to the Utilization Fee Rate for such Borrower multiplied by such Borrower's Outstanding Credit Extensions on such day, payable on the last day of each March, June, September and December and on the Commitment Termination Date for such Borrower.

SECTION 2.04 Reduction of Commitment Amounts; Adjustment of Sublimits. (a) Each Borrower shall have the right, upon at least two Business Days' notice to the Administrative Agent, to ratably reduce the respective Commitment Amounts of the Lenders in accordance with their Pro Rata Shares; provided that no Borrower may reduce the Commitment Amounts by an aggregate amount that is greater than the remainder of the amount of such Borrower's Sublimit minus the Outstanding Credit Extensions to such Borrower; and provided, further, that each partial reduction of the Commitment Amounts shall be in the aggregate amount of \$10,000,000 or an integral multiple thereof. Once reduced pursuant to this Section 2.04, the Commitment Amounts may not be increased.

(b) Any Borrower shall have the right at any time such Borrower's Sublimit has been reduced to zero, upon at least two Business Days' notice to the Administrative Agent, to terminate the Commitment of each Lender with respect to such Borrower in its entirety (but only if such Borrower concurrently pays all of its obligations hereunder). Upon any such termination, such Borrower shall cease to be a party hereto and shall no longer have any rights or obligations hereunder (except under provisions hereof which by their terms would survive any termination hereof).

(c) The Borrowers may from time to time so long as no Event of Default or Unmatured Event of Default exists with respect to any Borrower, upon not less than five Business Days' notice to the Administrative Agent (which shall promptly notify each Lender), change their respective Sublimits; provided that (i) the sum of the Sublimits shall at all times be equal to the aggregate amount of the Commitment Amounts; and (ii) after giving effect to any adjustment of the Sublimits, (A) each Sublimit shall be an integral multiple of \$50,000,000 (except that one Sublimit may not be such an integral multiple if the aggregate amount of the Commitment Amounts is not an integral multiple of \$50,000,000); (B) no Borrower's Sublimit shall exceed \$250,000,000; (C) the Outstanding Credit Extensions to Exelon shall not exceed the Exelon Sublimit; (D) the Outstanding Credit Extensions to Genco shall not exceed the Genco Sublimit and (E) the Outstanding Credit Extensions to PECO shall not exceed the PECO Sublimit.

SECTION 2.05 Repayment of Advances. Each Borrower shall repay the principal amount of all Advances made to it on or before the Maturity Date for such Borrower.

SECTION 2.06 Interest on Advances. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) At all times such Advance is a Base Rate Advance, a rate per annum equal to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December and on the date such Base Rate Advance is converted to a Eurodollar Rate Advance or paid in full.

(b) Subject to Section 2.07, at all times such Advance is a Eurodollar Rate Advance, a rate per annum equal to the sum of the Eurodollar Rate for each applicable Interest Period plus the Applicable Margin in effect from time to time for such Borrower, payable on the last day of each Interest Period for such Eurodollar Rate 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 Eurodollar Rate Advance is converted to a Base Rate Advance or paid in full.

SECTION 2.07 Additional Interest on Eurodollar Advances. Each Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender made to such Borrower, from the date of such Advance until such principal amount is paid in full or converted to a Base Rate Advance, at an interest rate per annum equal to the remainder obtained by subtracting (i) the Eurodollar Rate for each Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance; provided that no Lender shall be entitled to demand such additional interest more than 90 days following the last day of the Interest Period in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive such additional interest to the extent that such additional interest relates to the

retroactive application of the reserve requirements described above if such demand is made within 90 days after the implementation of such retroactive reserve requirements. Such additional interest shall be determined by the applicable Lender and notified to the applicable Borrower through the Administrative Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.08 Interest Rate Determination. (a) The Administrative Agent shall give prompt notice to the applicable Borrower and the Lenders of each applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the applicable Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor (unless prepaid or converted to a Base Rate Advance prior to such day), convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, continue or convert into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09 Continuation and Conversion of Advances. (a) Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. (Chicago time) on the third Business Day prior to the date of any proposed continuation of or conversion into Eurodollar Rate 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 Eurodollar Rate 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 Eurodollar Rate Advances or conversion of Eurodollar Rate Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances, unless, in the case of such a conversion, such 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 Eurodollar Rate Advances, the duration of the Interest Period for such Advances.

(b) If a Borrower shall fail to select the Type of any Advance or the duration of any Interest Period for any Borrowing of Eurodollar Rate 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 such 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. Any Borrower may, upon notice to the Administrative Agent at least three Business Days prior to any prepayment of Eurodollar Rate Advances, or one Business Day's notice prior to 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 that 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 Eurodollar Rate 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 Eurodollar Rate Advance, such Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment.

SECTION 2.11 Increased Costs. (a) If on or after the date of this Agreement, any Lender or the LC Issuer determines that (i) the introduction of or any change (other than, in the case of Eurodollar Rate Advances, any change by way of imposition or increase of reserve requirements, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) shall increase the cost to such Lender or the LC Issuer, as the case may be, of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of issuing or participating in any Facility LC, then the applicable Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, pay to the Administrative Agent for the account of such Lender additional amounts (without duplication of any amount payable pursuant to Section 2.14) sufficient to compensate such Lender or the LC Issuer, as applicable, for such increased cost; provided that no Lender shall be entitled to demand such compensation more than 90 days following the last day of the Interest Period in respect of which such demand is made and the LC Issuer shall not be entitled to demand such compensation more than 90 days following the expiration or termination (by a drawing or otherwise) of the Facility LC in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described in clause (i) or (ii) above if such demand is made within 90 days after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to the amount of such increased cost, submitted to the applicable Borrower and the Administrative Agent by a Lender or the LC Issuer, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or the LC Issuer determines that, after the date of this Agreement, compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) regarding capital adequacy requirements affects or would affect the amount of capital required or expected to be maintained by such Lender or the LC Issuer or any Person controlling such Lender or the LC Issuer (including, in any event, any determination after the date of this Agreement by any such governmental authority or central bank that, for purposes of capital adequacy requirements, any Lender's Commitment to a Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower as the case may be does not constitute a commitment with an

original maturity of less than one year) and that the amount of such capital is increased by or based upon the existence of such Lender's Commitment to such Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower, as applicable, or the Advances made by such Lender to such Borrower or Reimbursement Obligations owed to the LC Issuer by such Borrower, as the case may be, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, such Borrower shall immediately pay to the Administrative Agent for the account of such Lender or LC Issuer, as applicable, from time to time as specified by such Lender or the LC Issuer, as applicable, additional amounts sufficient to compensate such Lender, the LC Issuer or such controlling Person, as applicable, in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's Commitment to such Borrower or the Advances made by such Lender to such Borrower or the LC Issuer determines such increase in capital to be allocable to the LC Issuer's commitment to issue Facility LCs for the account of such Borrower or the Reimbursement Obligations owed by such Borrower to the LC Issuer; provided that no Lender or the LC Issuer shall be entitled to demand such compensation more than one year following the payment to or for the account of such Lender of all other amounts payable hereunder by such Borrower and under any Note of such Borrower held by such Lender and the termination of such Lender's Commitment to such Borrower and the LC Issuer shall not be entitled to demand such compensation more than one year after the expiration or termination (by drawing or otherwise) of all Facility LCs issued for the account of such Borrower and the termination of the LC Issuer's commitment to issue Facility LCs for the account of such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described above if such demand is made within one year after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to such amounts submitted to the applicable Borrower and the Administrative Agent by the applicable Lender or the LC Issuer shall be conclusive and binding, for all purposes, absent manifest error.

(c) Any Lender claiming compensation pursuant to this Section 2.11 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such compensation that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

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 Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, continue or convert Advances into Eurodollar Rate Advances shall be suspended (subject to the following paragraph of this Section 2.12) until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) all Eurodollar Rate 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 Eurodollar Rate Advances has been suspended pursuant to the preceding paragraph, then, unless and until the Administrative Agent shall notify the applicable 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 Eurodollar Rate Advances shall instead be made as Base Rate Advances and (ii) to the extent that Eurodollar Rate 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 Eurodollar Rate Advances of such Lender shall be applied instead to such Base Rate Advances of such Lender.

SECTION 2.13 Payments and Computations. (a) Each Borrower shall make each payment hereunder and under any Note issued by such Borrower not later than 10:00 A.M. (Chicago time) 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, facility fees, utilization fees and letter of credit fees ratably (other than amounts payable pursuant to Section 2.02(b), 2.07, 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 Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, 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 Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by such Borrower is not made when due hereunder, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Prime 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 computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.07 shall be made by a Lender, 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 (or, in the case of Section 2.07, by a Lender) 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 Eurodollar Rate 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 a Borrower prior to the date on which any payment is due by such Borrower to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such 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 such 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 a 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 Base Rate plus 2%, payable upon demand.

SECTION 2.14 Taxes. (a) Any and all payments by any Borrower hereunder or under any Note issued by such Borrower shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, the LC Issuer and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender, the LC Issuer or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If a Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note issued by such Borrower to any Lender, the LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower severally agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies to the

extent arising from the execution, delivery or registration of this Agreement or any Note (hereinafter referred to as “Other Taxes”), in each case to the extent attributable to such Borrower; it being understood that to the extent any Other Taxes so payable are not attributable to any particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers’ respective Sublimits at the time such Other Taxes arose.

(c) No Lender may claim or demand payment or reimbursement in respect of any Taxes or Other Taxes pursuant to this Section 2.14 if such Taxes or Other Taxes, as the case may be, were imposed solely as the result of a voluntary change in the location of the jurisdiction of such Lender’s Applicable Lending Office.

