FitchRatings

Corporates

Electric-Corporate / U.S.A.

Commonwealth Edison Company

Subsidiary of Exelon Corp.

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB–
Short-Term IDR	F3
Secured	BBB+
Senior Unsecured	BBB
Preferred Stock	BB+
Commercial Paper	F3

IDR – Issuer Default Rating.

Rating Outlook

Long-Term Foreign-Currency IDR	Positive

Financial Data

Commonwealth Edison Company

($ Mil.)	12/31/12	12/31/11
Revenue	5,443	6,056
Gross Margins	3,136	3,021
Operating EBITDA	1,509	1,542
Net Income	379	416
CFFO	1,334	836
Total Debt	5,736	5,860
Total Capitalization	13,162	13,000
Capex/Depreciation	201.29	185.56

Related Research

Baltimore Gas and Electric Company (April 2013)

Exelon Corp. (April 2013)

Exelon Generation Company, LLC (April 2013)

PECO Energy Company (April 2013)

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Key Rating Drivers

Credit Metrics: Higher rates effective Jan. 1, 2013, and a formula rate plan that allows for annual rate adjustments should allow Commonwealth Edison Co. (Comed) to sustain its currently sound financial position over the next few years. Offsetting factors are rising pension costs and reduced tax benefits from bonus depreciation. Fitch Ratings estimates EBITDA/interest will average about 5.0x, FFO/interest 4.5x, and FFO/debt 18%. Each measure is strong for the current rating. One lagging measure is debt/EBITDA, which Fitch expects to average about 4.0x over the next several years.

Regulatory Environment: A formula based rate plan (FRP) implemented in October 2011 provides increased regulatory predictability in Illinois. While the FRP remains less favorable than initially expected by Fitch, it does provide for annual rate adjustments, recognizes forward-looking capital additions and includes a true-up mechanism reducing, albeit not eliminating, rate lag. In Fitch's view, the primary deficiencies are a relatively low formula-based return on equity (ROE) and reliance on an average, rather than year-end rate base, which reduces the revenue requirement.

Rising Capex: Capex is forecast to rise to approximately $4.4 billion over the three-year period from 2013 to 2015, compared with $3.3 billion in the prior three-year period. The higher outlays are primarily driven by the Illinois Energy Infrastructure Modernization Act (EIMA), which requires Comed to invest an incremental $1.3 billion on electric system upgrades over five years and an additional $1.3 billion for smart grid deployment over 10 years. The legislation provides for recovery through the FRP filings.

Commodity Price Exposure: Ratings and credit quality benefit from the absence of commodity price exposure, which limits cash flow volatility and reduces business risk. Comed's energy supply costs are recovered from customers through a monthly fuel adjustment mechanism. The company has no volumetric or price risk on energy supply costs.

Like-Kind Exchange: Comed's exposure to the IRS's disallowance of the tax benefits associated with a like-kind exchange is a credit concern. However, the issue is not likely to be resolved for several years and was not factored into the current rating. Comed's potential tax and after-tax interest that could become payable, excluding penalties, is $260 million as of Jan. 28, 2013.

Rating Outlook: The Positive Rating Outlook reflects credit metrics that Fitch expects to remain consistent with 'BBB' target credit ratios and the predictability of future rate recovery due to the evolution of the formula rate plan in Illinois.

Rating Sensitivities

Positive Action: A constructive outcome in Comed's next FRP filing could lead to a one-notch upgrade. In particular, adherence by the Illinois Commerce Commission (ICC) to the principles applied in the most recent rate decision. A successful court challenge regarding the use of an average rather than year-end rate base and the interest rate used to calculate the carrying cost on true-up revenue in FRP filings, or the enactment of Senate Bill 9 would also have a beneficial impact on credit quality.

Negative Action: Lack of rate support for utility infrastructure investments or an over-reliance on Comed to fund the parent common stock dividend pose the greatest threats to ratings.

Financial Overview

Liquidity and Debt Structure

A $1 billion committed credit facility provides ample liquidity. The credit facility supports a commercial paper program of equal size and provides for direct borrowings. The credit facility extends to March 2018 and allows for an additional one-year extension. Available cash at Dec. 31, 2012 was $144 million.

