We placed the ratings of Constellation Energy on CreditWatch with positive implications upon announcement of the merger because we expect to raise the ratings to 'BBB' at closing.

Do the companies have adequate liquidity?

We will make a final determination after we have further details. Exelon and Constellation (excluding utilities) currently have $10.3 billion of credit facilities and other liquidity lines. Management has indicated that they expect the matching that will result between Exelon's generation position and Constellation's load will reduce the combined company's liquidity needs by almost $3.0 billion. Our analysis normally includes an assessment of liquidity based on a market stress event.

Under what conditions might Standard & Poor's lower the ratings?

We believe there are risks that higher natural gas production from shale plays, a delay in coal plant retirements, or a significant increase in the cost of nuclear generation could in the long term prevent cash flow from meeting our expectations. We also believe that an energy-light economic recovery or falling demand in a double-dip recession could harm the pro forma company more than its peers because of its significant base load generation. Should consolidated FFO to debt measures decline to less than 22.0% (or about 27.5% for the unregulated business), we would consider lowering the rating. (Also, we note that a meaningful proportion of the pro forma electric load will not benefit from margin transactions because ExGen's generation position will match Constellation's load. Despite the improvements in scale the merger brings, we will watch closely to see whether the company can meet the demands of its growth with adequate liquidity.

Under what conditions would Standard & Poor's consider raising the ratings?

There are supportive factors that buttress the current ratings. Capacity markets suggest a trough in 2012, and with rising coal prices and the potential for significant retirements of older, less efficient coal units, off-peak prices have risen some, as have market heat rates. We also note that the far end of the forward gas curve (beyond 2015) has recovered somewhat, likely because of the nuclear incident in Japan, which has raised demand for liquefied natural gas. The pro forma company's financial measures may improve as natural gas prices respond to coal asset retirements, but we consider this an upside case and would raise our ratings on the pro forma company only if it achieves consolidated FFO to debt levels of 30% or higher. Practically speaking, this could happen by year-end 2013.

STANDARD & POOR'S

Global Credit Portal®
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May 18, 2011

Commonwealth Edison Co.

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Commonwealth Edison Co.

Major Rating Factors

Corporate Credit Rating
BBB/Stable/A-2

Strengths:
- Lower-risk transmission and distribution electric utility;
- More than adequate cash flow measures for the current rating; and
- The recently announced merger between its parent, Exelon Corp., and Constellation Energy Group Inc., which will add size and scope to Exelon.

Weaknesses:
- Association with Exelon's merchant generation businesses; and
- A challenging regulatory environment that requires constant navigation.

Rationale

The ratings on Commonwealth Edison Co. (ComEd) reflect the consolidated credit profile of parent Exelon Corp. Exelon's other considerable subsidiaries include regulated PECO Energy Co. and unregulated Exelon Generation Co. LLC. In general, ComEd's ratings are limited to the lower of Exelon's consolidated rating or ComEd's stand-alone credit quality. The ratings also reflect ComEd's excellent business risk profile and Exelon's significant financial risk profile. As of Dec. 31, 2010, Chicago-based Exelon had about $12.7 billion in total debt outstanding. Based on the combination of future earnings, cash flow, and capital expenditures, Standard & Poor's Ratings Services currently views ComEd as accounting for about 15% of Exelon.

Recently, Exelon announced that it will merge with Constellation Energy Group Inc. in a stock-for-stock transaction that will require the approval of the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission, the Department of Justice, the Maryland Public Service Commission, the New York Public Service Commission, the Public Utility Commission of Texas, and other state and federal regulatory bodies. The companies expect that the merger will close in early 2012. We believe it's highly likely that we will assign a 'BBB' corporate credit rating to the combined Exelon-Constellation company following our complete assessment of the final plan, and therefore we affirmed the ratings and outlook for Exelon and its subsidiaries following the merger announcement.

The excellent business risk profile reflects ComEd's lower-risk transmission and distribution operations. ComEd serves about 3.8 million electric customers in the City of Chicago and surrounding area. Additionally, ComEd maintains electric transmission lines that comprise about 23% of its total rate base. The company's distribution rates are regulated by the Illinois Commerce Commission, and the transmission rates are regulated by the FERC. Overall, we view the distribution and transmission businesses as lower risk than the generation businesses often included in many fully integrated electric utilities.