(d) Each Borrower will indemnify each Lender, the LC Issuer and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) paid by such Lender, the LC Issuer or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted, in each case to the extent attributable to such Borrower; it being understood that to the extent any Taxes, Other Taxes or other liabilities described above are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers’ respective Sublimits at the time such Taxes, Other Taxes or other liability arose. This indemnification shall be made within 30 days from the date such Lender, the LC Issuer or the Administrative Agent (as the case may be) makes written demand therefor.

(e) Prior to the date of an initial borrowing hereunder in the case of each Lender listed on the signature pages hereof, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter within 30 days from the date of request if requested by any Borrower or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and each Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under any Note. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Administrative Agent and the Borrowers in writing to that effect. Unless the Borrowers and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrowers or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States and no Lender may claim or demand payment or reimbursement for such withheld taxes pursuant to this Section 2.14.

(f) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which

may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(g) If a Borrower makes any additional payment to any Lender pursuant to this Section 2.14 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge attributable solely to any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.14, such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to such Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If, within one year after the payment of any such amount to such Borrower, such Lender determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.14(g), such Borrower shall upon notice and demand of such Lender promptly repay the amount of such overpayment. Any determination made by a Lender pursuant to this Section 2.14(g) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.14(g) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs (except as required by Section 2.14(f)) so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of such Lender.

(h) Without prejudice to the survival of any other agreement of any Borrower or any Lender hereunder, the agreements and obligations of the Borrowers and the Lenders contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and the termination of this Agreement; provided that no Lender shall be entitled to demand any payment from a Borrower under this Section 2.14 more than one year following the payment to or for the account of such Lender of all other amounts payable by such Borrower hereunder and under any Note issued by such Borrower to such Lender and the termination of such Lender's Commitment to such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive any payment under this Section 2.14 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

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 any Borrower or its participation interest in any Facility LC issued for the account of any Borrower (other than pursuant to Section 2.02(b), 2.07, 2.11, 2.14 or 8.04(b)) in excess of its ratable share of payments on account of the Advances to such Borrower and Facility LCs issued for the account of such Borrower obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them to such Borrower and/or LC Obligations of such Borrower 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 Borrowers agree 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 applicable Borrower in the amount of such participation.

SECTION 2.16 [Facility LCs](#).

SECTION 2.16.1 [Issuance](#). The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement (including the limitations set forth in [Section 2.01](#)), upon the request of any Borrower, to issue standby letters of credit and to renew, extend, increase or otherwise modify Facility LCs ("[Modify](#)," and each such action a "[Modification](#)") for such Borrower, from time to time from and including the date of this Agreement and prior to the Commitment Termination Date for such Borrower. No Facility LC shall have an expiry date later than the earlier of (a) one year after the date of issuance, or of extension or renewal, thereof or (b) the scheduled Commitment Termination Date. By their execution of this Agreement, the parties hereto agree that on the Closing Date (without any further action by any Person), each Existing Letter of Credit shall be deemed to have been issued under this Agreement and the rights and obligations of the issuer and the account party thereunder shall be subject to the terms hereof.

SECTION 2.16.2 [Participations](#). Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this [Section 2.16](#) (or, in this case of the Existing Letters of Credit, on the Closing Date), the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

SECTION 2.16.3 [Notice](#). Subject to [Section 2.16.1](#), the applicable Borrower shall give the LC Issuer notice prior to 10:00 A.M. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the applicable conditions precedent set forth in [Article III](#) (the satisfaction of which the LC Issuer shall have no duty to ascertain; [provided](#) that the LC Issuer shall not issue any Facility LC if the LC Issuer shall have received written notice (which has not been rescinded) from the

Administrative Agent or any Lender that any applicable condition precedent to the issuance or modification of such Facility LC has not been satisfied and, in fact, such condition precedent is not satisfied at the requested time of issuance), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the applicable Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

SECTION 2.16.4 LC Fees. Each Borrower shall pay to the Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC issued for the account of such Borrower, a letter of credit fee at a per annum rate equal to the LC Fee Rate to such Borrower in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on the last day of each March, June, September and December and on the Maturity Date for such Borrower (and thereafter on demand). Each Borrower shall also pay to the LC Issuer for its own account (x) a fronting fee in an amount and at the times agreed upon between the LC Issuer and such Borrower and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

SECTION 2.16.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the applicable Borrower and each Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the applicable Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable, without regard to the occurrence of the Commitment Termination Date, the occurrence of any Event of Default or Unmatured Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the applicable Borrower pursuant to Section 2.16.6, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 A.M. (Chicago time) on such day, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Rate for the first three days and, thereafter, at the Base Rate.

SECTION 2.16.6 Reimbursement by Borrowers. Each Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amount to be paid by the LC Issuer upon any drawing under any Facility LC issued for the account of such Borrower, without presentment, demand, protest or other formalities of any kind; provided that neither the applicable Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by such Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the applicable Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Base Rate plus 2%. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from any Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.16.5. So long as the Commitment Termination Date has not occurred with respect to a Borrower, but subject to the terms and conditions of this Agreement (including the submission of a Notice of Borrowing in compliance with Section 2.02 and the satisfaction of the applicable conditions precedent set forth in Article III), such Borrower may request Advances hereunder for the purpose of satisfying any Reimbursement Obligation.

SECTION 2.16.7 Obligations Absolute. Each Borrower's obligations under this Section 2.16 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Borrower may have against the LC Issuer, any Lender or any beneficiary of a Facility LC. Each Borrower agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and such Borrower's Reimbursement Obligation in respect of any Facility LC issued for its account shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among such Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of such Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. Each Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with any Facility LC issued for the account of such Borrower and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon such Borrower and shall not put the LC Issuer or any Lender under any liability to such Borrower. Nothing in this Section 2.16.7 is intended to limit the right of any Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.16.6.

SECTION 2.16.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.16, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Facility LC.

SECTION 2.16.9 Indemnification. Each Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC issued for the account of such Borrower or any actual or proposed use of any such Facility LC, including any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any right such Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any such Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that no Borrower shall be required to indemnify any Lender, the LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.16.9 is intended to limit the obligations of any Borrower under any other provision of this Agreement.

SECTION 2.16.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and

disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.16 or any action taken or omitted by such indemnitees hereunder.

SECTION 2.16.11 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

ARTICLE III

CONDITIONS TO CREDIT EXTENSIONS

SECTION 3.01 Conditions Precedent to Initial Credit Extensions. No Lender shall be obligated to make any Advance, and the LC Issuer shall not be obligated to issue any Facility LC, unless the Administrative Agent shall have received (a) evidence, satisfactory to the Administrative Agent, that the Borrowers have paid (or will pay with the proceeds of the initial Credit Extensions) all amounts then payable under the Existing Agreement and that all "Commitments" under and as defined in the Existing Agreement have been (or concurrently with the initial Advances will be) terminated and (b) each of the following documents, each dated the date of the initial Credit Extension (or an earlier date satisfactory to the Administrative Agent, in form and substance satisfactory to the Administrative Agent and each (except for any Note) in sufficient copies to provide one for each Lender:

(i) Notes issued by each Borrower in favor of each Lender that has requested a Note to evidence its Advances;

(ii) Certified copies of resolutions of the Board of Directors or equivalent managing body of each Borrower approving the transactions contemplated by this Agreement and of all documents evidencing other necessary organizational action of such Borrower with respect to this Agreement and the documents contemplated hereby;

(iii) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying (A) the names and true signatures of the officers of such 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 articles or certificate of incorporation and by-laws, or equivalent organizational documents, of such 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 such Borrower of this Agreement and the documents contemplated hereby;

(iv) A certificate signed by either the chief financial officer, principal accounting officer or treasurer of each Borrower stating that (A) the

representations and warranties contained in Section 4.01 are correct on and as of the date of such certificate as though made on and as of such date and (B) no Event of Default or Unmatured Event of Default has occurred and is continuing on the date of such certificate; and

(v) A favorable opinion of Ballard Spahr Andrews & Ingersoll LLC, special counsel for the Borrowers, substantially in the form of Exhibit D.

SECTION 3.02 Conditions Precedent to All Credit Extensions. The obligation of each Lender to make any Advance to any Borrower and of the LC Issuer to issue or modify any Facility LC for the account of any Borrower shall be subject to the further conditions precedent that on the date of such Credit Extension the following statements shall be true, and (a) the giving of the applicable Notice of Borrowing and the acceptance by the applicable Borrower of the proceeds of Advances pursuant thereto and (b) the request by a Borrower for the issuance or Modification of a Facility LC shall, in each case, constitute a representation and warranty by such Borrower that on the date of the making of such Advances or the issuance or Modification of such Facility LC such statements are true:

(A) The representations and warranties of such Borrower contained in Section 4.01 are correct on and as of the date of such Credit Extension, before and after giving effect to such 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; provided that this Section 3.02(A) shall not apply to the representations and warranties set forth in Sections 4.01(e)(i)(B), 4.01(e)(ii)(B) and 4.01(e)(iii)(B) and the first sentence of Section 4.01(f) with respect to a Borrowing if the proceeds of such Borrowing will be used exclusively to repay such Borrower's commercial paper (and, in the event of any such Borrowing, the Administrative Agent may require the applicable Borrower to deliver information sufficient to disburse the proceeds of such Borrowing directly to the holders of such commercial paper or a paying agent therefor); and

(B) No event has occurred and is continuing, or would result from such Credit Extension 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 with respect to such Borrower.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows:

(a) Such Borrower is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

(b) The execution, delivery and performance by such Borrower of this Agreement and any Note issued by such Borrower are within such Borrower's powers, have

been duly authorized by all necessary organizational action on the part of such Borrower, and do not and will not contravene (i) the articles or certificate of incorporation, by-laws or the organizational documents of such Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of such Borrower or any of its Subsidiaries.