Long-term debt as of Dec. 31, 2012 aggregated $5.8 billion, including $206 million of subordinated debentures that qualify for 50% equity credit under Fitch's methodology. Approximately 95% of the outstanding long-term debt is first mortgage bonds. Annual debt maturities in each of the next five years ranging between $250 million and $665 million should be manageable, but will require capital market access.

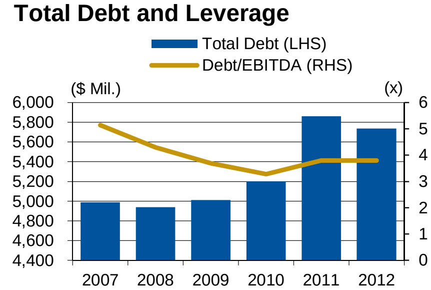
Debt Maturities

($ Mil.)

2013	252
2014	617
2015	260
2016	665
After 2016	3,999
Cash and Cash Equivalents	144
Undrawn Committed Facilities	1,000

Source: Company data, Fitch.

Total Debt and Leverage

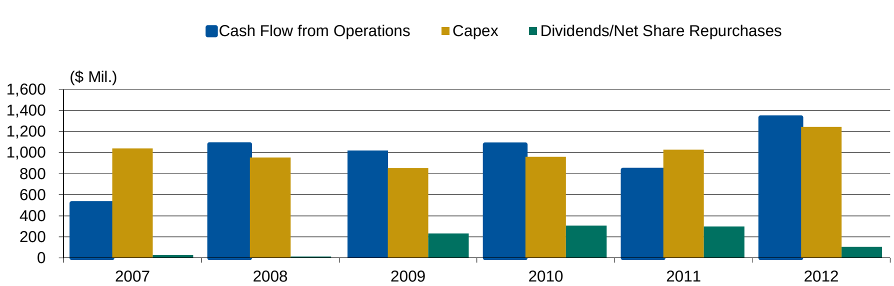


Source: Company data, Fitch.

Cash Flow Analysis

Fitch expects capex to rise to approximately $4.4 billion over the three-year period from 2013 to 2015, or about 2.5x depreciation. Fitch expects internal cash generation after dividends to provide 65%–75% of capex. The recent action by parent EXC to reduce its common stock dividend by 40%, or nearly $750 million annually, is expected to have limited impact on Comed. Affiliate Exelon Generation Co., LLC will be the primary beneficiary, with Comed expected to upstream about 70% of earnings.

CFO and Cash Use



Source: Company data, Fitch.

Related Criteria

Recovery Ratings and Notching Criteria for Utilities (November 2012)

Corporate Rating Methodology (August 2012)

Parent and Subsidiary Rating Linkage (August 2012)

Peer and Sector Analysis

Peer Group

Issuer	Country
BBB	—
Baltimore Gas and Electric Company	—
PPL Electric Utilities	—
BBB+	
PECO Energy Co.	—

Source: Fitch.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Feb. 8, 2013	BBB–	Positive
March 12, 2012	BBB–	Stable
April 28, 2011	BBB–	Stable
Jan. 24, 2011	BBB–	Stable
Jan. 25, 2010	BBB–	Stable
May 30, 2008	BB+	Stable
Aug. 29, 2007	BB+	Stable
Aug. 1, 2007	BB	RWP
March 9, 2007	BB	RWN
Nov. 17, 2006	BBB–	RWN
July 31, 2006	BBB–	Negative
Jan. 9, 2006	BBB+	Negative
Dec. 6, 2005	BBB+	Stable
Dec. 20, 2004	BBB+	Stable
May 2, 2001	BBB+	Stable
Oct. 20, 2000	BBB+	—
Dec. 17, 1999	BBB+	—
July 26, 1999	BBB	—
Jan. 8, 1997	BBB–	—