Fundamental to ComEd's excellent business risk profile is its ability to effectively manage its regulatory risks. These include the recent Illinois Appellate Court ruling that accumulated depreciation should reduce post-test-year plant additions, and the elimination of the smart meter rider. The ruling is yet another reminder of the evolving multiple strategies that ComEd must consistently employ to effectively manage its regulatory risk. In 2010, the company filed for a $396 million rate increase. The staff recommended a rate increase of $78 million, and the administrative law judge recommended a rate increase of $166 million. A commission's order is expected within the next few weeks. Our investment-grade corporate credit rating on ComEd assumes that the company will be able to navigate its present challenges while maintaining its credit quality.

The significant financial risk profile reflects Exelon's strong financial measures, with adjusted funds from operation (FFO) to debt at about 33%, which we expect will continue to be affected by the ongoing weakness in the energy power markets. ComEd's stand-alone financial measures have steadied over the past two years, partially reflecting its 2008 rate increase. In 2010, the company benefited from warmer-than-expected weather, the recovery of uncollectible costs through a rider, and an increase in deferred taxes.

For the 12 months ended Dec. 31, 2010, ComEd's adjusted FFO to debt was 20.5%, up from 19.9% at the end of 2009; adjusted debt to EBITDA improved to 4.0x from 4.4x at year-end 2009; and adjusted debt to total capital was about 49%, or worse than the 47% at year-end 2009. We expect the financial measures to remain steady over the intermediate term as increases in rates and bonus depreciation are offset by higher pension contributions and some 2010 benefits that won't be repeated (i.e., beneficial weather and the rider for uncollectible costs).

Liquidity

The short-term rating on ComEd is 'A-2', and its liquidity is strong under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors: exceptional, strong, adequate, less than adequate, and weak. (For more on liquidity, see "Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers," published July 2, 2010, on RatingsDirect on the Global Credit Portal.) Strong liquidity supports ComEd's 'BBB' corporate credit rating. The company's projected sources of liquidity--mainly operating cash flow and available bank lines--exceed its projected uses--necessary capital expenditures, debt maturities, and common dividends--by more than 1.5x. ComEd's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its well-established bank relationships, its general high standing in the credit markets, and its prudent risk management further support our description of liquidity as strong.

As of Dec. 31, 2010, ComEd had cash and cash equivalents of $50 million and a $1 billion revolving credit facility, of which $804 million was available after reducing for outstanding commercial paper. The credit facility expires in March 2013, and ComEd must maintain cash from operations to interest expense of at least 2x. As of year-end, it was in compliance with this financial covenant.

We expect ComEd to have negative discretionary cash flow over near and intermediate terms primarily due to its large annual capital expenditures of approximately $1 billion. In addition, the company has material long-term maturities of, successively, $347 million, $450 million, and $252 million for 2011-2013. We expect that the company will meet these cash shortfalls with increasing debt issuances.

Recovery analysis

We assign recovery ratings to first-mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. We base the investment-grade FMB recovery methodology on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies, and on our view that the factors that supported those recoveries (limited size of the creditor class, and the durable value of utility rate-based assets during and after a reorganization, given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, when assigning issue ratings to utility FMBs, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories.

ComEd's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of 1.5x supports a recovery rating of '1+' and an issue rating two notches above the CCR.

Outlook

The stable rating outlook reflects the high likelihood that we will assign a 'BBB' corporate credit rating to the combined Exelon-Constellation company following our complete assessment of the final plan. The stable outlook also reflects Standard & Poor's baseline forecast that ComEd's FFO to debt will consistently exceed 15% over the near-to-intermediate term. Fundamental to our forecast is the outcome of the company's rate case filing, the timing and the potential cash outflow from ComEd's outstanding tax issues with the IRS, and a gradual, slow economic recovery. Because ComEd's CCR is limited to the lower of its stand-alone credit rating or its parent's CCR, in order for us to raise our rating on ComEd, we would first have to upgrade the Exelon-Constellation company and ComEd's stand-alone credit quality would have to reflect the higher rating. We would raise our rating on the Exelon-Constellation company if it is able to consistently achieve FFO to debt of 30% or higher. This would most likely occur if natural gas prices increase. We could lower the rating on the combined company if FFO to debt drops to below 22%, which could occur if shale gas production continues to pressure natural gas prices, expected coal plant retirements are delayed, or there is a significant increase in nuclear generation costs.