(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 such Borrower of this Agreement or any applicable Note, except an appropriate order or orders of (i) the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, if applicable, (ii) the Federal Energy Regulatory Commission, if applicable, and (iii) in the case of PECO, the Pennsylvania Public Utility Commission under the Pennsylvania Public Utility Code, which order or orders have been duly obtained and are (x) in full force and effect and (y) sufficient for the purposes hereof.

(d) This Agreement is, and each applicable Note when delivered hereunder will be, legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective 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) (i) In the case of PECO, (A) the consolidated balance sheet of PECO and its Subsidiaries as at December 31, 2004, and the related statements of income and retained earnings and of cash flows of PECO and its Subsidiaries for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of PECO and its Subsidiaries as at September 30, 2005, and the related unaudited statements of income for the ninemonth period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of PECO and its Subsidiaries as at such dates and the consolidated results of the operations of PECO and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to PECO.

(ii) In the case of Exelon, (A) the consolidated balance sheet of Exelon and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Exelon for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Exelon and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Exelon and its Subsidiaries as at such dates and the consolidated results of the operations of Exelon and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since

December 31, 2004 there has been no Material Adverse Change with respect to Exelon.

(iii) In the case of Genco, (A) the consolidated balance sheet of Genco and its Subsidiaries as at December 31, 2004 and the related consolidated statements of income, retained earnings and cash flows of Genco for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Genco and its Subsidiaries as of September 30, 2005 and the related unaudited statement of income for the nine-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended September 30, 2005, to year-end adjustments) the consolidated financial condition of Genco and its Subsidiaries as at such dates and the consolidated results of the operations of Genco and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2004 there has been no Material Adverse Change with respect to Genco.

(f) Except as disclosed in such Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the date of execution and delivery of this Agreement and, in the case of Exelon, on and after the PSEG Merger Date, as disclosed in any Annual, Quarterly or Current Report of PSEG or any Subsidiary thereof filed with the Securities and Exchange Commission prior to October 25, 2005, and, in the case of Genco, on and after the Power Merger Date, as disclosed in any Annual, Quarterly or Current Report of Power filed with the Securities and Exchange Commission prior to October 25, 2005, there is no pending or threatened action, investigation or proceeding affecting such Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect with respect to such Borrower. There is no pending or threatened action or proceeding against such Borrower or any of its Subsidiaries that purports to affect the legality, validity, binding effect or enforceability against such Borrower of this Agreement or any Note issued by such Borrower.

(g) No proceeds of any Advance to such Borrower 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) Such Borrower is not engaged 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 to such Borrower 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 such Borrower and its Subsidiaries is represented by margin stock.

(i) Such Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(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 borrowing of Advances by such Borrower or the issuance or modification of any Facility LC for the account of such Borrower, no steps have been taken 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 will not constitute an Event of Default or Unmatured Event of Default under Section 6.01(g)), and there is no “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA) with respect to any Plan. No condition exists or event or transaction has occurred with respect to any Plan (including any Multiemployer Plan) which might result in the incurrence by such 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)).

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01 Affirmative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated, such 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 on such Borrower) 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 on such Borrower;

(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 such Borrower and its Principal Subsidiaries operate;

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to such 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, such Borrower and any of its Principal Subsidiaries and to discuss the affairs, finances and accounts of such Borrower and any of its Principal Subsidiaries with any of their respective officers; provided that any non-public information (which has been identified as such by such 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 any other party to this Agreement, its examiners, affiliates, outside auditors, counsel or other professional advisors in connection with the Agreement or if otherwise required to do so by law or regulatory process;

(vii) use the proceeds of the Advances to it for general corporate or limited liability company purposes, as the case may be (including the refinancing of its commercial paper and the making of acquisitions), but in no event for any purpose which would be contrary to Section 4.01(g) or 4.01(h); 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 such Borrower continuing on the date of such statement, a statement of an authorized officer of such Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which such 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 such Borrower (commencing with the quarter ending March 31, 2003), a copy of such Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if such Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of such Borrower as of the end of such quarter and the related consolidated statement of income of such Borrower for the portion of such 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 such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such 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 such Borrower, a copy of such Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if such Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of such Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of income, retained earnings (if applicable) and cash flows of such Borrower for such fiscal year, certified by Pricewaterhouse Coopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower 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 such Borrower proposes to take with respect thereto;

(iv) concurrently with the delivery of the annual and quarterly 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 E, duly completed and signed by the Chief Financial Officer, Treasurer or an Assistant Treasurer of such Borrower;

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that such Borrower sends to any of its security holders, and copies of all Reports on Form 10-K, 10-Q or 8-K, and registration statements and prospectuses that such Borrower or any of its Subsidiaries 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 such Borrower or such Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by such 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 302(f) of ERISA, or the taking of any action with respect to a Plan which could result in the requirement that such 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 such 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 such Borrower proposes to take with respect thereto;

(vii) promptly upon becoming aware thereof, notice of any change in the Moody's Rating or the S&P Rating for such Borrower; and

(viii) such other information respecting the condition, operations, business or prospects, financial or otherwise, of such Borrower or any of its Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request.

Each 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 or any reduction of the Commitments, (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). Notwithstanding the foregoing, each Borrower agrees that, to the extent requested by the Administrative Agent, it will continue to provide "hard copies" of Communications to the Administrative Agent.

Each Borrower further agrees that the Administrative Agent may make Communications available to the Lenders by posting such Communications on Intralinks or a substantially similar electronic transmission system (the "Platform").

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 ANY BORROWER, ANY LENDER OR ANY OTHER PERSON FOR

DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT SUCH DAMAGES ARE FOUND IN A FINAL NONAPPEALABLE 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 ANY 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.

SECTION 5.02 Negative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated (except with respect to Section 5.02(a), which shall be applicable only as of the date hereof and at any time any Advance to such Borrower or Facility LC issued for the account of such Borrower is outstanding or is to be made or issued, as applicable), such Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or, in the case of Exelon, permit any of its Material Subsidiaries to create, incur, assume or suffer to exist, any Lien on its respective property, revenues or assets, whether now owned or hereafter acquired except (i) Liens imposed by law, such as carriers', warehousemen'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 of its Subsidiaries (excluding, in the case of Exelon, the stock of PECO, Genco and, on and after the PSEG Merger Date, PSE&G, and any holding company for any of the foregoing) or any such Subsidiary's assets to secure Nonrecourse Indebtedness; (iii) 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; (iv) Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (iii)); (v) Liens on the property, revenues and/or assets of any Person that exist at the time such Person becomes a Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens; (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 granted by a Special Purpose Subsidiary to secure Transitional Funding Instruments of such Special Purpose Subsidiary; (ix) in the case of PECO, (A) Liens granted

under the PECO Mortgage and “excepted encumbrances” as defined in the PECO Mortgage, and (B) Liens securing PECO’s notes collateralized solely by mortgage bonds of PECO issued under the terms of the PECO Mortgage; (x) in the case of Exelon (on and after the PSEG Merger Date), (A) Liens granted under the PSE&G Mortgage and Liens permitted under the PSE&G Mortgage, and (B) Liens securing PSE&G’s notes collateralized solely by mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, (xi) in the case of PECO and Genco, Liens arising in connection with sale and leaseback transactions entered into by such Borrower or a Subsidiary thereof, but only to the extent (I) in the case of PECO or any Subsidiary thereof, the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PECO issued under the terms of the PECO Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PECO, Genco and their Subsidiaries, \$1,000,000,000; (xii) in the case of Exelon (on and after the PSEG Merger Date), Liens arising in connection with sale and leaseback transactions entered into by PSE&G or a Subsidiary thereof, but only to the extent (I) the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PSE&G issued under the terms of the PSE&G Mortgage, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PSE&G and its Subsidiaries, \$50,000,000, (xiii) Liens securing Permitted Obligations; and (xiv) Liens, other than those described in clauses (i) through (xiii) of this Section 5.02(a), granted by such Borrower or, in the case of Exelon, any of its Material Subsidiaries in the ordinary course of business securing Debt of such Borrower and, if applicable, such Material Subsidiaries; provided that the aggregate amount of all Debt secured by Liens permitted by clause (xiv) of this Section 5.02(a) shall not exceed in the aggregate at any one time outstanding (I) in the case of Exelon and its Material Subsidiaries, \$100,000,000, (II) in the case of Genco, \$50,000,000 (prior to the Power Merger Date) and \$75,000,000 (on and after the Power Merger Date), and (III) in the case of PECO, \$50,000,000.

(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 of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary of such Borrower, (ii) any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to such Borrower and (iii) such Borrower or any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Person; provided that, in each case, immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default with respect to such Borrower shall have occurred and be continuing and (A) in the case of any such merger, consolidation or transfer of assets to which a Borrower is a party, either (x) such Borrower shall be the surviving entity or (y) the surviving entity shall be an Eligible Successor and shall have assumed all of the obligations of such Borrower under this Agreement and the Notes issued by such Borrower and the Facility LCs issued for the account of such Borrower pursuant to a written instrument in form and substance satisfactory to the Administrative Agent, (B) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which any of its Principal Subsidiaries is a party, a Principal Subsidiary of such Borrower shall be the surviving entity and (C) subject to clause (A).

above, in the case of any such merger, consolidation or transfer of assets to which a Material Subsidiary of Exelon is a party, a Material Subsidiary of Exelon shall be the surviving entity.

(c) Interest Coverage Ratio. Permit its Interest Coverage Ratio as of the last day of any fiscal quarter to be less than (i) in the case of Exelon, 2.65 to 1.0; (ii) in the case of PECO, 2.25 to 1.0; and (iii) in the case of Genco, 3.25 to 1.0.

(d) Continuation of Businesses. Engage in, or permit any of its Subsidiaries (other than any ComEd Entity or, on or after the PSEG Merger Date, Energy Holdings Entity) to engage in, any line of business which is material to Exelon and its Subsidiaries, taken as a whole, other than businesses engaged in by such Borrower and its Subsidiaries as of the date hereof and reasonable extensions thereof.