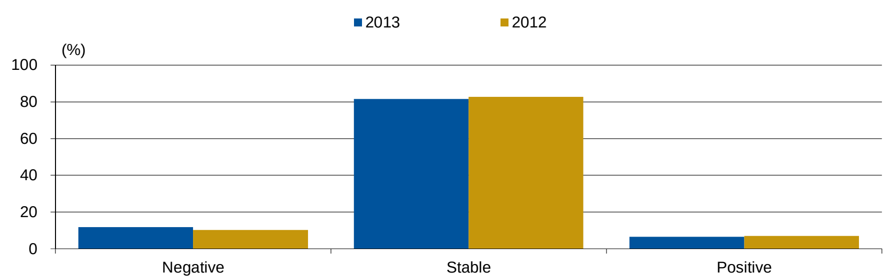
LT IDR (FC) – Long-term Issuer Default Rating (foreign currency).
RWP – Rating Watch Positive.
RWN – Rating Watch Negative.
Source: Company data, Fitch.

Peer and Sector Analysis

	Commonwealth Edison Co.	Baltimore Gas and Electric Company	PPL Electric Utilities	PECO Energy Co.
LTM as of	12/31/12	12/31/12	12/31/12	12/31/12
Long-Term IDR	BBB–	BBB	BBB	BBB+
Outlook	Positive	Stable	Stable	Stable
Financial Statistics ($ Mil.)				
Revenue	5,443	2,653	1,763	3,186
EBITDA	1,509	348	454	860
FCF	(17)	(173)	(331)	109
Total Adjusted Debt	5,736	1,975	1,967	2,312
Funds Flow from Operations	1,231	536	387	731
Capex	(1,246)	(582)	(624)	(422)
Credit Metrics (x)				
EBITDA/Gross Interest Coverage	4.72	2.78	4.59	6.56
Debt/FFO	4.66	3.68	5.08	3.16
Debt/EBITDA	3.80	5.68	4.33	2.69
FFO Interest Coverage	4.85	5.29	4.91	6.58
Capex/Depreciation (%)	201.29	247.66	390.00	179.57

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Sector Outlook Distribution



Source: Fitch.

Key Rating Issues

FRP Appeal

Following a rehearing on its initial FRP decision, the ICC reversed its original position and allowed Comed to earn a debt return on its pension asset. The after-tax return on the $1.1 billion pension asset is about $65 million annually. However, the ICC maintained its position on using an average (rather than year-end) rate base and capital structure to determine the revenue requirement and a short-term debt rate (rather than the weighted cost of capital) to calculate the carrying charges on reconciliation (true-up) balances related to under- or over-recoveries. Following the rehearing order, Comed filed an appeal in state court on the issues that were not reversed by the ICC. Fitch believes the ICC's position is inconsistent with language in the legislation.

Recent Comed Rate Case

The ICC issued an order in Comed's second FRP filing on Dec. 29, 2012. The decision was more constructive than the previous order, but continues to rely on an average rate base and capital structure and short-term interest rates to calculate the carrying charges on reconciliation balances. The ICC granted Comed a $72.6 million rate increase, compared with the $74.2 million supported by the company. The allowed ROE was 9.71% based on the pre-established formula (3.91% Treasury yield plus 580 bps), compared with 10.05% in the prior case. Prospectively, Comed will file an annual FRP each May with new rates effective the following January. There is limited downside on the ROE since Treasury rates are unlikely to fall.

Load Trends

Weather-normalized electric load is expected to be flat in 2013, with moderate improvement thereafter. The 2013 outlook includes a decline in sales to the higher margin residential and small commercial and industrial customers, offset by an increase in sales to lower margin large commercial and industrial customers.

Energy Infrastructure Modernization Act

Since 2011, Comed's distribution rates have been established through a performance-based FRP, as established by the EIMA. The legislation requires participating utilities to invest certain amounts in their distribution systems, with cost recovery provided through annual FRP filings. Instead of periodic rate filings, delivery service rates are reset annually based on the actual cost of service, subject to a prudence review by the ICC. The FRP dictates the allowed equity return and requires use of the actual rate base and capital structure. The legislatively set ROE is equal to the 12-month average of the 30-year Treasury bond yield during the test year, plus a risk premium of 580 bps.

