

EXELON CORPORATION
Consolidated Statements of Cash Flows
(in millions)

	Nine Months Ended September 30,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 1,000	\$ 1,760
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel	1,621	1,477
Deferred income taxes and amortization of investment tax credits	(20)	487
Impairment charges	893	—
Other non-cash operating activities	255	264
Changes in assets and liabilities:		
Accounts receivable	172	(213)
Inventories	(23)	(54)
Accounts payable, accrued expenses and other current liabilities	(307)	61
Counterparty collateral asset	236	(203)
Counterparty collateral liability	159	104
Income taxes	64	257
Net realized and unrealized mark-to-market and hedging transactions	(115)	(168)
Pension and non-pension postretirement benefit contributions	(49)	(2,059)
Other assets and liabilities	(381)	(167)
Net cash flows provided by operating activities	<u>3,505</u>	<u>1,546</u>
Cash flows from investing activities		
Capital expenditures	(1,752)	(1,521)
Proceeds from nuclear decommissioning trust fund assets sales	3,584	3,234
Investment in nuclear decommissioning trust funds	(3,808)	(3,387)
Acquisition of businesses, net of cash acquired	—	(97)
Proceeds from sales of investments, long-lived assets and wholly owned subsidiaries, net of \$32 million of cash sold during the nine months ended September 30, 2005	2	107
Change in restricted cash	12	38
Other investing activities	(24)	(59)
Net cash flows used in investing activities	<u>(1,986)</u>	<u>(1,685)</u>
Cash flows from financing activities		
Issuance of long-term debt	920	1,788
Retirement of long-term debt	(64)	(382)
Retirement of long-term debt to financing affiliates	(691)	(639)
Issuance of short-term debt	—	2,500
Retirement of short-term debt	—	(2,200)
Change in other short-term debt	(837)	(344)
Dividends paid on common stock	(803)	(804)
Proceeds from employee stock plans	149	193
Purchase of treasury stock	(54)	(262)
Other financing activities	—	(57)
Net cash flows used in financing activities	<u>(1,380)</u>	<u>(207)</u>
Increase (decrease) in cash and cash equivalents	139	(346)
Cash and cash equivalents at beginning of period	140	499
Cash and cash equivalents at end of period	<u>\$ 279</u>	<u>\$ 153</u>

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings to GAAP Consolidated Statements of Income
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30, 2006			Three Months Ended September 30, 2005		
	GAAP (a)	Adjustments	Adjusted Non-GAAP	GAAP (a)	Adjustments	Adjusted Non-GAAP
Operating revenues	\$ 4,401	\$ (2) (b)	\$ 4,399	\$ 4,473	\$ —	\$ 4,473
Operating expenses						
Purchased power	996	54 (b)	1,050	1,210	(7) (b)	1,203
Fuel	489	37 (b)	526	482	93 (b)	575
Operating and maintenance	1,084	(143) (c),(d),(f)	941	900	(19) (c),(d),(f)	881
Impairment of goodwill	776	(776) (h)	—	—	—	—
Depreciation and amortization	400	(2) (d)	398	358	(19) (c),(d)	339
Taxes other than income	218	—	218	211	—	211
Total operating expenses	3,963	(830)	3,133	3,161	48	3,209
Operating income	438	828	1,266	1,312	(48)	1,264
Other income and deductions						
Interest expense	(218)	2 (c)	(216)	(216)	4 (c)	(212)
Equity in losses of unconsolidated affiliates	(13)	4 (c)	(9)	(39)	30 (c)	(9)
Other, net	114	(83) (c), (g)	31	11	—	11
Total other income and deductions	(117)	(77)	(194)	(244)	34	(210)
Income from continuing operations before income taxes	321	751	1,072	1,068	(14)	1,054
Income taxes	366	16 (b),(c),(d),(f),(g)	382	344	65 (b),(c),(d),(f)	409
Income (loss) from continuing operations	(45)	735	690	724	(79)	645
Income from discontinued operations	1	(1) (e)	—	1	(1) (e)	—
Net income (loss)	\$ (44)	\$ 734	\$ 690	\$ 725	\$ (80)	\$ 645
Earnings (loss) per average common share						
Income (loss) from continuing operations	\$ (0.07)	\$ 1.10	\$ 1.03	\$ 1.08	\$ (0.12)	\$ 0.96
Income from discontinued operations	—	—	—	—	—	—
Basic:	\$ (0.07)	\$ 1.10	\$ 1.03	\$ 1.08	\$ (0.12)	\$ 0.96
Income (loss) from continuing operations	\$ (0.07)	\$ 1.09	\$ 1.02	\$ 1.07	\$ (0.12)	\$ 0.95
Income from discontinued operations	—	—	—	—	—	—
Diluted:	\$ (0.07)	\$ 1.09	\$ 1.02	\$ 1.07	\$ (0.12)	\$ 0.95
Average common shares outstanding						
Basic	671		671	670		670
Diluted	671		677	677		677
Effect of adjustments on earnings per average diluted common share recorded in accordance with GAAP:						
Mark-to-market (b)		\$ 0.08			\$ 0.08	
Investments in synthetic fuel-producing facilities (c)		(0.02)			0.04	
Charges associated with Exelon's now terminated merger with PSEG (d)		(0.06)			(0.01)	
Financial impact of Generation's prior investment in Sithe (e)		—			—	
Severance (f)		(0.02)			0.01	
Recovery of debt costs at ComEd (g)		0.08			—	
Impairment of ComEd's		(1.15)			—	