(e) Capital Structure. In the case of Exelon, fail at any time to own, free and clear of all Liens, 100% of the issued and outstanding common shares or other common ownership interests of each of PECO and, on and after the PSEG Merger Date, PSE&G and 100% of the issued and outstanding membership interests of Genco (or, in any such case, 100% of a holding company which owns, free and clear of all Liens, at least 100% of the issued and outstanding common shares or other common ownership interests of PECO or, on and after the PSEG Merger Date, PSE&G, as applicable, or 100% of the issued and outstanding membership interests of Genco).

(f) Restrictive Agreements. In the case of Exelon, permit Genco, PECO or, on and after the PSEG Merger Date, PSE&G, or any holding company for any of the foregoing described in the parenthetical clause at the end of Section 5.02(e), to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of such entity to declare or pay dividends to Exelon (or, if applicable, to its holding company), except for existing restrictions on (i) PECO relating to (A) the priority of payments on its subordinated debentures contained in the Indenture dated as of July 1, 1994 between PECO and Wachovia Bank, National Association (f/k/a First Union National Bank), as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of quarterly dividends on its preferred stock contained in its Amended and Restated Articles of Incorporation as in effect on the date hereof; and (ii) PSE&G relating to the priority payment of dividends on any outstanding shares of its prior preferred stock and preference stock as set forth in its Restated Certificate of Incorporation, as in effect on the date hereof.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing with respect to a Borrower (any such event an “Event of Default” with respect to such Borrower):

(a) Such Borrower shall fail to pay (i) any principal of any Advance to such Borrower when the same becomes due and payable, (ii) any Reimbursement Obligation of such Borrower within one Business Day after the same becomes due and payable or (iii) any interest on any Advance to such Borrower or any other amount payable by such Borrower under this Agreement or any Note issued by such Borrower within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by such Borrower herein or by such 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) Such 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, in each case to the extent applicable to such Borrower, 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 such Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender); or

(d) Such Borrower or any Principal Subsidiary thereof shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount in excess of \$50,000,000 in the aggregate (but excluding Debt hereunder, Nonrecourse Indebtedness and Transitional Funding Instruments) of such Borrower or such Principal Subsidiary (as the case may be) 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 such Borrower or a Principal Subsidiary thereof 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 with respect to such Borrower; or

(e) Such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose 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 such Borrower or any Principal Subsidiary thereof (other than a Special Purpose Subsidiary) shall take any 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 \$50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against such Borrower or any Principal Subsidiary thereof 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 Plan or in the appointment by the appropriate United States District Court of a trustee to administer a Plan shall have occurred and be continuing 60 days after written notice to such effect shall have been given to such Borrower by the Administrative Agent; (ii) any Plan shall be terminated; (iii) a Trustee shall be appointed by an appropriate United States District Court to administer any Plan; (iv) the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan; or (v) any Borrower or any 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 with respect to any Borrower 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), subclause (b) of the proviso to clause (i) of the definition of Material Adverse Effect) on such Borrower; or

(h) In the case of PECO, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of its issued and outstanding common shares or other common ownership interests; or

(i) In the case of Genco, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of the membership interests of Genco;

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 such Borrower, (i) declare the respective Commitments of the Lenders to such Borrower and the commitment of the LC Issuer to issue Facility LCs for the account of such Borrower to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare the outstanding principal amount of the Advances to such Borrower, all interest thereon and all other amounts payable under this Agreement by such

Borrower (including all contingent LC Obligations) to be forthwith due and payable, whereupon the outstanding principal amount of such 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 such 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 such Borrower and the obligation of the LC Issuer to issue Facility LCs for the account of such Borrower shall automatically be terminated and (B) the outstanding principal amount of all Advances to such Borrower, all interest thereon and all other amounts payable by such Borrower hereunder (including all contingent LC Obligations of such Borrower) 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 such Borrower.

ARTICLE VII
THE AGENTS

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 Notes), 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 and all holders of Notes; 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 a Borrower pursuant to the terms of this Agreement.

SECTION 7.02 Agents' 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 treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) the Administrative Agent may consult with legal counsel (including counsel for a 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; (iii) 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; (iv) 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 any Borrower or to inspect the property (including the books and records) of any Borrower; (v) 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 (vi) 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 telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Agents and Affiliates. With respect to its Commitment, Advances and Notes, JPMCB shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent; and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated, include JPMCB in its individual capacity. JPMCB 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, any Borrower, any subsidiary of any Borrower and any Person who may do business with or own securities of any Borrower or any such subsidiary, all as if it were not an 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 each Agent (to the extent not reimbursed by a 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 any such Agent in any way relating to or arising out of this Agreement or any action taken or omitted by any such 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 such Agent’s gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse each such Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable counsel fees) incurred by such 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 a Borrower but for which such Agent is not reimbursed by such 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 Borrowers 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" and having a combined capital and surplus of at least \$150,000,000. 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 Borrowers, which consent shall not be unreasonably withheld or delayed.

SECTION 7.07 Co-Documentation Agents, Syndication Agent and Co-Lead Arranger. The titles "Co-Documentation Agent," "Syndication Agent" and "Co-Lead Arranger" are purely honorific, and no Person designated as a "Co-Documentation Agent," the "Syndication Agent" or a "Co-Lead Arranger" shall have any duties or responsibilities in such capacity.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any 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 Borrowers, 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, unless in writing and signed by all the Lenders (other than any Lender that is a Borrower or an Affiliate of a Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase or extend the Commitments of the Lenders, increase any Borrower's Sublimit to an amount greater than the amount specified in Section 2.04(c)(ii)(B) or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, or (f) amend this Section 8.01; provided, further, that (i) 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 or any Note; and (ii) no amendment, waiver or consent shall, unless in writing and signed by the LC Issuer, in addition to the Lenders required above to take such action, affect the rights or duties of the LC Issuer under this Agreement.

SECTION 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Borrower, at 10 S. Dearborn, 37th Floor, Chicago, IL 60603, Attention: Michael R. Metzner, Telecopy: (312) 394- 5215; if to any Lender, at its Domestic Lending Office specified in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Chase Plaza, Mail Suite IL1-0010, Chicago, Illinois 60670, Attention: Mr. Ron Cromey, Telecopy: (312) 385-7096 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, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, 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, the LC Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note 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) Each Borrower severally agrees to pay on demand all costs and expenses incurred by the Administrative Agent, the LC Issuer and the Co-Lead Arrangers in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement, the Notes 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, the LC Issuer and the Co-Lead Arrangers with respect thereto and with respect to advising the Administrative Agent, the LC Issuer and the Co-Lead Arrangers as to their respective rights and responsibilities under this Agreement, in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred. Each Borrower further severally 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 Agent, the LC Issuer or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of such Borrower's obligations this Agreement, any Note issued by such Borrower and the other documents to be delivered by such Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a), in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred.

(b) If any payment of principal of, or any conversion of, any Eurodollar Rate 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, the applicable 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 losses, costs or expenses which it may reasonably incur as a result of such payment or conversion, 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) Each Borrower hereby severally agrees to indemnify and hold each Lender, the LC Issuer, each Agent and each of their respective Affiliates, officers, directors and employees (each, an “Indemnified Person”) harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (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, any Note issued by such Borrower or the transactions contemplated hereby, or the use by such Borrowers or any of its Subsidiaries of the proceeds of any Advance to such Borrower, in each case to the extent such claims, damages, losses, liabilities, costs or expenses are attributable to such Borrower, it being understood that to the extent any such claims, damages, losses, liabilities, costs or expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers’ respective Sublimits at the time such claims, damages, losses, liabilities, costs or expenses arose; provided that no Borrower shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from such Indemnified Person’s gross negligence or willful misconduct. Each Borrower’s obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by such Borrower to the Lenders and the Administrative Agent under this Agreement and any Note issued by such Borrower and the termination of the Commitments to such Borrower. If and to the extent that the obligations of a Borrower under this Section 8.04(c) are unenforceable for any reason, such Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default with respect to a Borrower 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 to such Borrower due and payable pursuant to the provisions of Section 6.01, each Lender 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 to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and any Note of such Borrower held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Borrower 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. 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 become effective when counterparts hereof shall have been executed by the Borrowers and the Agents and when the Administrative Agent shall have been notified by each Lender that such Lender has executed a counterpart hereof and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Agents and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) no Borrower shall 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 Exelon, the LC Issuer and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by a Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and any Note or Notes held by 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 Acceptance 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, and shall be an integral multiple of \$1,000,000 or such Lender's entire Commitment, (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 Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of \$3,500 (which shall be payable by one or more of the parties to the Assignment and Acceptance, and not by any Borrower, and shall not be payable if the assignee is a Federal Reserve Bank), and (v) the consent of Exelon shall not be required after the occurrence and during the continuance of any Event of Default. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (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 Acceptance, 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 Acceptance, relinquish its rights and be released from its obligations under this Agreement and, in the case of an Assignment and Acceptance 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 Exelon, the LC Issuer 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 and (B) any Lender may at any time, without the consent of Exelon, the LC Issuer or the Administrative Agent, and without any requirement to have an Assignment and Acceptance executed, assign all or any part of its rights under this Agreement and any Note to a Federal Reserve Bank, provided that no such assignment shall release the transferor Lender from any of its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, 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 Acceptance, 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 any Borrower or the performance or observance by any 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 Acceptance; (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 Acceptance 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 by each Borrower 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 each Borrower, the Administrative Agent and the Lenders may 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 any 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 Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with all Notes, if any, subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers.