Related Criteria And Research

- Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Analytical Methodology, April 15, 2008
- Changes To Collateral Coverage Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds, Sept. 6, 2007

Table 1

Commonwealth Edison Co. -- Peer Comparison*

Industry Sector: Electric

	Commonwealth Edison Co.	Baltimore Gas & Electric Co.	Consolidated Edison Inc.	NSTAR	PECO Energy Co.
Rating as of May 18, 2011	BBB/Stable/A-2	BBB+/Stable/A-2	A-/Stable/A-2	A+/Watch Neg/A-1	BBB/Stable/A-2
	--Average of the past three fiscal years--				
(Mil. $)					
Revenues	5,893.0	3,494.8	13,313.3	2,953.9	4,845.0
EBITDA	1,275.7	449.7	2,729.0	806.8	1,042.3
Net income from continuing operations	304.0	96.6	934.7	239.2	334.0

Table 1

Commonwealth Edison Co. -- Peer Comparison* (cont.)					
Funds from operations (FFO)	1,120.2	460.4	2,093.1	552.6	550.7
Capital expenditures	932.7	427.7	2,189.1	397.8	446.7
Free operating cash flow	68.5	(35.6)	(202.7)	137.6	93.9
Discretionary cash flow	(114.8)	(107.4)	(820.6)	(22.1)	(246.7)
Cash and short-term investments	62.7	179.3	224.0	59.5	288.0
Debt	6,411.7	2,051.0	13,471.0	3,198.0	2,905.4
Equity	6,945.3	2,085.4	10,442.5	1,886.6	2,638.3
Adjusted ratios	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	21.6	12.9	20.5	27.3	21.5
EBITDA interest coverage (x)	3.5	4.0	4.4	5.3	5.9
EBIT interest coverage (x)	2.7	2.5	3.2	3.9	3.7
Return on capital (%)	6.2	5.6	7.0	9.7	8.6
FFO/debt (%)	17.5	22.4	15.5	17.3	19.0
Free operating cash flow/debt (%)	1.1	(1.7)	(1.5)	4.3	3.2
Debt/EBITDA (x)	5.0	4.6	4.9	4.0	2.8
Total debt/debt plus equity (%)	48.0	49.6	56.3	62.9	52.4

*Fully adjusted (including postretirement obligations).

Table 2

Commonwealth Edison Co. -- Financial Summary					
Industry Sector: Electric					
	--Fiscal year ended Dec. 31--				
	2010	**2009**	**2008**	**2007**	**2006**
Rating history	BBB/Stable/A-2	BBB/Stable/A-2	BBB-/Watch Neg/A-3	BB/Positive/B	BBB-/Watch Neg/A-3
(Mil. $)					
Revenues	6,204.0	5,774.0	5,701.0	5,728.0	5,715.0
EBITDA	1,681.5	1,418.1	727.6	614.0	1,401.9
Net income from continuing operations	337.0	374.0	201.0	165.0	(112.0)
Funds from operations (FFO)	1,394.1	1,230.8	735.7	410.5	714.2
Capital expenditures	983.2	856.8	958.1	1,041.8	914.7
Dividends paid	310.0	240.0	0.0	0.0	0.0
Debt	6,793.5	6,182.5	6,259.0	5,350.1	4,879.4
Preferred stock	103.0	103.0	103.0	0.0	0.0
Equity	7,013.0	6,985.0	6,838.0	6,528.0	6,298.0
Debt and equity	13,806.5	13,167.5	13,097.0	11,878.1	11,177.4
Adjusted ratios					
EBITDA margin (%)	27.1	24.6	12.8	10.7	24.5
EBIT interest coverage (x)	3.0	3.0	1.9	1.8	5.0
FFO interest coverage (x)	4.1	4.6	2.9	2.1	3.3