goodwill (h)

Total adjustments

\$ (1.09)

\$ 0.12

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- (a) Results reported in accordance with accounting principles generally accepted in the United States (GAAP).
 - (b) Adjustment to exclude the mark-to-market impact of Exelon's non-trading activities.
 - (c) Adjustment to exclude the financial impact of Exelon's investments in synthetic fuel-producing facilities, including the impact of mark-to-market gains (losses) associated with the related derivatives.
 - (d) Adjustment to exclude certain costs associated with Exelon's merger with PSEG which was terminated in September 2006.
 - (e) Adjustment to exclude the financial impact of Generation's prior investment in Sithe Energies, Inc. (Sithe) (sold in January 2005).
 - (f) Adjustment to exclude severance charges or reductions to previously recorded severance reserves.
 - (g) Adjustment to exclude the one-time benefit to recover previously incurred debt costs approved by the July 2006 ICC rate order.
 - (h) Adjustment to exclude the impairment of ComEd's goodwill.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings to GAAP Consolidated Statements of Income
(unaudited)
(in millions, except per share data)

	Nine Months Ended September 30, 2006				Nine Months Ended September 30, 2005			
	GAAP (a)	Adjustments		Adjusted Non-GAAP	GAAP (a)	Adjustments		Adjusted Non-GAAP
Operating revenues	\$ 11,960	\$ 5	(b)	\$ 11,965	\$ 11,519	\$ —		\$ 11,519
Operating expenses								
Purchased power	2,092	141	(b)	2,233	2,442	(11)	(b)	2,431
Fuel	1,928	(14)	(b)	1,914	1,598	135	(b)	1,733
Operating and maintenance	2,989	(109)	(c),(d),(e),(f)	2,880	2,776	(48)	(c),(d),(f)	2,728
Impairment of goodwill	776	(776)	(i)	—	—	—		—
Depreciation and amortization	1,135	(37)	(c),(d)	1,098	1,003	(56)	(c),(d)	947
Taxes other than income	582	—		582	560	—		560
Total operating expenses	9,502	(795)		8,707	8,379	20		8,399
Operating income	2,458	800		3,258	3,140	(20)		3,120
Other income and deductions								
Interest expense	(663)	14	(c),(g)	(649)	(615)	11	(c)	(604)
Equity in losses of unconsolidated affiliates	(74)	50	(c)	(24)	(107)	86	(c)	(21)
Other, net	205	(132)	(c),(d),(h)	73	108	—		108
Total other income and deductions	(532)	(68)		(600)	(614)	97		(517)
Income from continuing operations before income taxes	1,926	732		2,658	2,526	77		2,603
Income taxes	929	41	(b),(c),(d),(e),(f),(g),(h)	970	779	220	(b),(c),(d),(f)	999
Income from continuing operations	997	691		1,688	1,747	(143)		1,604
Income (loss) from discontinued operations	3	(4)	(g)	(1)	13	(16)	(g)	(3)
Net income	\$ 1,000	\$ 687		\$ 1,687	\$ 1,760	\$ (159)		\$ 1,601
Earnings per average common share								
Basic:								
Income from continuing operations	\$ 1.49	\$ 1.03		\$ 2.52	\$ 2.61	\$ (0.21)		\$ 2.40