(e) Each Lender may sell participations to one or more banks or other entities (each, a "Participant") in or to all or a portion of its rights and/or obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and any Note or Notes held by it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender

shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, 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 and (v) such Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of this Agreement or any Note held by such Lender, other than any such amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest that forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Advance or Commitment, postpones any date fixed for any regularly scheduled payment of principal of, or interest or fees on, any such Advance or Commitment, extends any Commitment, releases any guarantor of any such Advance or releases any substantial portion of collateral, if any, securing any such Advance.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrowers received by it from such Lender (subject to customary exceptions regarding regulatory requirements, compliance with legal process and other requirements of law).

(g) If (i) any Lender shall make demand for payment under Section 2.11(a), 2.11(b) or 2.14, or (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 Eurodollar Rate Advances, then (in the case of clause (i)) within 60 days after such demand (if, but only if, such payment demanded under Section 2.11(a), 2.11(b) or 2.14 has been made by the applicable Borrower) or (in the case of clause (ii)) within 60 days after such notice (if such suspension is still in effect), as the case may be, the Borrowers may demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrowers and reasonably acceptable to the Administrative Agent all (but not less than all) of such Lender's Commitment, the Advances owing to it and its participation in the Facility LCs within the next succeeding 30 days. If any such Eligible Assignee designated by the Borrowers shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrowers shall fail to designate any such Eligible Assignee for all of such Lender's Commitment, Advances and participation in Facility LCs, 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.

(h) 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 Borrowers, the option to provide to any Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make to such Borrower 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 Advances to the Granting Bank or to any financial institutions (consented to by such Borrower and Administrative Agent, neither of 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(h) 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.

SECTION 8.08 Governing Law. THIS AGREEMENT AND ALL NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

SECTION 8.09 Consent to Jurisdiction; Certain Waivers. (a) THE BORROWERS HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND ANY UNITED STATES DISTRICT COURT SITTING IN THE COMMONWEALTH OF PENNSYLVANIA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE AND THE BORROWERS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY 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 ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(b) 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 OR ANY NOTE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.

SECTION 8.10 Execution in Counterparts; Integration. 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.

SECTION 8.11 Liability Several. No Borrower shall be liable for the obligations of any other Borrower hereunder.

SECTION 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrowers 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 a Borrower: When any Borrower opens an account, if such Borrower is an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower, and, if such Borrower is not an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower. The Administrative Agent and the Lenders may also ask, if such Borrower is an individual, to see such Borrower's driver's license or other identifying documents, and, if such Borrower is not an individual, to see such Borrower's legal organizational documents or other identifying documents.

SECTION 8.13 Termination of Existing Agreement. The Borrowers and the Lenders which are parties to the Existing Agreement (which Lenders constitute the "Majority Lenders" as defined in the Existing Agreement) and JPMCB, as Administrative Agent under the Existing Agreement, agree that, on the Closing Date, the commitments under the Existing Agreement shall terminate and be of no further force or effect (without regard to any requirement in Section 2.04 of the Existing Agreement for prior notice of termination of the commitments thereunder).

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

EXELON CORPORATION

By: _____

Name:

Title:

PECO ENERGY COMPANY

By: _____

Name:

Title:

EXELON GENERATION COMPANY, LLC

By: _____

Name:

Title:

Three Year Credit Agreement

THE LENDERS

JPMORGAN CHASE BANK, N.A. (Main Office Chicago), as
Administrative Agent, as LC Issuer and as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

BARCLAYS BANK PLC, as Syndication Agent and as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

CITIBANK, N.A., as Co-Documentation Agent and as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

**WACHOVIA BANK, NATIONAL
ASSOCIATION, as Co-Documentation Agent and as a Lender**

By: _____

Name:

Title:

Three Year Credit Agreement

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as Co-Documentation Agent and as a Lender

By: _____

Name:

Title:

By: _____

Name:

Title:

Three Year Credit Agreement

ABN AMRO BANK, N.V., as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

BANK OF AMERICA, N.A., as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

JPMORGAN CHASE BANK, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

LEHMAN BROTHERS BANK, FSB, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

MORGAN STANLEY BANK, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

BNP PARIBAS, as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Three Year Credit Agreement

MERRILL LYNCH BANK USA, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

THE BANK OF NOVA SCOTIA, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

UBS LOAN FINANCE LLC, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

THE NORTHERN TRUST COMPANY, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

MELLON BANK, N.A., as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

CREDIT SUISSE FIRST BOSTON, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

THE BANK OF NEW YORK, as a Lender

By: _____

Name:

Title:

Three Year Credit Agreement

MIZUHO CORPORATE BANK, LTD., as a Lender

By: _____

Name:

Title:

Three Year Credit Agreement

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

WELLS FARGO BANK, N.A., as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

FIFTH THIRD BANK, as a Lender

By: _____
Name:
Title:

Three Year Credit Agreement

SCHEDULE I
PRICING SCHEDULE

The “Applicable Margin,” the “Facility Fee Rate,” the “Utilization Fee Rate” and the “LC Fee Rate” for any day are the respective percentages set forth below in the applicable row under the column corresponding to the Status that exists on such day:

<u>Status</u>	<u>Applicable Margin and LC Fee Rate</u>	<u>Facility Fee Rate</u>	<u>Utilization Fee Rate</u>
Level I	0.525%	0.125%	0.100%
Level II	0.600%	0.150%	0.125%
Level III	0.700%	0.175%	0.125%
Level IV	0.875%	0.250%	0.250%
Level V	1.200%	0.300%	0.500%

The Applicable Margin, the Facility Fee Rate, the Utilization Fee Rate and the LC Fee Rate shall be determined separately for each Borrower in accordance with the table above based on the Status for such Borrower. The Status in effect for any Borrower on any date for the purposes of this Pricing Schedule is based on the Moody’s Rating and S&P Rating in effect at the close of business on such date.

For the purposes of the foregoing (but subject to the final paragraph of this Pricing Schedule):

“Level I Status” exists at any date for a Borrower if, on such date, such Borrower’s Moody’s Rating is A3 or better or such Borrower’s S&P Rating is A- or better.

“Level II Status” exists at any date for a Borrower if, on such date, (i) Level I Status does not exist for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa1 or better or such Borrower’s S&P Rating is BBB+ or better.

“Level III Status” exists at any date for a Borrower if, on such date, (i) neither Level I Status nor Level II Status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa2 or better or such Borrower’s S&P Rating is BBB or better.

“Level IV Status” exists at any date if, on such date, (i) none of Level I Status, Level II Status or Level III Status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa3 or better or such Borrower’s S&P Rating is BBB- or better.

“Level V Status” exists at any date for a Borrower if, on such date, none of Level I Status, Level II Status, Level III Status or Level IV Status exists for such Borrower.

“Status” means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

If the S&P Rating and the Moody’s Rating for a Borrower create a split-rated situation and the ratings differential is one level, the higher rating will apply. If the differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. If a Borrower has no Moody’s Rating or no S&P Rating, Level V Status shall exist for such Borrower.

SCHEDULE II
COMMITMENTS

LENDER	COMMITMENT
JPMorgan Chase Bank, N.A.	\$ 55,333,333.34
Barclays Bank PLC	\$ 30,666,666.67
Citibank, N.A.	\$ 29,166,666.66
Wachovia Bank, National Association	\$ 29,166,666.66
Bank of America, N.A.	\$ 24,666,666.67
Morgan Stanley Bank	\$ 24,666,666.67
Merrill Lynch Bank USA	\$ 24,666,666.67
The Bank of Nova Scotia	\$ 24,666,666.67
Credit Suisse First Boston	\$ 18,333,333.33
KeyBank National Association	\$ 24,666,666.67
Lehman Brothers Bank, FSB	\$ 14,666,666.67
UBS Loan Finance LLC	\$ 24,666,666.67
BNP Paribas	\$ 24,666,666.67
The Bank of New York	\$ 15,000,000.00
Mellon Bank, N.A.	\$ 15,000,000.00
ABN AMRO Bank, N.V.	\$ 29,166,666.66
Dresdner Bank, AG New York and Grand Cayman Branches	\$ 39,166,666.66
The Northern Trust Company	\$ 15,000,000.00
U.S. Bank National Association	\$ 10,000,000.00
Wells Fargo Bank, N.A.	\$ 10,000,000.00
Mizuho Corporate Bank, Ltd.	\$ 10,000,000.00
Fifth Third Bank	\$ 6,666,666.66
TOTAL	<u>\$ 500,000,000</u>

SCHEDULE III
EXISTING LETTERS OF CREDIT

[Exelon to Confirm]

