**EXECUTION VERSION**

**$34,000,000**

# CREDIT AGREEMENT

**dated as of October 17, 2014**

**among**

**COMMONWEALTH EDISON COMPANY,**
**as Borrower,**

**VARIOUS FINANCIAL INSTITUTIONS,**
**as Lenders,**

**and**

**JPMORGAN CHASE BANK, N.A.,**
**as Administrative Agent**

**SEAWAY BANK AND TRUST COMPANY**
**and**
**RIVERSIDE COMMUNITY BANK**

**Co-Arrangers**

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# CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of October 17, 2014 is among COMMONWEALTH EDISON COMPANY, the banks listed on the signature pages hereof, and JPMORGAN CHASE BANK, N.A., as Administrative Agent. The parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS AND INTERPRETATION

SECTION 1.01 Certain Defined Terms. As used in this Agreement, each of the following terms shall have the meaning set forth below (each such meaning to be equally applicable to both the singular and plural forms of the term defined):

"Adjusted Funds From Operations" means, for any period, Net Cash Flows From Operating Activities for such period plus Interest Expense for such period minus (x) the portion (but not less than zero) of Net Cash Flows From Operating Activities for such period attributable to any consolidated Subsidiary that has no Debt other than Nonrecourse Indebtedness and (y) After-Tax Transitional Funding Instrument Revenue for such period.

"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 the Borrower hereunder. An Advance may be a Base Rate Advance or a Eurodollar 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.

"After-Tax Transitional Funding Instrument Revenue" means, for any period, the portion of consolidated revenue for such period attributable to charges invoiced to customers in respect of Transitional Funding Instruments, after deducting applicable income taxes.

"Agreement" - see the Preamble.

"Aggregate Commitment Amount" means the total of the Commitment Amounts of all Lenders as in effect from time to time.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries or Affiliates from time to time concerning or relating to bribery or corruption.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Advance.

"Applicable Margin" - see Schedule I.

"Arranger" means each of Seaway Bank and Trust Company and Riverside Community Bank.

"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 A.

"Base Rate" means, for any day, a rate per annum equal to the highest of:

(a) the Prime Rate as in effect on such day;

(b) the sum of 0.5% per annum plus the Federal Funds Rate as in effect on such day; and

(c) the Eurodollar Rate that would be applicable for an Interest Period of one month beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%.

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

"Borrower" means Commonwealth Edison Company, an Illinois corporation, or any Eligible Successor thereof.

"Borrowing" means a group of Advances of the same Type made, continued or converted on the same day by the Lenders ratably according to their Pro Rata Shares and, in the case of a Borrowing of Eurodollar Advances, having the same Interest Period.

"Business Day" means a day on which banks are not required or authorized to close in Chicago, Illinois or New York, New York, and, if the applicable Business Day relates to any Eurodollar Advance, on which dealings are carried on in the London interbank market.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or United States or foreign regulatory

authorities, in each case pursuant to Basel III, shall, in the case of both clause (i) and clause (ii) be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the date on which all conditions precedent set forth in Section 3.01 have been satisfied.

"Code" means the Internal Revenue Code of 1986.

"Commitment" means, for any Lender, such Lender's commitment to make Advances and participate in Facility LCs 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 the earlier of (i) October 16, 2015 or such later date to which the scheduled Commitment Termination Date 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 pursuant to Section 2.04 or 6.01.

"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 the Borrower, 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.

"Defaulting Lender" means any Lender that (a) has not made available to the Administrative Agent such Lender's ratable portion of a requested Borrowing or has not reimbursed the LC Issuer for such Lender's Pro Rata Share of the amount of a payment made by the LC Issuer under a Facility LC, in each case within three Business Days after the date due therefor in accordance with Section 2.02(a) or 2.16.5, as applicable; (b) has notified the Borrower or the Administrative Agent that it does not intend to comply with its obligations under Section 2.02(a) or 2.16.5; or (c) is the subject of a bankruptcy, insolvency or similar proceeding.

"Designated Lender" means a Defaulting Lender or a Downgraded Lender.

"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 Borrower and the Administrative Agent.

"Downgraded Lender" means any Lender that (a) has a non-investment grade rating from Moody's, S&P or another nationally-recognized rating agency; or (b) is a Subsidiary of a Person that is the subject of a bankruptcy, insolvency or similar proceeding.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any State thereof; (ii) a commercial bank organized under the laws of any other country that is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (iii) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business; (iv) the central bank of any country that is a member of the OECD; (v) any Lender; or (vi) any Affiliate (excluding any individual) of a Lender; provided that, unless otherwise agreed by the Borrower and the Administrative Agent in their sole discretion, (A) any Person described in clause (i), (ii) or (iii) above shall also (x) have outstanding unsecured long-term debt that is rated BBB- or better by S&P and Baa3 or better by Moody's (or an equivalent rating by another nationally recognized credit rating agency of similar standing if either such corporation is no longer in the business of rating unsecured indebtedness of entities engaged in such businesses) and (y) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than $100,000,000 (or its equivalent in foreign currency), and (B) any Person described in clause (ii), (iii), (iv), (v) or (vi) above shall, on the date on which it is to become a Lender hereunder, be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 2.14(e)).