Income (loss) from discontinued operations	—	—		—	0.02	(0.02)		—
Net income	\$ 1.49	\$ 1.03		\$ 2.52	\$ 2.63	\$ (0.23)		\$ 2.40
Diluted:								
Income from continuing operations	\$ 1.48	\$ 1.02		\$ 2.50	\$ 2.58	\$ (0.21)		\$ 2.37
Income (loss) from discontinued operations	—	—		—	0.02	(0.02)		—
Net income	\$ 1.48	\$ 1.02		\$ 2.50	\$ 2.60	\$ (0.23)		\$ 2.37
Average common shares outstanding								
Basic	670			670	669			669
Diluted	676			676	676			676
Effect of adjustments on earnings per average diluted common share recorded in accordance with GAAP:								
Mark-to-market (b)		\$ 0.11				\$ 0.11		
Investments in synthetic fuel-producing facilities (c)		(0.08)				0.11		
Charges associated with Exelon's now terminated merger with PSEG (d)		(0.09)				(0.02)		
Nuclear decommissioning		0.13				—		

obligation reduction (e)		
Severance (f)	(0.02)	0.01
Financial impact of Generation's prior investment in Sithe (g)	—	0.02
Recovery of debt costs at ComEd (h)	0.08	—
Impairment of ComEd's goodwill (i)	(1.15)	—
Total adjustments	<u>\$ (1.02)</u>	<u>\$ 0.23</u>

- (a) Results reported in accordance with accounting principles generally accepted in the United States (GAAP).
- (b) Adjustment to exclude the mark-to-market impact of Exelon's non-trading activities.
- (c) Adjustment to exclude the financial impact of Exelon's investments in synthetic fuel-producing facilities, including the impact of mark-to-market gains (losses) associated with the related derivatives.
- (d) Adjustment to exclude certain costs associated with Exelon's merger with PSEG which was terminated in September 2006.
- (e) Adjustment to exclude the decrease in Generation's nuclear decommissioning obligation liability related to the AmerGen nuclear plants.
- (f) Adjustment to exclude severance charges or reductions to previously recorded severance reserves.
- (g) Adjustment to exclude the financial impact of Generation's prior investment in Sithe (sold in January 2005).
- (h) Adjustment to exclude the one-time benefit to recover previously incurred debt costs approved by the July 2006 ICC rate order.
- (i) Adjustment to exclude the impairment of ComEd's goodwill.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings
Per Diluted Share to GAAP Earnings Per Diluted Share
Three Months Ended September 30, 2006 and 2005

2005 GAAP Earnings per Diluted Share **\$ 1.07**

2005 Adjusted (non-GAAP) Operating Earnings Adjustments:

Mark-to-Market (1)	(0.08)
Investments in Synthetic Fuel-Producing Facilities (2)	(0.04)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	0.01
Reduction of Severance Reserves (4)	<u>(0.01)</u>

2005 Adjusted (non-GAAP) Operating Earnings **0.95**

Year Over Year Effects on Earnings:

ComEd Energy Margins:	
Weather (5)	(0.05)
Other Energy Delivery (6)	0.02
Net SECA Revenues (7)	(0.01)
PECO Energy Margins:	
Weather (8)	(0.01)
Other Energy Delivery (9)	0.03
Generation Energy Margins, Excluding Mark-to-Market (10)	0.14
Stock-Based Compensation (11)	(0.01)
Pension and Non-Pension Postretirement Benefits Expense (12)	(0.01)
Recovery of Environmental Costs at ComEd (13)	0.04
Planned Nuclear Refueling Outages (14)	(0.02)
Storm Costs (15)	(0.04)
Other Operating and Maintenance Expense (16)	(0.02)
Depreciation and Amortization (17)	(0.06)
Interest Expense (18)	0.01
Income Taxes (19)	0.05
Taxes Other Than Income and Other (20)	<u>0.01</u>

2006 Adjusted (non-GAAP) Operating Earnings **1.02**

2006 Adjusted (non-GAAP) Operating Earnings Adjustments:

Mark-to-Market (1)	0.08
Investments in Synthetic Fuel-Producing Facilities (2)	(0.02)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	(0.06)
Severance Charges (4)	(0.02)
Recovery of Debt Costs at ComEd (21)	0.08
Impairment of ComEd's Goodwill (22)	<u>(1.15)</u>

2006 GAAP Loss per Share **\$ (0.07)**

- (1) Reflects the mark-to-market impact of Exelon's non-trading activities.
- (2) Reflects the financial impact of Exelon's investments in synthetic fuel-producing facilities, including the impact of mark-to-market gains (losses) associated with the related derivatives.
- (3) Reflects certain costs incurred in connection with Exelon's merger with PSEG which was terminated in September 2006, including the \$35 million (after tax) write-off of capitalized merger costs during the third quarter of 2006.
- (4) Reflects severance charges recorded during the period or reductions to previously recorded severance reserves.
- (5) Reflects less favorable weather conditions in the ComEd service territory in 2006.
- (6) Reflects increased revenues net of fuel at ComEd primarily due to decreased ancillary costs. Excludes the effects of the 2006 change in the purchased power agreement with Generation.
- (7) Reflects a decrease in net recognized SECA revenues.
- (8) Reflects less favorable weather conditions in the PECO service territory in 2006.
- (9) Reflects increased revenues at PECO primarily due to authorized electric rate increases, including scheduled CTC rate increases in accordance with PECO's 1998 restructuring settlement with the PAPUC.

- (10) Reflects higher realized prices on market sales and higher nuclear volumes at Generation. Excludes the impact of the 2006 change in the purchased power agreement with ComEd.
- (11) Reflects increased stock-based compensation costs.
- (12) Reflects increased pension and non-pension postretirement benefits expense primarily due to changes in actuarial assumptions for 2006.
- (13) Reflects a one-time benefit approved by the July 2006 ICC rate order to recover previously incurred environmental expenses associated with manufactured gas plants.
- (14) Reflects increased planned nuclear refueling outage costs.
- (15) Reflects increased storm costs primarily in the PECO service territory.
- (16) Reflects increased operating and maintenance expense primarily due to inflation.
- (17) Reflects increased depreciation and amortization primarily due to increased CTC amortization at PECO.
- (18) Reflects decreased interest expense primarily due to the settlement of interest rate swaps in 2005.
- (19) Reflects the impact on net income primarily due to changes in income tax legislation in Pennsylvania and an ITC refund at PECO, partially offset by the income tax effect from the anticipated financial impacts of the Illinois auction.
- (20) Reflects decreased taxes other than income primarily due to the impact of certain unfavorable state tax matters in 2005.
- (21) Reflects a one-time benefit approved by the July 2006 ICC rate order to recover previously incurred debt expenses to retire debt early.
- (22) Reflects impairment of ComEd's goodwill.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings
to GAAP Earnings By Business Segment (in millions)
Three Months Ended September 30, 2006 and 2005