Number	Type	Borrower	Current Amount (in Dollars)	Original Amount (in Dollars)	Actual Expiration	Adjusted Expiration
SLT3253	Standby Letter of Credit	Exelon	220,000.00	200,000.00	20-May-2004	20-May-2004
SLT3254	Standby Letter of Credit	Exelon	2,155,500.00	2,155,500.00	19-Dec-2003	19-Dec-2003
SLT3254	Standby Letter of Credit	Exelon	87,669.00	87,669.00	31-Jul-2004	2-Aug-2004
SLT3256	Standby Letter of Credit	Exelon	3,400,000.00	3,400,000.00	19-Dec-2003	19-Dec-2003
SLT3256	Standby Letter of Credit	Exelon	1,700,000.00	1,700,000.00	19-Dec-2003	19-Dec-2003
SLT3256	Standby Letter of Credit	Exelon	250,000.00	250,000.00	30-Sep-2004	30-Sep-2004
SLT3258	Standby Letter of Credit	Exelon	2,700,000.00	2,200,000.00	30-Nov-2003	1-Dec-2003
SLT3259	Standby Letter of Credit	Exelon	1,800,000.00	1,800,000.00	30-Apr-2004	30-Apr-2004
SLT3261	Standby Letter of Credit	Exelon	12,500,000.00	9,000,000.00	31-Dec-2003	31-Dec-2003
SLT3262	Standby Letter of Credit	Exelon	60,600.00	60,600.00	15-Nov-2004	15-Nov-2004
SLT3263	Standby Letter of Credit	Exelon	400,000.00	400,000.00	31-Mar-2004	31-Mar-2004
SLT3264	Standby Letter of Credit	Exelon	1,516,368.40	1,397,374.60	24-Apr-2004	26-Apr-2004
SLT3266	Standby Letter of Credit	Exelon	5,500,000.00	5,500,000.00	31-Mar-2004	31-Mar-2004
SLT3266	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	31-May-2004	1-Jun-2004
SLT3266	Standby Letter of Credit	Exelon	635,000.00	575,000.00	31-May-2004	1-Jun-2004
SLT3269	Standby Letter of Credit	Exelon	1,700,000.00	1,700,000.00	12-Aug-2004	12-Aug-2004
SLT3298	Standby Letter of Credit	Exelon	1,500,000.00	1,400,000.00	31-Mar-2004	31-Mar-2004
SLT3298	Standby Letter of Credit	Exelon	5,000,000.00	5,000,000.00	30-Sep-2004	30-Sep-2004
SLT3299	Standby Letter of Credit	Exelon	400,000.00	400,000.00	30-Jun-2004	30-Jun-2004
SLT3301	Standby Letter of Credit	Exelon	2,000,000.00	2,000,000.00	30-Sep-2004	20-Sep-2004
SLT3302	Standby Letter of Credit	Exelon	250,000.00	250,000.00	21-Nov-2004	21-Nov-2004
SLT3308	Standby Letter of Credit	Exelon	2,000,000.00	2,000,000.00	31-Aug-2004	31-Aug-2004
SLT3308	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	30-Jun-2004	30-Jun-2004
SLT3309	Standby Letter of Credit	Exelon	6,125,000.00	6,125,000.00	1-Dec-2003	1-Dec-2003
SLT3309	Standby Letter of Credit	Exelon	185,000.00	185,000.00	9-Feb-2004	9-Feb-2004
SLT3318	Standby Letter of Credit	Exelon	1,500,000.00	1,500,000.00	14-Apr-2004	14-Apr-2004
SLT3320	Standby Letter of Credit	Exelon	1,364,500.00	1,364,500.00	31-Dec-2003	31-Dec-2003
SLT3324	Standby Letter of Credit	Exelon	250,000.00	250,000.00	30-Jun-2004	30-June-2004
SLT7516	Standby Letter of Credit	Exelon	100,000.00	100,000.00	10-Sep-2004	10-Sep-2004
SLT7516	Standby Letter of Credit	Exelon	10,000,000.00	10,000,000.00	7-Oct-2004	7-Oct-2004
SLT3300	Standby Letter of Credit	Exelon	700,000.00	700,000.00	31-Oct-2003	31-Oct-2003

EXHIBIT A

FORM OF NOTE

Dated:[], 20__

FOR VALUE RECEIVED, the undersigned, _____, a _____ (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender"), for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) on the Maturity Date, the aggregate principal amount of all outstanding Advances made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower further promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to JPMorgan Chase Bank, N.A., as Administrative Agent, at 1 Chase Plaza, Chicago, Illinois 60670, in immediately available funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, at the Lender's option, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Three Year Credit Agreement dated as of October 31, 2003 among the Borrower, [Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC], various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Lender's Pro Rata Share of the Borrower's Sublimit at such time and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

[By _____]
[Name:]
[Title:]

EXHIBIT B

FORM OF NOTICE OF BORROWING

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders parties to the Credit Agreement referred to below
1 Chase Plaza
Chicago, Illinois 60670

[Date]

Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, [Exelon Corporation] [PECO Energy Company] [Exelon Generation Company, LLC], refers to the Three Year Credit Agreement, dated as of October 31, 2003, among Exelon Corporation, PECO Energy Company, Commonwealth Edison Company, Exelon Generation Company, LLC, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"), and hereby gives you notice, irrevocably, pursuant to Section 2.02(a) of the Credit Agreement that the undersigned requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

- (i) The Business Day of the Proposed Borrowing is ____, 20__.
- (ii) The Type of Advances to be made in connection with the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed Borrowing is \$_____.
- (iv) The Interest Period for each Advance made as part of the Proposed Borrowing is [__month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the undersigned contained in Section 4.01 of the Credit Agreement (excluding, if the proceeds of the Proposed Borrowing will be used exclusively to repay commercial paper issued by the undersigned, the representations and warranties set forth in Section 4.01(e) and the first sentence of Section 4.01(f) of the Credit Agreement) are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default; and

(C) after giving effect to the Proposed Borrowing, the undersigned will not have exceeded any limitation on its ability to incur indebtedness (including any limitation imposed by any governmental or regulatory authority).

Very truly yours,

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[EXELON GENERATION COMPANY, LLC]

[By _____]
[Name:]
[Title:]

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EXHIBIT C
FORM OF ASSIGNMENT AND ACCEPTANCE

Dated _____, 20__

Reference is made to the Three Year Credit Agreement dated as of October 31, 2003 among Exelon Corporation, PECO Energy Company, Exelon Generation Company, LLC (together the "Borrowers"), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Assignor") and _____ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the Pro Rata Share specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement, including, without limitation, a corresponding interest in the Assignor's Commitment, the Advances owing to the Assignor, the Assignor's interest in Facility LCs and the Notes held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment Amount will be as set forth in Section 2 of Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statement, warranty or representation made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Lead Arranger, the LC Issuer, the Assignor 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 the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (vi) confirms that none of the consideration used to make the purchase being made by

the Assignee hereunder are “plan assets” as defined under ERISA; and the rights and interests of the Assignee in and under the Credit Agreement will not be “plan assets” under ERISA; [and] (vii) specifies as its Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof [;and (viii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that it is exempt from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes].¹

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Administrative Agent for acceptance by Exelon (if required), the LC Issuer and the Administrative Agent and recording by the Administrative Agent. The effective date of this Assignment and Acceptance shall be the date of recording thereof by the Administrative Agent, unless otherwise specified on Schedule 1 hereto (the “Effective Date”).

5. Upon such recording by the Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such recording by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

¹ If the Assignee is organized under the laws of a jurisdiction outside the United States.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NAME OF ASSIGNOR]

By _____

Name:

Title:

[NAME OF ASSIGNEE]

By _____

Name:

Title:

Domestic Lending Office (and
address for notices):

[Address]

Eurodollar Lending Office:

[Address]

[Consented to this ___ day
of _____, 20__]

EXELON CORPORATION

By _____
Name:
Title:

Consented to and Accepted this ___ day
of _____, 20__

JPMORGAN CHASE BANK, N.A., as Administrative Agent and LC Issuer

By _____
Name:
Title:

Schedule 1
to
Assignment and Acceptance
Dated , 20__

Section 1.

Pro Rata Share: ___%

Section 2.

Assignee's Commitment Amount after giving effect hereto: \$__

Section 3.

Effective Date²: __, 20__

² This date should be no earlier than the date of recording by the Administrative Agent.

EXHIBIT D – 1

FORM OF OPINION OF BALLARD SPAHR ANDREWS & INGERSOLL

October 31, 2003

To each of the Agents and the Lenders which is a party to the Credit Agreement, dated as of October 31, 2003, among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC, as Borrowers, the various financial institutions named therein, as Lenders and JPMorgan Chase Bank, N.A., as Administrative Agent

Re: \$750,000,000 Three-Year Credit Agreement

Ladies and Gentlemen:

This opinion letter is furnished to you pursuant to Section 3.01(v) of the \$750,000,000 Three-Year Credit Agreement, dated as of October 31, 2003 (the "Agreement"), among Exelon Corporation ("Exelon"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Exelon Generation Company, LLC ("Genco"), as Borrowers, the various financial institutions named therein, as Lenders and JPMorgan Chase Bank, N.A., as Administrative Agent. Unless otherwise specified, terms defined in the Agreement are used herein as therein defined.

We have acted as special counsel for Exelon, Genco and PECO (collectively, the "Pennsylvania Borrowers") in connection with the preparation, execution and delivery of the Agreement and as local counsel for ComEd with respect to certain matters of Pennsylvania law relating to the Agreement. In that capacity, we have examined the following:

- (i) The Agreement, the Notes executed by Exelon (the "Exelon Notes"), the Notes executed by PECO (the "PECO Notes"), the Notes executed by Genco (the "Genco Notes") and the Notes executed by ComEd (the "ComEd Notes" and, together with the Exelon Notes, the PECO Notes and the Genco Notes, the "Notes");
- (ii) The documents furnished by each of the Pennsylvania Borrowers pursuant to Section 3.01 of the Agreement;
- (iii) The Articles of Incorporation of each of Exelon and PECO and all amendments thereto (in each case, its "Charter");
- (iv) The by-laws of each of Exelon and PECO and all amendments thereto (in each case, its "By-laws");

(v) The Operating Agreement of Genco and all amendments thereto (the "Operating Agreement");

(vi) A certificate from the Secretary of State of the Commonwealth of Pennsylvania dated October 29, 2003 certifying as to the subsistence of Exelon in Pennsylvania;

(vii) A certificate from the Secretary of State of the Commonwealth of Pennsylvania dated October 29, 2003 certifying as to the subsistence of PECO in Pennsylvania; and

(viii) A certificate from the Secretary of State of the Commonwealth of Pennsylvania dated October 29, 2003 certifying as to the subsistence of Genco in Pennsylvania;

We have also examined, and relied upon the accuracy of factual matters contained in, originals or copies, certified or otherwise identified to our satisfaction, of such other corporate or organizational records of the Pennsylvania Borrowers, certificates or comparable documents of public officials and of officers of the Pennsylvania Borrowers, and such other agreements, instruments and documents and have made such examinations of law as we have deemed necessary in connection with the opinions set forth below.