Although the FRP relies on a historical test year, defined as data in the most recently filed Federal Energy Regulatory Commission (FERC) Form 1, there are two adjustments that limit regulatory lag. The annual rate filings include post-test year net plant additions for the ensuing 12-month period, and an annual reconciliation (with interest) of the previously allowed revenue requirement based on actual costs during the prior rate year. The FRP also sets protocols for several items that have been contentious in past rate cases, including the treatment of incentive compensation, pension and other post-employment benefits, severance costs, and the investment return on Comed's pension asset.

If the earned ROE is more than 50 bps above or below the authorized ROE, the companies are required to refund/collect any amounts outside of the dead band. The FRP will be terminated if the average annual rate increase for the years 2012–2014 were to exceed 2.5%. Otherwise, the FRP will terminate Dec. 31, 2017, unless extended by the legislature.

Pending Legislation

The Illinois Senate Executive Committee voted to pass Senate Bill (S.B.) 9 on Feb. 13, 2013, which if enacted, would clarify certain provision in the FRP and allow utilities to recover amounts not allowed in previous FRP proceedings. The legislation includes language indicating the ICC should use the utilities' year-end rate base and capital structure, and specifies that any reconciliation amounts should accrue interest using the utilities' weighted average cost of capital.

Organizational Structure

Organizational Structure — Exelon Corp.

($ Mil., As of Dec. 31, 2012)

Exelon Corp.
IDR: BBB+

4.900% Sr. Unsecured Notes due 6/15/15	800
4.550% Sr. Secured Notes due 6/15/15	550
5.150% Sr. Secured Notes due 12/1/20	550
7.600% Sr. Secured Notes due 4/1/32	258
5.625% Sr. Unsecured Notes due 6/15/35	500

Exelon Generation Company
IDR: BBB+

5.350% Sr. Unsecured Notes due 1/15/14	500
6.200% Sr. Unsecured Notes due 10/1/17	700
5.200% Sr. Unsecured Notes due 10/1/19	600
4.000% Sr. Unsecured Notes due 10/1/20	550
4.250% Sr. Unsecured Notes due 6/15/22	523
6.250% Sr. Unsecured Notes due 10/1/39	900
5.750% Sr. Unsecured Notes due 10/1/41	350
5.600% Sr. Unsecured Notes due 6/15/42	788
Project-Related Debt	181

Constellation Nuclear LLC
NR

Constellation NewEnergy Inc.
NR

Constellation Energy Commodities Group Inc.
NR

Other Subsidiaries

Exelon Business Services Company LLC	NR
Exelon Transmission Company LLC	NR

Exelon Energy Delivery Company LLC
NR

RF HoldCo LLC

Baltimore Gas and Electric
IDR: BBB

6.125% Sr. Unsecured Notes due 7/1/13	400
5.900% Sr. Unsecured Notes due 10/1/16	300
3.500% Sr. Unsecured Notes due 11/15/21	300
2.800% Sr. Unsecured Notes due 8/15/22	250
5.200% Sr. Unsecured Notes due 6/15/33	200
6.350% Sr. Unsecured Notes due 10/1/36	400

PECO Energy Co.
IDR: BBB+

5.600% Sr. Secured Bonds due 10/15/13	300
5.000% Sr. Secured Bonds due 10/1/14	250
5.350% Sr. Secured Bonds due 3/1/18	500
2.375% Sr. Secured Bonds due 9/15/22	350
5.900% Sr. Secured Bonds due 5/1/34	75
5.950% Sr. Secured Bonds due 10/1/36	300
5.700% Sr. Secured Bonds due 3/15/37	175