"Eligible Successor" means a Person that (i) is a corporation, limited liability company or business trust duly incorporated or organized, validly existing and in good standing under the laws of one of the states of the United States or the District of Columbia, (ii) as a result of a contemplated acquisition, consolidation or merger, will succeed to all or substantially all of the consolidated business and assets of the Borrower or Exelon, as applicable, (iii) upon giving effect to such contemplated acquisition, consolidation or merger, will have all or substantially all of its consolidated business and assets conducted and located in the United States and (iv) in the case of the Borrower, is acceptable to the Majority Lenders as a credit matter.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System.

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

"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 Borrower and the Administrative Agent.

"Eurodollar Rate" means, for each Interest Period for each Eurodollar 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 Advance and having a maturity equal to such Interest Period.

"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.

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

"Existing Agreement" means the $34,000,000 Credit Agreement dated as of October 18, 2013 among the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent.

"Existing Warrants" means the presently outstanding Common Stock Purchase Warrants (1971 Warrants and Series B Warrants) previously issued by the Borrower.

"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.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any current or future regulations or official interpretations thereof; provided that "FATCA" shall also include any amendments to Sections 1471 through 1474 of the Code that are substantively comparable, but only if the requirements in such amended version for avoiding the withholding are not materially more onerous than the requirements in the current version.

"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 the earlier of (i) the date on or after the Commitment Termination Date on which all of the Borrower's obligations hereunder have been paid in full and all Facility LCs have expired or been terminated and (ii) the date on which all of the Borrower's obligations hereunder have become due and payable (pursuant to Section 6.01 or otherwise).

"Fitch" means Fitch, Inc. and any successor thereto.

"Fitch Rating" means, at any time, the rating issued by Fitch and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from Fitch for debt securities of such type, then such indicative rating shall be used for determining the "Fitch Rating").

"GAAP" - see Section 1.03.

"Granting Bank" - see Section 8.07(h).

"Intangible Transition Property" means (i) "intangible transition property," as defined in Section 18-102 of the Illinois Public Utilities Act, and (ii) any property created pursuant to an order of the Illinois Commerce Commission issued pursuant to state legislation described in clause (ii) of the definition of "Transitional Funding Instruments," which consists primarily of the right to impose non-bypassable charges to customers of a utility in order to facilitate the utility's recovery of specified costs and/or deferred rates.

"Interest Coverage Ratio" means, for any period of four consecutive fiscal quarters of the Borrower, the ratio of Adjusted Funds From Operations for such period to Net Interest Expense for such period.

"Interest Expense" means, for any period, "interest expense" as shown on a consolidated statement of income of the Borrower for such period prepared in accordance with GAAP, excluding any non-cash interest expense recorded as "interest expense" on a consolidated statement of income of the Borrower in connection with the Like-Kind Exchange Matter, plus Interest Expense to Affiliates for such period.

"Interest Expense to Affiliates" means, for any period, "Interest Expense to Affiliates" as shown on a consolidated statement of operations of the Borrower for such period.

"Interest Period" means, for each Eurodollar Advance, the period commencing on the date such Eurodollar Advance is made or is converted from a Base Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 2, 3 or 6 months, as the Borrower may select in accordance with Section 2.02 or 2.09; provided that:

(i) the Borrower may not select any Interest Period that ends after the scheduled Commitment Termination Date;

(ii) Interest Periods commencing on the same date for Advances made as part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, unless such extension would cause the last day of such Interest Period to occur in the next following calendar month, in which case the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) if there is no day in the appropriate calendar month at the end of such Interest Period numerically corresponding to the first day of such Interest Period, then such Interest Period shall end on the last Business Day of such appropriate calendar month.

"JPMCB" means JPMorgan Chase Bank, N.A., a national banking association.

"LC Fee Rate" - see Schedule I.

"LC Issuer" means JPMCB (or an Affiliate of JPMCB) in its capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"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).

"Like-Kind Exchange Matter" means the IRS's challenge to the position taken by Exelon on its 1999 federal income tax return with respect to the sale of the Borrower's fossil generating assets and the use of certain of the sale proceeds in a like-kind exchange transaction.