We have assumed the legal capacity and competence of natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted to us as certified, conformed, photostatic, electronic or facsimile copies. We have made no independent factual investigation other than as described above, and as to other factual matters, we have relied exclusively on the facts stated in the representations and warranties contained in the Agreement and the Exhibits and Schedules to the Agreement (other than representations and warranties constituting conclusions of law on matters on which we opine). We have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion.

When an opinion or confirmation is given to our knowledge or with reference to matters of which we are aware or which are known to us, or with another similar qualification, the relevant knowledge or awareness is limited to the actual contemporaneous knowledge or awareness of facts, without investigation, by the lawyer who is the current primary contact for each of the Pennsylvania Borrowers and the individual lawyers in this firm who have participated in the specific transaction to which this opinion letter relates.

We have also assumed, without verification, (i) that the parties to the Agreement and the other agreements, instruments and documents executed in connection therewith, other than the Borrowers, have the power (including, without limitation, corporate power where applicable) and authority to enter into and perform the Agreement and such other agreements, instruments and documents, (ii) the due authorization, execution and delivery by such parties other than the Borrowers of the Agreement and such other agreements, instruments and documents, (iii) that the Agreement and such other agreements, instruments and documents constitute legal, valid and binding obligations of each such party other than the Borrowers,

enforceable against each such other party in accordance with their respective terms and (iv) the amount of a Borrower's borrowings outstanding under the Agreement and the \$750,000,000 3-Day Credit Agreement being entered into by the Borrower concurrently with this Agreement will not exceed the amount such Borrower is authorized to borrow under any approval referred to in Paragraphs 4 and 8 below.

Based upon the foregoing and subject to the assumptions, exceptions, limitations and qualifications set forth herein, we are of the opinion that:

1. Each of Exelon and PECO is a corporation duly incorporated and presently subsisting under the laws of the Commonwealth of Pennsylvania. Genco is a limited liability company duly formed and presently subsisting under the laws of the Commonwealth of Pennsylvania.
2. The execution and delivery, and the performance of the obligations thereunder, by the Pennsylvania Borrowers of the Agreement and the applicable Notes (a) are within the Pennsylvania Borrowers' corporate or limited liability company powers, (b) have been duly authorized by all necessary corporate and limited liability company action of each of the Pennsylvania Borrowers, (c) do not contravene (i) the Charter, By-laws or the Operating Agreement, as the case may be, of each of the Pennsylvania Borrowers, (ii) any law of the United States or the Commonwealth of Pennsylvania or (iii) to our knowledge, any agreement or instrument to which any of the Pennsylvania Borrowers is a party or by which any of the Pennsylvania Borrowers is bound and (d) to our knowledge, do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of the Pennsylvania Borrowers' properties under such agreements or instruments.
3. The execution, delivery and performance by ComEd of the Agreement and the ComEd Notes do not contravene any law of the Commonwealth of Pennsylvania.
4. No consent or approval of, or notice to or filing with, any federal or state regulatory authority of the United States or the Commonwealth of Pennsylvania is required by the Pennsylvania Borrowers in connection with the execution or delivery by the Pennsylvania Borrowers of the Agreement or the applicable Notes, except for, in the case of Exelon and Genco, the authorization of the U.S. Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 and, in the case of PECO, approval from the Public Utility Commission of the Commonwealth of Pennsylvania, which authorization and approval have been received and are in full force and effect.
5. The Agreement and the Exelon Notes have been duly executed and delivered by Exelon, and the Agreement and the Exelon Notes constitute the legal, valid and binding obligations of Exelon, enforceable against Exelon in accordance with their respective terms.

6. The Agreement and the PECO Notes have been duly executed and delivered by PECO, and the Agreement and the PECO Notes constitute the legal, valid and binding obligations of PECO, enforceable against PECO in accordance with their respective terms.

7. The Agreement and the Genco Notes have been duly executed and delivered by Genco, and the Agreement and the Genco Notes constitute the legal, valid and binding obligations of Genco, enforceable against Genco in accordance with their respective terms.

8. Assuming that the execution, delivery and performance of the Agreement and the ComEd Notes are within ComEd's corporate power and the Agreement and the ComEd Notes have been duly authorized, executed and delivered by ComEd after receipt of all required governmental and regulatory approvals, the Agreement and the ComEd Notes constitute the legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms.

9. None of the Pennsylvania Borrowers is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

We do not have knowledge, after inquiry of each lawyer in this firm who is the current primary contact for the Borrowers or who has devoted substantive attention to matters on behalf of the Borrowers during the preceding twelve months and who is still currently employed by or a member of this firm, except as disclosed in Exelon's Annual Report on Form 10-K for the year ended December 31, 2002 or Exelon's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, no litigation or governmental proceeding is pending or threatened in writing against any Borrower (i) with respect to the Agreement or the Notes, or (ii) which is likely to have a material adverse effect upon the financial condition, business, properties or prospects of any Borrower and its subsidiaries taken as a whole.

The foregoing opinions are subject to the following exceptions, limitations and qualifications:

(a) Our opinions are subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer marshalling or similar laws affecting creditors' rights and remedies generally; general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law); and limitations on enforceability of rights to indemnification or contribution by federal or state securities laws or regulations or by public policy.

(b) We draw your attention to the provisions of Section 911(b) of the Pennsylvania Crimes Code (the "Crimes Code"), 18 Pa. C.S. § 911(b), in connection with the fact that the Advances bear floating rates of interest. Section 911(b) of the Crimes Codes makes it unlawful to use or invest income derived from a pattern of "racketeering activity" in the

establishment or operation of any enterprise. "Racketeering activity," as defined in the Crimes Code, includes the collection of money or other property in full or partial satisfaction of a debt which arose as the result of the lending of money or other property at a rate of interest exceeding 25% per annum where not otherwise authorized by law.

(c) We express no opinion as to the application or requirements of federal or state securities (except with respect to the opinion in paragraph 9), patent, trademark, copyright, antitrust and unfair competition, pension or employee benefit, labor, environmental health and safety or tax laws in respect of the transactions contemplated by or referred to in the Agreement.

(d) We express no opinion as to the validity or enforceability of any provision of the Agreement or the Notes which (i) permits the Lenders to increase the rate of interest or to collect a late charge in the event of delinquency or default to the extent deemed to be penalties or forfeitures; (ii) purports to be a waiver by any Borrower of any right or benefit except to the extent permitted by applicable law; (iii) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions of the Agreement or the Notes has been made; (iv) purports to exculpate any party from its own negligent acts; or (v) purports to authorize any Participant to set off and apply any deposits at any time held, and any other indebtedness at any time owing, by such Participant to or for the account of any Borrower.

We express no opinion as to the law of any jurisdiction other than the law of the Commonwealth of Pennsylvania and the federal law of the United States.

A copy of this opinion may be delivered by you to each financial institution that may become a Lender under the Agreement, and such persons may rely on this opinion as if it were addressed to them and had been delivered to them on the date hereof. This opinion may be relied on by you and such persons to whom you may deliver copies as provided in the preceding sentence only in connection with the consummation of the transactions described herein and may not be used or relied upon by you or any other person for any other purpose, without in each instance our prior written consent.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

BALLARD SPAHR ANDREWS & INGERSOLL

D-1-5

EXHIBIT D-2

FORM OF OPINION OF SIDLEY AUSTIN BROWN & WOOD LLP

October 31, 2003

To each of the Agents and Lenders party to the Three Year Credit Agreement dated as of October 31, 2003 among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC, as Borrowers, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

We have been asked to furnish this letter to you pursuant to Section 3.01(b)(v) of the Three Year Credit Agreement dated as of October 31, 2003 (the "**Credit Agreement**") among Exelon Corporation ("**Exelon**"), Commonwealth Edison Company ("**ComEd**"), PECO Energy Company ("**PECO**") and Exelon Generation Company, LLC ("**Genco**"), as Borrowers, various financial institutions, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. Unless otherwise defined in this letter, capitalized terms defined in the Credit Agreement are used herein as therein defined.

We have acted as special Illinois counsel to ComEd in connection with the execution and delivery of the Credit Agreement and the Notes executed and delivered by ComEd (the "**ComEd Notes**"). In that capacity, we have examined:

- (i) the Credit Agreement;
- (ii) the ComEd Notes;
- (iii) the Restated Articles of Incorporation of ComEd and all amendments thereto (the "**ComEd Charter**"); and
- (iv) (iv) the by-laws of ComEd and all amendments thereto (the "**ComEd By-Laws**").

We are familiar with the corporate proceedings taken by ComEd in connection with the Credit Agreement and the transactions contemplated thereby. For purposes of expressing the opinions expressed in this letter, we have relied, as to various questions of fact material thereto, upon the representations made by ComEd in the Credit Agreement and upon certificates of officers of ComEd. We have also examined originals, or copies of originals certified to our satisfaction, of such corporate records of ComEd and such agreements, documents, certificates and other statements of government officials and other instruments, have examined such questions of law and have satisfied ourselves as to such matters of fact as we have considered relevant and necessary as a basis for this letter. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all

documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as certified or photostatic copies or by facsimile or other means of electronic transmission. We have also assumed that the amount of ComEd's borrowings outstanding under the Credit Agreement and the 364-Day Credit Agreement dated as of October 31, 2003 among Exelon, ComEd, PECO and Genco, as Borrowers, various financial institutions, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent, will not exceed the amount that ComEd is authorized to borrow under any approval referred to in paragraph 5. With respect to any instrument or agreement executed or to be executed by any party other than ComEd, we have assumed, to the extent relevant to the opinions set forth herein, that (i) such other party (if not a natural person) has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization and (ii) such other party has full right, power and authority to execute, deliver and perform its obligations under each instrument or agreement to which it is a party and each such instrument or agreement has been duly authorized (if applicable), executed and delivered by, and is a valid, binding and enforceable agreement or obligation, as the case may be, of, such other party.