Commonwealth Edison Co.
IDR: BBB–

7.625% Sr. Secured Bonds due 4/15/13	125
7.500% Sr. Secured Bonds due 7/1/13	127
1.625% Sr. Secured Bonds due 1/15/14	600
4.700% Sr. Secured Bonds due 4/15/15	260
5.950% Sr. Secured Bonds due 8/15/16	415
1.950% Sr. Secured Bonds due 9/1/16	250
6.150% Sr. Secured Bonds due 9/15/17	425
5.800% Sr. Secured Bonds due 3/15/18	700
4.000% Sr. Secured Bonds due 8/1/20	500
3.400% Sr. Secured Bonds due 9/1/21	350
5.875% Sr. Secured Bonds due 2/1/33	254
5.900% Sr. Secured Bonds due 3/15/36	625
6.450% Sr. Secured Bonds due 1/15/38	450
3.800% Sr. Secured Bonds due 10/1/42	350
6.950% Sr. Unsecured Notes due 7/15/18	140

IDR – Issuer Default Rating. NR – Not rated.
Source: Company filings, Bloomberg, and Fitch Ratings.

Definitions

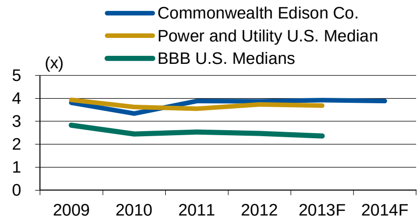
- Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.
- Interest Cover: FFO plus gross interest paid plus preferred dividends divided by gross interest paid plus preferred dividends.
- FCF/Revenue: FCF after dividends divided by revenue.
- FFO/Debt: FFO divided by gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock.

Fitch's expectations are based on the agency's internally produced, conservative rating case forecasts. They do not represent the forecasts of rated issuers individually or in aggregate. Key Fitch forecasts assumptions include:

- Retail sales growth of less than 1% annually.
- Annual rate increases through FRP proceedings.
- No resolution of Like Kind Exchange issue in forecast period.
- Dividend payout ratio of no more than 70%.

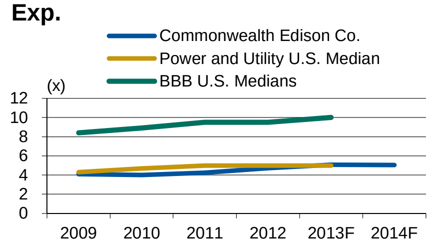
Key Metrics

Leverage: Total Adj. Debt/Op. EBITDAR



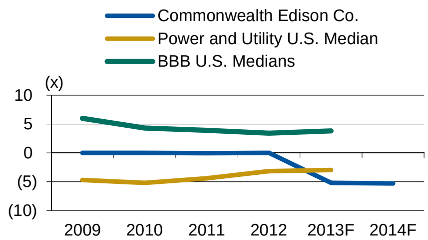
F – Forecast.
Source: Company data, Fitch.

Int. Coverage: Op EBITDA/Gross Int. Exp.



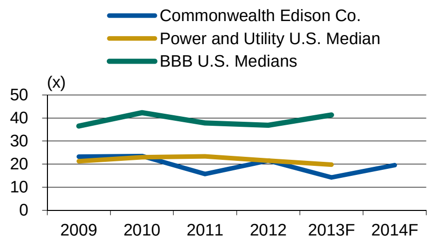
F – Forecast.
Source: Company data, Fitch.

FCF/Revenues



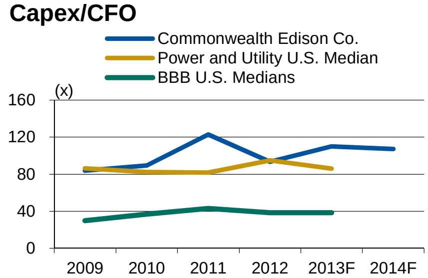
F – Forecast.
Source: Company data, Fitch.

FFO/Debt



F – Forecast.
Source: Company data, Fitch.

Capex/CFO



F – Forecast.
Source: Company data, Fitch.