	ComEd	PECO	Generation	Other	Exelon
2005 GAAP Earnings	\$ 224	\$ 166	\$ 335	\$ —	\$ 725
2005 Adjusted (non-GAAP) Operating Earnings Adjustments:					
Mark-to-Market (1)	—	—	(52)	—	(52)
Investments in Synthetic Fuel-Producing Facilities (2)	—	—	—	(28)	(28)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	1	3	1	—	5
Changes in Severance Reserves (4)	(3)	—	(2)	1	(4)
2005 Financial Impact of Generation's Prior Investment in Sithe (5)	—	—	(1)	—	(1)
2005 Adjusted (non-GAAP) Operating Earnings	222	169	281	(27)	645
Year Over Year Effects on Earnings:					
ComEd and PECO Energy Margins:					
Weather (6)	(33)	(7)	—	—	(40)
Other Energy Delivery (7)	14	18	—	—	32
Net SECA Revenues (8)	(4)	—	—	—	(4)
Generation Energy Margins, Excluding Mark-to-Market (9)	—	—	92	—	92
ComEd and Generation PPA Rate Change (10)	10	—	(10)	—	—
Stock-Based Compensation (11)	(3)	(1)	(5)	—	(9)
Pension and Non-Pension Postretirement Benefits Expense (12)	(4)	1	(3)	—	(6)
Recovery of Environmental Costs at ComEd (13)	25	—	—	—	25
Planned Nuclear Refueling Outages (14)	—	—	(15)	—	(15)
Storm Costs (15)	(2)	(21)	—	—	(23)
Other Operating and Maintenance Expense (16)	(6)	(3)	(6)	(1)	(16)
Depreciation and Amortization (17)	(2)	(31)	(7)	(1)	(41)
Interest Expense (18)	4	4	(3)	2	7
Income Taxes (19)	6	12	6	9	33
Taxes Other Than Income and Other (20)	(4)	(1)	15	—	10
2006 Adjusted (non-GAAP) Operating Earnings	223	140	345	(18)	690
2006 Adjusted (non-GAAP) Operating Earnings Adjustments:					
Mark-to-Market (1)	1	—	56	1	58
Investments in Synthetic Fuel-Producing Facilities (2)	—	—	—	(13)	(13)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	(1)	(3)	(2)	(36)	(42)
Severance Charges (4)	(5)	(3)	(6)	—	(14)
2006 Financial Impact of Generation's Prior Investment in Sithe (5)	—	—	1	—	1
Recovery of Debt Costs at ComEd (21)	52	—	—	—	52
Impairment of ComEd's Goodwill (22)	(776)	—	—	—	(776)
2006 GAAP Earnings (Loss)	\$ (506)	\$ 134	\$ 394	\$ (66)	\$ (44)

- (1) Reflects the mark-to-market impact of Exelon's non-trading activities.
- (2) Reflects the financial impact of Exelon's investments in synthetic fuel-producing facilities, including the impact of mark-to-market gains (losses) associated with the related derivatives.
- (3) Reflects certain costs incurred in connection with Exelon's merger with PSEG which was terminated in September 2006, including the \$35 million (after tax) write-off of capitalized merger costs during the third quarter of 2006.
- (4) Reflects severance charges recorded during the period or reductions to previously recorded severance reserves.
- (5) Reflects the financial impact of Generation's prior investment in Sithe (sold in January 2005).
- (6) Reflects less favorable weather conditions in the ComEd and PECO service territories in 2006.
- (7) Reflects increased revenues net of fuel at ComEd primarily due to decreased ancillary costs. Excludes the effects of the 2006 change in the purchased power agreement with Generation. Also, reflects increased revenues at PECO primarily due to authorized electric rate increases, including scheduled CTC rate increases in accordance with PECO's 1998 restructuring settlement with the PAPUC.
- (8) Reflects a decrease in net recognized SECA revenues.
- (9) Reflects higher realized prices on market sales and higher nuclear volumes at Generation. Excludes the impact of the 2006 change in the purchased power agreement with ComEd.
- (10) Reflects the impact on net income of decreased prices in accordance with ComEd's purchased power agreement with Generation.
- (11) Reflects increased stock-based compensation costs.
- (12) Reflects increased pension and non-pension postretirement benefits expense primarily due to changes in actuarial assumptions for 2006.
- (13) Reflects a one-time benefit approved by the July 2006 ICC rate order to recover previously incurred environmental expenses associated with manufactured gas plants.
- (14) Reflects increased planned nuclear refueling outage costs.
- (15) Reflects increased storm costs primarily in the PECO service territory.
- (16) Reflects increased operating and maintenance expense primarily due to inflation.
- (17) Reflects increased depreciation and amortization primarily due to increased CTC amortization at PECO.
- (18) Reflects decreased interest expense primarily due to the settlement of interest rate swaps in 2005.
- (19) Reflects the impact on net income primarily due to changes in income tax legislation in Pennsylvania and an ITC refund at PECO, partially offset by the income tax effect from the anticipated financial impacts of the Illinois auction.
- (20) Reflects decreased taxes other than income primarily due to the impact of certain unfavorable state tax matters in 2005.
- (21) Reflects a one-time benefit approved by the July 2006 ICC rate order to recover previously incurred debt expenses to retire debt early.
- (22) Reflects impairment of ComEd's goodwill.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings
Per Diluted Share to GAAP Earnings Per Diluted Share
 Nine Months Ended September 30, 2006 and 2005