Based upon the foregoing and subject to the qualifications and limitations stated below, it is our opinion that:

1. ComEd is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.
2. The execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes are within its corporate powers, have been duly authorized by all necessary corporate action, and do not (a) violate any provision of the ComEd Charter, the ComEd By-laws or any law, rule or regulation known to us to be customarily applicable to transactions of the nature contemplated by the Credit Agreement or the ComEd Notes or (b) to our knowledge, breach, constitute a default under or otherwise violate any agreement or instrument to which ComEd is a party or by which it or its properties are bound; and such execution, delivery and performance do not, to our knowledge, result in or require the creation of any lien, security interest or encumbrance on or in any of ComEd's properties.
3. The Credit Agreement and the ComEd Notes have been duly executed and delivered by ComEd.
4. The Credit Agreement and the ComEd Notes are, to the extent that the laws of the State of Illinois or the federal laws of the United States are applicable to the enforcement of ComEd's obligations thereunder, legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws of general applicability relating to or affecting the enforceability of creditors' rights generally, and by the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body of the United States or the State of Illinois is required for the due execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes, except for (i) the authorization of the U.S. Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, as amended, which authorization has been received, and (ii) the approval of the Illinois Commerce Commission under the Illinois Public Utilities Act, as amended, which approval has been received.

6. ComEd is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended (*“Investment Company Act”*).

We confirm to you that, to our knowledge, after inquiry of each lawyer in this firm who currently has supervisory responsibility for matters handled by this firm on behalf of ComEd, except as disclosed in ComEd’s Annual Report on Form 10-K for the year ended December 31, 2002 and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2003 and June 30, 2003, there is no pending or overtly threatened action or proceeding to which ComEd or any of its Subsidiaries is a party before any court, governmental agency or arbitrator that relates to the Credit Agreement or the ComEd Notes or that could reasonably be expected to affect materially and adversely ComEd’s performance of its obligations under the Credit Agreement or the ComEd Notes.

The opinion as to enforceability set forth in paragraph 4 above is subject to the qualification that the enforceability of ComEd’s obligations under the Credit Agreement and the ComEd Notes is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). Such principles of equity are of general application and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants. Such principles would include an expectation that parties act with reasonableness and in good faith, and might be applied, for example, to provisions which purport to grant a party with the authority to exercise sole discretion or make conclusive determinations. We note further, that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the rights of parties seeking to obtain indemnification.

With respect to our opinion in paragraph 6 above that ComEd is not an “investment company” within the meaning of the Investment Company Act, we have relied exclusively, as to all factual matters, on a certificate, dated as of the date of this letter (the *“Certificate”*), of J. Barry Mitchell, Vice President and Treasurer of ComEd (the *“Executing Officer”*). We note that, for purposes of determining whether a particular entity is an “investment company” within the meaning of the Investment Company Act, it is necessary to examine the “value” of the assets of such entity within the meaning of Section 2(a)(41)(A) of the Investment Company Act. Section 2(a)(41)(A)(ii) of the Investment Company Act provides that the “value” of certain assets held by an entity shall be the “fair value” of such assets as

determined in good faith by such entity's board of directors (or similar governing body). Although the Certificate makes certain certifications regarding the value of the assets of ComEd and certain of its subsidiaries, the Executing Officer did not request the Board of Directors of ComEd or of any of such subsidiaries to determine the value of any assets required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii), but obtained values from other sources he deemed to be reliable. We have assumed, however, with your permission, that all assets of ComEd and its subsidiaries that are required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii) of the Investment Company Act by the Board of Directors of ComEd or of the relevant subsidiary, as the case may be, would have been valued at the same values ascribed to such assets in the Certificate had the Board of Directors of ComEd or of the relevant subsidiary determined the "fair value" thereof pursuant to said section.

We express no opinion as to the enforceability of provisions of the Credit Agreement that (a) attempt to exculpate other parties from liability for future actions, inactions or practices, (b) purport to establish evidentiary standards, (c) purport to confer subject matter jurisdiction on any court or fix venue, (d) relate to severability or separability, (f) relate to payment without set-off or that otherwise purport to make obligations of, or determinations by, any party unconditional and absolute or (g) constitute agreements to agree. We also express no opinion as to the enforceability of provisions in the Credit Agreement to the effect that terms may not be waived or modified except in writing.

Any opinion or statement herein which is expressed to be "to our knowledge" or is otherwise qualified by words of like import means that the lawyers in this firm who have had an involvement in reviewing the Credit Agreement and the ComEd Notes have no current conscious awareness of any facts or information contrary to such opinion or statement.

This letter is limited to the federal laws of the United States of America and the laws of the State of Illinois. We note that the Credit Agreement and each of the ComEd Notes provides that it is to be governed by the laws of the Commonwealth of Pennsylvania. We express no opinion as to (i) Exelon, PECO or Genco or (ii) the enforceability under the laws of the Commonwealth of Pennsylvania of ComEd's obligations under the Credit Agreement or the ComEd Notes. With respect to these matters, we understand you are relying upon the opinion of Ballard Spahr Andrews & Ingersoll LLP, special counsel to Exelon, PECO and Genco and special Pennsylvania counsel to ComEd.

This letter is being delivered solely for the benefit of the persons to whom it is addressed; accordingly, it may not be relied upon by any other person or otherwise circulated or utilized for any purpose without our written consent, except that Ballard Spahr Andrews & Ingersoll LLP may rely upon the opinions expressed in paragraphs 1 through 3 (inclusive) in rendering their opinion to you of even date herewith. This letter may not be quoted or filed with any governmental authority or other regulatory agency (except to the extent required by law). We assume no obligation to update or supplement the opinions expressed herein to reflect any facts or circumstances which may hereafter come to our attention with respect to such opinions, including any changes in applicable law which may hereafter occur.

Very truly yours,

SIDLEY AUSTIN BROWN & WOOD LLP

D-2-5

EXHIBIT E
FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

_____, 20____

Pursuant to the Three Year Credit Agreement, dated as of October 31, 2003, among Exelon Corporation (“Exelon”), PECO Energy Company (“PECO”), Exelon Generation Company, LLC (“Genco”), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”), the undersigned, being ___ of [Exelon] [PECO] [Genco] (the “Borrower”), hereby certifies on behalf of the Borrower as follows:

1. Delivered herewith are the financial statements prepared pursuant to Section 5.01(b)[(ii)/(iii)] of the Credit Agreement for the fiscal ___ ended ___, 20___. All such financial statements comply with the applicable requirements of the Credit Agreement.
2. Schedule I hereto sets forth in reasonable detail the information and calculations necessary to establish the Borrower’s compliance with the provisions of Section 5.02(c) of the Credit Agreement as of the end of the fiscal period referred to in paragraph 1 above.
3. (Check one and only one:)
 No Event of Default or Unmatured Event of Default has occurred and is continuing.
 An Event of Default or Unmatured Event of Default has occurred and is continuing, and the document(s) attached hereto as Schedule II specify in detail the nature and period of existence of such Event of Default or Unmatured Event of Default as well as any and all actions with respect thereto taken or contemplated to be taken by the Borrower.
4. The undersigned has personally reviewed the Credit Agreement, and this certificate was based on an examination made by or under the supervision of the undersigned sufficient to assure that this certificate is accurate.

5. Capitalized terms used in this certificate and not otherwise defined shall have the meanings given in the Credit Agreement.

[EXELON CORPORATION]
[PECO ENERGY COMPANY]
[COMMONWEALTH EDISON COMPANY]
[EXELON GENERATION COMPANY, LLC]

By _____
Name: _____
Title: _____

Date: _____

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John W. Rowe, 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 first fiscal quarter 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/ John W. Rowe

John W. Rowe
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John F. Young, 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 first fiscal quarter 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/ John F. Young

John F. Young
Executive Vice President, Finance and Markets and
Chief Financial Officer
(Principal Financial Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, Frank M. Clark, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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/ Frank M. Clark

Frank M. Clark
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, Robert K McDonald, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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 K. McDonald

Robert K. McDonald
Senior Vice President, Chief Financial Officer,
Treasurer and Chief Risk Officer
(Principal Financial Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John L. Skolds, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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/ John L. Skolds

John L. Skolds
President, Exelon Energy Delivery
(Principal Executive Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John F. Young, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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/ John F. Young

John F. Young
Chief Financial Officer
(Principal Financial Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John L. Skolds, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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/ John L. Skolds

John L. Skolds
President
(Principal Executive Officer)

Date: April 26, 2006

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES
AND EXCHANGE ACT OF 1934**

I, John F. Young, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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/ John F. Young

John F. Young
Chief Financial Officer
(Principal Financial Officer)

Date: April 26, 2006

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 March 31, 2006, 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/ John W. Rowe

John W. Rowe
Chairman, Chief Executive Officer and
President

Date: April 26, 2006

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 March 31, 2006, 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/ John F. Young

John F. Young
Executive Vice President, Finance and
Markets and Chief Financial Officer

Date: April 26, 2006

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 March 31, 2006, 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/ Frank M. Clark

Frank M. Clark
Chairman and Chief Executive Officer

Date: April 26, 2006

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 March 31, 2006, 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/ Robert K. McDonald

Robert K. McDonald
Senior Vice President, Chief Financial
Officer, Treasurer and Chief Risk Officer

Date: April 26, 2006

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 March 31, 2006, 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/ John L. Skolds

John L. Skolds
President
Exelon Energy Delivery

Date: April 26, 2006

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 March 31, 2006, 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/ John F. Young

John F. Young
Chief Financial Officer

Date: April 26, 2006

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 March 31, 2006, 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/ John L. Skolds

John L. Skolds

President

Date: April 26, 2006

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 March 31, 2006, 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/ John F. Young

John F. Young
Chief Financial Officer

Date: April 26, 2006