FitchRatings

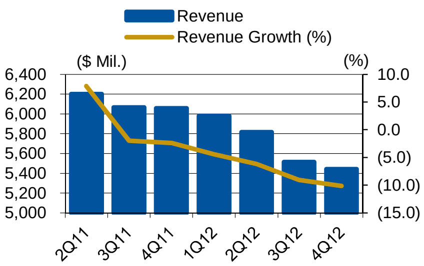
Corporates

Company Profile

Comed, a wholly owned subsidiary of EXC, is a regulated electric distribution and transmission utility serving approximately 3.8 million customers in northern Illinois, including the city of Chicago. The company supplies electricity to customers as the provider of last resort (POLR), but bears no commodity price risk. POLR supply costs are recovered from customers and adjusted monthly.

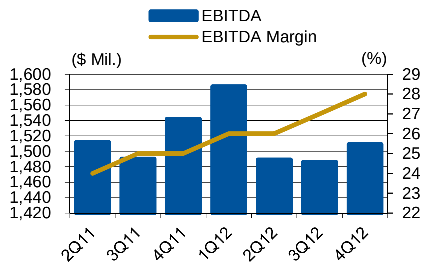
Business Trends

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Financial Summary — Commonwealth Edison Co.

($ Mil., Fiscal Years Ended Dec. 31)	2008	2009	2010	2011	LTM Ended 12/31/12
Fundamental Ratios (x)					
FFO/Interest Expense	4.23	4.50	4.08	3.54	4.85
CFO/Interest Expense	4.05	4.06	3.71	3.30	5.17
FFO/Debt (%)	23.13	23.28	23.53	15.73	21.46
Operating EBIT/Interest Expense	1.90	2.55	2.68	2.72	2.78
Operating EBITDA/Interest Expense	3.25	4.08	4.00	4.25	4.72
Operating EBITDAR/(Interest Expense + Rent)	3.07	3.84	3.84	4.05	4.53
Debt/Operating EBITDA	4.29	3.69	3.28	3.80	3.80
Common Dividend Payout (%)	—	64.17	91.99	72.11	27.70
Internal Cash/Capital Expenditures (%)	113.22	91.34	79.73	52.14	98.64
Capital Expenditures/Depreciation (%)	198.96	168.11	182.89	185.56	201.29
Profitability					
Adjusted Revenues	6,136	5,774	6,204	6,056	5,443
Net Revenues	2,554	2,709	2,897	3,021	3,136
Operating and Maintenance Expense	1,125	1,091	1,069	1,201	1,345
Operating EBITDA	1,152	1,357	1,588	1,542	1,509
Depreciation and Amortization Expense	479	508	526	554	619
Operating EBIT	673	849	1,062	988	890
Gross Interest Expense	354	333	397	363	320
Net Income for Common	201	374	337	416	379
Operating and Maintenance Expense % of Net Revenues	44.05	40.27	36.90	39.76	42.89
Operating EBIT % of Net Revenues	26.35	31.34	36.66	32.70	28.38
Cash Flow					
Cash Flow from Operations	1,079	1,020	1,077	836	1,334
Change in Working Capital	(63)	(147)	(147)	(86)	103
Funds from Operations	1,142	1,167	1,224	922	1,231
Dividends	—	(240)	(310)	(300)	(105)
Capital Expenditures	(953)	(854)	(962)	(1,028)	(1,246)
FCF	126	(74)	(195)	(492)	(17)
Net Other Investment Cash Flow	(5)	20	23	15	6
Net Change in Debt	(175)	78	132	662	(100)
Net Equity Proceeds	14	8	2	—	—
Capital Structure					
Short-Term Debt	60	155	—	—	—
Long-Term Debt	4,878	4,857	5,201	5,860	5,736
Total Debt	**4,938**	**5,012**	**5,201**	**5,860**	5,736
Total Hybrid Equity and Minority Interest	155	155	103	103	103
Common Equity	6,735	6,882	6,910	7,037	7,323
Total Capital	**11,828**	**12,049**	**12,214**	**13,000**	**13,162**
Total Debt/Total Capital (%)	41.75	41.60	42.58	45.08	43.58
Total Hybrid Equity and Minority Interest/Total Capital (%)	1.31	1.29	0.84	0.79	0.78
Common Equity/Total Capital (%)	56.94	57.12	56.57	54.13	55.64

Source: Company reports.

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