2005 GAAP Earnings per Diluted Share **\$ 2.60**

2005 Adjusted (non-GAAP) Operating Earnings Adjustments:

Mark-to-Market (1)	(0.11)
Investments in Synthetic Fuel-Producing Facilities (2)	(0.11)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	0.02
Reduction in Severance Reserves (4)	(0.01)
2005 Financial Impact of Generation's Prior Investment in Sithe (5)	<u>(0.02)</u>

2005 Adjusted (non-GAAP) Operating Earnings **2.37**

Year Over Year Effects on Earnings:

ComEd Energy Margins:	
Weather (6)	(0.09)
Other Energy Delivery (7)	0.06
Net SECA Revenues (8)	(0.03)
PECO Energy Margins:	
Weather (9)	(0.05)
Other Energy Delivery (10)	0.09
Generation Energy Margins, Excluding Mark-to-Market (11)	0.44
Stock-Based Compensation (12)	(0.05)
Pension and Non-Pension Postretirement Benefits Expense (13)	(0.02)
Asbestos Reserve (14)	0.04
Recovery of Environmental Costs at ComEd (15)	0.04
Planned Nuclear Refueling Outages (16)	(0.03)
Storm Costs (17)	(0.03)
Other Operating and Maintenance Expense (18)	(0.11)
Depreciation and Amortization (19)	(0.15)
Interest Expense (20)	(0.01)
Nuclear Decommissioning Trust Fund Rebalancing (21)	(0.03)
Income Taxes (22)	0.08
Taxes Other Than Income and Other (23)	<u>(0.02)</u>

2006 Adjusted (non-GAAP) Operating Earnings **2.50**

2006 Adjusted (non-GAAP) Operating Earnings Adjustments:

Mark-to-Market (1)	0.11
Investments in Synthetic Fuel-Producing Facilities (2)	(0.08)
Charges Associated with Exelon's Now Terminated Merger with PSEG (3)	(0.09)
Severance Charges (4)	(0.02)
Nuclear Decommissioning Obligation Reduction (24)	0.13
Recovery of Debt Costs at ComEd (25)	0.08
Impairment of ComEd's Goodwill (26)	<u>(1.15)</u>

2006 GAAP Earnings per Diluted Share **\$ 1.48**

- (1) Reflects the mark-to-market impact of Exelon's non-trading activities.
- (2) Reflects the financial impact of Exelon's investments in synthetic fuel-producing facilities, including the impact of mark-to-market gains (losses) associated with the related derivatives and a \$69 million impairment charge (after tax) in 2006.
- (3) Reflects certain costs incurred in connection with Exelon's merger with PSEG which was terminated in September 2006, including the \$35 million (after tax) write-off of capitalized merger costs during the third quarter of 2006.
- (4) Reflects severance charges recorded during the period or reductions to previously recorded severance reserves.
- (5) Reflects the financial impact of Generation's prior investment in Sithe (sold in January 2005).
- (6) Reflects less favorable weather conditions in the ComEd service territory.