"Majority Lenders" means Lenders having Pro Rata Shares of more than 50%; provided that, for purposes of this definition, (a) neither the Borrower nor any of its Affiliates, if a Lender, shall be included in calculating the amount of any Lender's Pro Rata Share or the amount of the Commitment Amounts or Outstanding Credit Extensions, as applicable, required to constitute more than 50% of the Pro Rata Shares; and (b) the Pro Rata Share of any Defaulting Lender shall be deemed to be zero (and the Pro Rata Shares of the other Lenders shall be correspondingly increased).

"Material Adverse Change" and "Material Adverse Effect" each means, relative to any occurrence, fact or circumstances of whatsoever nature (including any determination in any litigation, arbitration or governmental investigation or proceeding), (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of the Borrower and its consolidated Subsidiaries, taken as a whole; or (ii) any materially adverse effect on the validity or enforceability against the Borrower of this Agreement.

"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, the rating issued by Moody's and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from Moody's for debt securities of such type, then such indicative rating shall be used for determining the "Moody's Rating").

"Mortgage" means the Mortgage, dated July 1, 1923, as amended and supplemented by supplemental indentures, including the Supplemental Indenture, dated August 1, 1944, from the Borrower to the trustees, BNY Mellon Trust Company of Illinois (as successor to Harris Trust and Savings Bank) and D.G. Donovan, and any successors thereto; 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 "permitted liens" as defined in the Mortgage as constituted on the date of this Agreement.

"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 period, "Net Cash Flows provided by Operating Activities" as shown on a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP, excluding any "Changes in assets and liabilities" (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities (except for any non-cash changes in assets and liabilities recorded by the Borrower in connection with the Like-Kind Exchange Matter).

"Net Interest Expense" means, for any period, the total of (a) Interest Expense for such period minus (b) Interest Expense to Affiliates for such period to the extent included in the amount referred to in clause (a) and related to (i) interest payments on debt obligations that are subordinated to the obligations of the Borrower under this Agreement, (ii) interest on Nonrecourse Indebtedness or (iii) Transitional Funding Instrument Interest.

"Nonrecourse Indebtedness" means any Debt that finances the acquisition, development, ownership or operation of an asset in respect of which the Person to which such Debt is owed has no recourse whatsoever to the Borrower or any of its Affiliates other than:

(i) recourse to the named obligor with respect to such Debt (the "Debtor") for amounts limited to the cash flow or net cash flow (other than historic cash flow) from the asset;

(ii) recourse to the Debtor for the purpose only of enabling amounts to be claimed in respect of such Debt in an enforcement of any security interest or lien given by the Debtor over the asset or the income, cash flow or other proceeds deriving from the asset (or given by any shareholder or the like in the Debtor over its shares or like interest in the capital of the Debtor) to secure the Debt, but only if the extent of the recourse to the Debtor is limited solely to the amount of any recoveries made on any such enforcement; and

(iii) recourse to the Debtor generally or indirectly to any Affiliate of the Debtor, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for a breach of an obligation (other than a payment obligation or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the Person against which such recourse is available.

"Notice of Borrowing" - see Section 2.02(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Outstanding Credit Extensions" means the sum of the aggregate principal amount of all outstanding Advances plus all LC Obligations.

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

"Permitted Encumbrance" means (a) any right reserved to or vested in any municipality or other governmental or public authority (i) by the terms of any right, power, franchise, grant, license or permit granted or issued to the Borrower or (ii) to purchase or recapture or to designate a purchaser of any property of the Borrower; (b) any easement, restriction, exception or reservation in any property and/or right of way of the Borrower for the purposes of roads, pipelines, transmission lines, distribution lines, transportation lines or removal of minerals or timber or for other like purposes or for the joint or common use of real property, rights of way, facilities and/or equipment, and defects, irregularities and deficiencies in title of any property and/or rights of way, which, in each case described in this clause (b), whether considered individually or collectively with all other items described in this clause (b), do not materially impair the use of the relevant property and/or rights of way for the purposes for which such property and/or rights of way are held by the Borrower; (c) rights reserved to or vested in any municipality or other governmental or public authority to control or regulate any property of the Borrower or to use such property in a manner that does not materially impair the use of such property for the purposes for which it is held by the Borrower; and (d) obligations or duties of the Borrower to any municipality or other governmental or public authority that arise out of any franchise, grant, license or permit and that affect any property of the Borrower.