Table 2

Commonwealth Edison Co. -- Financial Summary (cont.)					
FFO/debt (%)	20.5	19.9	11.8	7.7	14.6
Discretionary cash flow/debt (%)	(0.7)	(0.2)	(4.6)	(15.9)	(4.8)
Net cash flow/capital expenditures (%)	110.3	115.6	76.8	39.4	78.1
Debt/debt and equity (%)	49.2	47.0	47.8	45.0	43.7
Return on capital (%)	7.2	6.4	4.8	4.1	10.5
Return on common equity (%)	4.9	5.5	3.0	2.6	(1.8)
Common dividend payout ratio (unadjusted) (%)	92.0	64.2	0.0	0.0	0.0

Table 3

Reconciliation Of Commonwealth Edison Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2010--									
Commonwealth Edison Co. reported amounts										
	Debt	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	5,207.0	6,910.0	6,204.0	1,572.0	1,056.0	386.0	1,077.0	1,077.0	310.0	962.0
Standard & Poor's adjustments										
Operating leases	90.4	--	--	6.4	6.4	6.4	10.1	10.1	--	21.2
Intermediate hybrids reported as debt	(103.0)	103.0	--	--	--	--	--	--	--	--
Postretirement benefit obligations	1,376.9	--	--	96.1	96.1	--	161.2	161.2	--	--
Share-based compensation expense	--	--	--	3.0	--	--	--	--	--	--
Asset retirement obligations	68.3	--	--	4.0	4.0	4.0	(1.3)	(1.3)	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	24.0	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	147.0	--	--
Accrued interest not included in reported debt	154.0	--	--	--	--	--	--	--	--	--
Total adjustments	1,586.5	103.0	--	109.5	130.5	10.4	170.1	317.1	--	21.2

Table 3

Reconciliation Of Commonwealth Edison Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.)

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	6,793.5	7,013.0	6,204.0	1,681.5	1,186.5	396.4	1,247.1	1,394.1	310.0	983.2

*Commonwealth Edison Co. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. D&A -- Depreciation and amortization.

Ratings Detail (As Of May 18, 2011)*	
Commonwealth Edison Co.	
Corporate Credit Rating	BBB/Stable/A-2
Commercial Paper	
Local Currency	A-2
Preferred Stock (1 Issue)	BB+
Senior Secured (23 Issues)	A-
Senior Unsecured (2 Issues)	BBB
Corporate Credit Ratings History	
22-Jul-2009	BBB/Stable/A-2
21-Oct-2008	BBB-/Watch Neg/A-3
11-Sep-2008	BBB-/Stable/A-3
29-Aug-2007	BB/Positive/B
01-Jun-2007	BB/Watch Neg/B
05-Oct-2006	BBB-/Watch Neg/A-3
Business Risk Profile	Excellent
Financial Risk Profile	Significant
Related Entities	
Exelon Corp.	
Issuer Credit Rating	BBB/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured (3 Issues)	BBB-
Exelon Generation Co. LLC	
Issuer Credit Rating	BBB/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured (7 Issues)	BBB
Senior Unsecured (1 Issue)	BBB-
Senior Unsecured (1 Issue)	BBB/A-2
PECO Energy Co.	
Issuer Credit Rating	BBB/Stable/A-2

Ratings Detail (As Of May 18, 2011)*(cont.)	
Commercial Paper	
Local Currency	A-2
Preferred Stock (6 Issues)	BB+
Senior Secured (12 Issues)	A-
Senior Secured (1 Issue)	AA+/Stable
Senior Secured (1 Issue)	AA-/Watch Dev
Philadelphia Electric Co.	
Senior Secured (3 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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May 18, 2011

Summary:
Commonwealth Edison Co.

Primary Credit Analyst:
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Summary:
Commonwealth Edison Co.

Credit Rating: BBB/Stable/A-2

Rationale

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