"Permitted Securitization" means any sale and/or contribution, or series of related sales and/or contributions, by the Borrower or any Subsidiary of the Borrower of accounts receivables, payment intangibles, notes receivable and related rights (collectively, "receivables") or interests therein to a trust, corporation or other entity, where (a) the purchase of such receivables or interests therein is funded in whole or in part by the incurrence or issuance by the purchaser or any successor purchaser of Debt or securities that are to receive payments from, or that represent interests in, the cash flow derived primarily from such receivables or interests therein, provided, however, that "Debt" as used in this clause (a) shall not include Debt incurred by a Receivables SPC owed to the Borrower or to a Subsidiary of the Borrower which Debt represents all or a portion of the purchase price paid by the Receivables SPC for such receivables or interests therein, (b) any recourse, repurchase, hold harmless, indemnity or similar obligations of the Borrower or any Subsidiary (other than the Receivables SPC that is a party to such transaction) in respect of receivables or interests therein sold, or payments made in respect thereof, are customary for transactions of this type, and do not prevent the characterization of the transaction as a true sale under applicable laws (including debtor relief laws), and (c) any recourse, repurchase, hold harmless, indemnity or similar obligations of a Receivables SPC in respect of receivables or interests therein sold, or payments made in respect thereof, are customary for transactions of this type.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means an employee pension benefit plan that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any other member of the Controlled Group may have any liability.

"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 (a) each Utility Subsidiary (other than Commonwealth Edison Company of Indiana, Inc., so long as it does not qualify as a Principal Subsidiary under the following clause (b)) and (b) each other Subsidiary the assets of which, as of the date of any determination thereof, exceeded $250,000,000 in book value at any time during the preceding 12-month period. Notwithstanding the foregoing, Principal Subsidiary shall not include any Receivables SPC or Special Purpose Subsidiary.

"Pro Rata Share" means, with respect to a Lender, the percentage that such Lender's Commitment Amount (or, after the Commitments have terminated, the principal amount of such Lender's outstanding Advances plus the amount of such Lender's participation in all LC Obligations) is of the Aggregate Commitment Amount (or, after the Commitments have terminated, the principal amount of all outstanding Advances plus all LC Obligations).

"Receivables SPC" means a special purpose, bankruptcy-remote Person formed for the sole and exclusive purpose of engaging in activities in connection with the purchase, sale and financing of accounts receivable, payment intangibles, accounts or notes receivable and related rights in connection with and pursuant to a Permitted Securitization.

"Register" - see Section 8.07(c).

"Reimbursement Obligations" means the outstanding obligations of the Borrower under Section 2.16 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any drawing under a Facility LC.

"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 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 Standard & Poor's Financial Services LLC business and any successor thereto.

"S&P Rating" means, at any time, the rating issued by S&P and then in effect with respect to the Borrower's senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from S&P for debt securities of such type, then such indicative rating shall be used for determining the "S&P Rating").

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those

administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, or by the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Single Employer Plan" means a Plan other than a Multiemployer Plan maintained by the Borrower or any other member of the Controlled Group for employees of the Borrower or any other member of the Controlled Group.

"SPC" - see Section 8.07(h).

"Special Purpose Subsidiary" means a direct or indirect wholly owned Subsidiary, substantially all of the assets of which are Intangible Transition Property, and proceeds thereof, formed solely for the purpose of holding such assets and issuing Transitional Funding Instruments, and which complies with the requirements customarily imposed on bankruptcy-remote entities 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). Unless otherwise indicated, each reference to a "Subsidiary" means a Subsidiary of the Borrower.

"Taxes" - see Section 2.14.

"Transitional Funding Instrument" means any instrument, pass-through certificate, note, debenture, certificate of participation, bond, certificate of beneficial interest or other evidence of indebtedness or instrument evidencing a beneficial interest that (i) (A) is issued pursuant to a "transitional funding order" (as such term is defined in Section 18-102 of the Illinois Public Utilities Act, as amended) issued by the Illinois Commerce Commission at the request of an electric utility and (B) is secured by or otherwise payable solely from non-bypassable cent per kilowatt hour charges authorized pursuant to such order to be applied and invoiced to customers of such utility, or (ii) (A) is 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) is secured by or otherwise payable solely from such non-bypassable charges.

"Transitional Funding Instrument Interest" means, for any period, the portion of Interest Expense for such period that was payable 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 each Subsidiary 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.

SECTION 1.02 Other Interpretive Provisions. In this Agreement, (a) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; (b) the term "including" means "including without limitation"; and (c) unless otherwise indicated, (i) any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; (ii) any reference to a time of day means such time in Chicago, Illinois; (iii) any reference to a law or regulation means such law or regulation as amended, modified or supplemented from time to time and includes all statutory and regulatory provisions consolidating, replacing or interpreting such law or regulation; and (d) any reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or otherwise modified from time to time.

SECTION 1.03 Accounting Principles.

(a) As used in this Agreement, "GAAP" means generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing the Borrower's audited consolidated financial statements as of December 31, 2013 and for the fiscal year then ended, as such principles may be revised as a result of changes in GAAP implemented by the Borrower subsequent to such date. In this Agreement, except to the extent, if any, otherwise provided herein, all accounting and financial terms shall have the meanings ascribed to such terms by GAAP, and all computations and determinations as to accounting and financial matters shall be made in accordance with GAAP. In the event that the financial statements generally prepared by the Borrower reflect a change in GAAP that affects the computation of any financial ratio or requirement set forth herein (as contemplated by Section 1.03(b)), the compliance certificate delivered pursuant to Section 5.01(b)(iv) accompanying such financial statements shall include information in reasonable detail reconciling such financial statements which reflect such change in GAAP to financial information that does not reflect such change to the extent relevant to the calculations set forth in such compliance certificate.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth herein and the Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Lenders); provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein.

(c) For purposes of any calculation or determination which is to be made on a consolidated basis (including compliance with Section 5.02(c)), such calculation or determination shall exclude any assets, liabilities, revenues and expenses that are included in Borrower's financial statements from "variable interest entities" as a result of the application of FIN No. 46, Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51, as updated through FIN No. 46-R and as modified by FIN No. 94.

SECTION 1.04 Letter of Credit Amounts. For purposes of determining the stated amount of any Facility LC, (a) if a Facility LC provides for one or more automatic increases in the amount available to be drawn thereunder (as a result of lapse of time, the occurrence of certain events or otherwise), then the stated amount thereof shall be the maximum amount available to be drawn thereunder during the remaining term thereof assuming all such increases take effect, regardless of whether such maximum amount is then available; and (b) if a Facility LC has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of International Standby Practices 1998, then the stated amount of such Facility LC shall be deemed to be the amount remaining available to be drawn thereunder.

## 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 the Borrower and (b) participate in Facility LCs issued upon the request of the Borrower, in each case from time to time during the period from the date hereof to the Commitment Termination Date, 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 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 shall not exceed such Lender's Pro Rata Share of the aggregate principal amount of all outstanding Advances; (iv) such Lender's participation in Facility LCs shall not exceed such Lender's Pro Rata Share of all LC Obligations; and (v) the Outstanding Credit Extensions shall not at any time exceed the Aggregate Commitment Amount. Within the foregoing limits and subject to the other provisions hereof, the Borrower may from time to time borrow, prepay pursuant to Section 2.10 and reborrow hereunder prior to the Commitment Termination Date; provided, further, that for purposes of the foregoing clause (v), at any time there is a Defaulting Lender, the Aggregate Commitment Amount shall be reduced by an amount equal to the remainder of (A) such Defaulting Lender's Commitment Amount minus (B) the sum of (x) the principal amount of such Defaulting Lender's outstanding Advances plus (y) the

amount of cash collateral held by the Administrative Agent for the account of such Defaulting Lender pursuant to Section 2.16.12.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

(a) The Borrower may request Advances by giving notice (a "Notice of Borrowing") to the Administrative Agent (which shall promptly advise each Lender of its receipt thereof) not later than 10:00 A.M. on the third Business Day prior to the date of any proposed borrowing of Eurodollar Advances and on the date of any proposed borrowing of Base Rate Advances. Each Notice of Borrowing shall be sent by facsimile and shall be in substantially the form of Exhibit B, specifying therein (i) the requested date of borrowing (which shall be a Business Day), (ii) the Type of Advances requested, (iii) the aggregate principal amount of the requested Advances and (iv) in the case of a borrowing of Eurodollar Advances, the initial Interest Period therefor. Each Lender shall, before 12:00 noon on the date of such borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of the requested borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. If a Notice of Borrowing requests Eurodollar Advances, the 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. on such Business Day) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the requested borrowing date in accordance with Section 2.02(a) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances made in connection with such borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Advance to be made by it on any borrowing date shall not relieve any other Lender of its obligation, if any, hereunder to make its

Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make any Advance to be made by such other Lender.

(e) Each Borrowing of Base Rate Advances shall at all times be in an aggregate amount of $1,000,000 or an integral multiple thereof; and each Borrowing of Eurodollar Advances shall at all times be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000. Notwithstanding anything to the contrary contained herein, the Borrower may not have more than six Borrowings of Eurodollar Advances outstanding at any time.

SECTION 2.03 Facility Fees. The Borrower agrees to pay to the Administrative Agent, for the account of the Lenders (subject to Section 2.13(g)(ii)) 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) The 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 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 a higher integral multiple of $1,000,000. Any reduction of the Commitment Amounts pursuant to this Section 2.04 shall be permanent, except as expressly provided otherwise herein.

(b) The Borrower may at any time, upon at least two Business Days' notice to the Administrative Agent, terminate the Commitments so long as the Borrower concurrently pays all of its outstanding obligations hereunder.

(c) At any time a Lender is a Designated Lender, the Borrower may terminate in full the Commitment of such Designated Lender by giving notice to such Designated Lender and the Administrative Agent; provided that (i) at the time of such termination, no Event of Default or Unmatured Event of Default exists (or the Majority Lenders consent to such termination); and (ii) concurrently with such termination, (A) the Aggregate Commitment Amount shall be reduced by the Commitment Amount of such Designated Lender (it being understood that the Borrower may not terminate the Commitment of a Designated Lender if, after giving effect to such termination, the Outstanding Credit Extensions would exceed the Aggregate Commitment Amount), (B) the Borrower shall pay all amounts owed to such Designated Lender hereunder, less, solely in the case of a Defaulting Lender, the Borrower's reasonable estimate of the amount (if any) of its claims against such Defaulting Lender as a result of the events or circumstances pursuant to which such Lender became a Defaulting Lender, and (C) the Administrative Agent shall return to such Lender any cash collateral held for the account of such Lender pursuant to Section 2.16.12. The termination of the Commitment of a Defaulting Lender pursuant to this

Section 2.04(c) shall not be deemed to be a waiver of any right that (x) the Borrower, the Administrative Agent, the LC Issuer or any other Lender may have against such Defaulting Lender or (y) such Defaulting Lender may have against the Borrower based on the estimate described in clause (B) of the preceding sentence.

SECTION 2.05 Repayment of Advances. The Borrower shall repay all outstanding Advances made by each Lender, and all other obligations of the Borrower to such Lender hereunder, on the Commitment Termination Date.

SECTION 2.06 Interest on Advances. The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount shall be paid in full, as follows:

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

(b) Subject to Section 2.07, at all times such Advance is a Eurodollar 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, payable on the last day of each Interest Period for such Eurodollar 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 Advance is converted to a Base Rate Advance or paid in full and on the Commitment Termination Date (and, if applicable, thereafter on demand).

SECTION 2.07 Additional Interest on Eurodollar Advances. The 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 Advance of such Lender, 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 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 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 Borrowing of Eurodollar 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 Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar 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 Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09 Continuation and Conversion of Advances.

(a) The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. on the third Business Day prior to the date of any proposed continuation of or conversion into Eurodollar 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 Advances for a new Interest Period or convert a Borrowing of Advances of one Type into Advances of the other Type; provided that (i) any continuation of Eurodollar Advances or conversion of Eurodollar Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Advances, unless, in the case of such a conversion, the Borrower shall also reimburse the Lenders pursuant to Section 8.04(b) on the date of such conversion; and (ii) 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 Advances, the duration of the Interest Period for such Advances.

(b) If the Borrower fails to select the Type of any Advance or the duration of any Interest Period for any Borrowing of Eurodollar Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01 and Section 2.09(a), the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, convert into Base Rate Advances.

SECTION 2.10 Prepayments.

(a) The Borrower may, upon notice to the Administrative Agent not later than 10:00 A.M. at least three Business Days prior to any prepayment of Eurodollar Advances or on the date of any prepayment of Base Rate Advances, in each case stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided that (i) each partial prepayment of Base Rate Advances shall be in an aggregate principal amount of $1,000,000 or an integral multiple thereof (or, if the aggregate amount of Advances made pursuant to Section 2.16 as a result of a drawing under a Facility LC is not an integral multiple of $1,000,000, then the next prepayment of Base Rate Advances may be in an aggregate amount that causes the aggregate principal amount of all Base Rate Advances to be an integral multiple of $1,000,000); (ii) each partial prepayment of Eurodollar Advances shall be in the amount of $1,000,000 or a higher integral multiple thereof; and (iii) in the case of any such prepayment of a Eurodollar Advance, the Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment.

(b) If a Lender at any time becomes a Defaulting Lender and the Outstanding Credit Extensions at such time exceed an amount equal to the total of (i) the Aggregate Commitment Amount minus (ii) such Defaulting Lender's Commitment Amount plus (iii) the principal amount of such Defaulting Lender's outstanding Advances plus (iv) the amount of cash collateral held by the Administrative Agent for the account of such Defaulting Lender pursuant to Section 2.16.12, then the Borrower shall promptly (and in any event within three Business Days) prepay Advances and/or provide cash collateral for Facility LCs (pursuant to documentation reasonably satisfactory to the Administrative Agent and the Borrower) in an amount sufficient to eliminate such excess. Except for the mandatory nature thereof, any prepayment of Advances pursuant to this Section 2.10(b) shall be subject to the provisions of Section 2.10(a); provided that such prepayment may be in any amount that is an integral multiple of $1,000,000. If the circumstances giving rise to the requirement that the Borrower provide cash collateral pursuant to this Section 2.10(b) cease to exist, then the Administrative Agent shall promptly return such cash collateral to the Borrower.

SECTION 2.11 Increased Costs.

(a) If on or after the date of this Agreement, any Lender or the LC Issuer determines that any Change in 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 Advances or of issuing or participating in any Facility LC, then the Borrower shall from time to time, upon demand by such Lender or the LC Issuer (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender or the LC Issuer, as the case may be, additional amounts (without duplication of any amount payable pursuant to Section 2.14) sufficient to compensate such Lender or the LC Issuer 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 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, any Change in 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 and that the amount of such capital is increased by or based upon the existence of such Lender's Commitment, the LC Issuer's commitment to issue Facility LCs, the Advances made by such Lender or the Reimbursement Obligations owed to the LC Issuer, as the case may be, then, upon demand by such Lender or the LC Issuer (with a copy of such demand to the Administrative Agent), the Borrower shall immediately pay to the Administrative Agent for the account of such Lender or the LC Issuer, from time to time as specified by such Lender or the LC Issuer, 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 or the Advances made by such Lender or the LC Issuer determines such increase in capital to be allocable to the LC Issuer's commitment to issue Facility LCs or the Reimbursement Obligations owed to the LC Issuer; provided that no Lender 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 the Borrower and the termination of such Lender's Commitment 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 by the LC Issuer and the termination of the LC Issuer's commitment to issue Facility LCs; 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 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 reasonable commercial 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 any Change in Law 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 Advances or

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

SECTION 2.13 Payments and Computations.

(a) The Borrower shall make each payment hereunder not later than 10:00 A.M. on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds without setoff, counterclaim or other deduction. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, facility fees and letter of credit fees ratably (other than amounts payable pursuant to Section 2.02(b), 2.04(c), 2.07, 2.11, 2.14 or 8.04(b) or as provided in Section 2.13(g)) 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 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) The Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by the Borrower is not made when due hereunder, to charge from time to time against any of the Borrower's accounts with such Lender any amount so due. Each Lender agrees to notify the Borrower promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

(c) All computations of interest based on the 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 Advance to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due by the Borrower to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

(f) Notwithstanding anything to the contrary contained herein, any amount payable by the Borrower hereunder that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest from the date when due until paid in full at a rate per annum equal at all times to the Base Rate plus the Applicable Margin plus 2%, payable upon demand.

(g) If at any time a Lender is a Defaulting Lender, then, to the extent permitted by applicable law (and notwithstanding any other provision of this Agreement), (i) any payment of principal of or interest on Advances or of reimbursement obligations with respect to Facility LCs (including through sharing of payments pursuant to Section 2.15, but excluding (1) any payment pursuant to Section 2.04(c) and (2) any payment to be made on such Defaulting Lender's Termination Date net of any amount described in Section 2.04(c)(ii)(B)) shall, if the Borrower so directs at the time of making such payment, be applied to amounts owed to Lenders other than such Defaulting Lender, as if the amount owed to such Defaulting Lender hereunder in respect of Advances and reimbursement obligations were zero; (ii) such Defaulting Lender's Pro Rata Share of the Outstanding Credit Extensions shall be excluded for purposes of calculating facility fees pursuant to Section 2.03 in respect of each day on which such Lender is a Defaulting Lender, and such Defaulting Lender shall not be entitled to receive any facility fees for any such day; and (iii) such Defaulting Lender's Pro Rata Share shall be deemed to be zero for purposes of calculating letter of credit fees pursuant to Section 2.16.4 in respect of each day on which such Lender is a Defaulting Lender (and the Pro Rata Shares of the other Lenders shall be correspondingly increased for such purposes), and such Defaulting Lender shall not be entitled to receive any letter of credit fees for any such day. In addition, if any Lender is a Defaulting

Lender at the time any payment is to be made by the Lenders to the LC Issuer pursuant to Section 2.16.5, 2.16.6 or 2.16.10 and such Defaulting Lender fails to make its Pro Rata Share of such payment, then, solely for purposes of determining the amount of the payment to be made by each Lender to the LC Issuer (and without limiting the liability of such Defaulting Lender for its failure to make such payment), the Pro Rata Shares of the other Lenders shall be correspondingly increased so that, subject to the following proviso, the LC Issuer receives the full amount of the payments to which it is entitled from the Lenders; provided that under no circumstances shall any Lender be obligated to make a payment to the LC Issuer pursuant to this sentence that would cause the aggregate principal amount of such Lender's Advances plus such Lender's Pro Rata Share (without giving effect to any adjustment pursuant to the foregoing provisions of this sentence) of all LC Obligations to exceed such Lender's Commitment Amount (or, if the Commitments have terminated, such Lender's Commitment Amount at the time of such termination, adjusted for any assignments by or to such Lender). The provisions of this Section 2.13(g) do not limit, but are in addition to, any other claim or right that the Borrower, the Administrative Agent, the LC Issuer or any other Lender may have against a Defaulting Lender.

SECTION 2.14 Taxes.

(a) All payments by or on behalf of the Borrower hereunder 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, (i) taxes imposed on its net 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 net income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof and (ii) any United States withholding taxes imposed by FATCA (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder 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) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the 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 (all of the foregoing, "Other Taxes").

(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) The 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. 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 the Borrower or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and the 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. 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 Borrower in writing to that effect. Unless the Borrower and the Administrative Agent have received forms or other documents satisfactory to them (as set forth above) indicating that payments hereunder are not subject to United States withholding tax, the Borrower 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 such Lender may not 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 reasonable commercial 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 the 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 the Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If 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), the 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) If a payment made to a Lender or the LC Issuer under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender or the LC Issuer were to fail to comply with the applicable reporting requirements of FATCA (including those contained in section 1471(b) or 1472(b) of the Code, as applicable), such Lender or the LC Issuer shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, any other documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) or reasonably requested by the Borrower or Administrative Agent that is necessary for such Person to comply with its obligations under FATCA to determine that such Lender or the LC Issuer has or has not complied with its obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.14(h), "FATCA" shall include any amendment made to FATCA after the date of this Agreement, whether or not such amendment is included in the definition set forth in Section 1.01.

(i) Without prejudice to the survival of any other agreement of the Borrower or any Lender hereunder, the agreements and obligations of the Borrower 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 the 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 the Borrower hereunder to such Lender and the termination of such Lender's Commitment; 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 the Borrower or its participation interest in any Facility LC issued for the account of the Borrower (other than pursuant to Section 2.02(b), 2.07, 2.11, 2.14, 2.16.7 or 8.04(b)) in excess of its ratable share of payments on account of the Advances to the Borrower and LC Obligations obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances and/or LC Obligations as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in

respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16 Facility LCs.

SECTION 2.16.1 Issuance. The LC Issuer shall in its sole discretion, on the terms and conditions set forth in this Agreement (including the limitations set forth in Section 2.01), upon the request of the Borrower, issue standby letters of credit and extend, increase or otherwise modify Facility LCs ("Modify," and each such action a "Modification"), from time to time from the date of this Agreement to the Commitment Termination Date. 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 following sentence, otherwise amended after such date). The LC Issuer shall not be obligated to issue or Modify any Facility LC if (i) any order, judgment or decree of any court or other governmental authority shall by its terms purport to enjoin or restrain the LC Issuer from issuing such Facility LC or (ii) any applicable law, or any request or directive from any governmental authority having jurisdiction over the LC Issuer, shall prohibit, or request or direct that the LC Issuer refrain from, the issuance of letters of credit generally or of such Facility LC in particular. Facility LCs may be issued for any proper corporate purpose. 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 the 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 Borrower shall give the LC Issuer notice prior to 10:00 A.M. at least five Business Days (or such lesser time as the LC Issuer may agree) 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 a 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 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 (including any additional terms requiring the posting of collateral) 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. The Borrower agrees to pay to the Administrative Agent, for the account of each Lender (subject to Section 2.13(g)(iii)), a letter of credit fee at a rate per annum equal to the LC Fee Rate on such Lender's Pro Rata Share of the undrawn stated amount of all Facility LCs outstanding from time to time, payable in arrears on the last day of each March, June, September and December and on the Final Termination Date (and, if applicable, thereafter on demand). The Borrower also agrees to 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 the 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 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 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, 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 any Facility LC to the extent such amount is not reimbursed by the 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. 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 Borrower. The 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, without presentment, demand, protest or other formalities of any kind; provided that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the 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. If the Borrower fails to fully reimburse the LC Issuer by 11:00 A.M. on an LC Payment Date, the LC Issuer shall promptly notify the Administrative Agent. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender of such LC Payment Date, the amount of the unpaid Reimbursement Obligations and such Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested Base Rate Advances to be disbursed on the applicable LC Payment Date in an amount equal to the unpaid Reimbursement Obligations, without regard to the minimum and multiples specified for Base Rate Advances in Section 2.02(e), but subject to the conditions set forth in Article III. All Reimbursement Obligations that are not fully refinanced by the making of Base Rate Advances because the Borrower cannot satisfy the conditions set forth in Article III or for any other reason 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 the Borrower for application in payment, in whole or in part, of the Reimbursement Obligations in respect of any Facility LC, 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, 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), the Borrower may request Advances hereunder for the purpose of satisfying any Reimbursement Obligation.

SECTION 2.16.7 Obligations Absolute. The 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 the Borrower may have against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Reimbursement Obligations in respect of any Facility LC 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 the 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 the 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. The Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with any Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be

binding upon the Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.16.7 is intended to limit the right of the 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, facsimile, 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. The 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 claim, damage, loss, liability, cost or expense 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 or any actual or proposed use of any Facility LC, including any claim, damage, loss, liability, cost or expense 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 the Borrower may have against any Defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC that 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 the Borrower shall not be required to indemnify any Lender, the LC Issuer or the Administrative Agent for any claim, damage, loss, liability, cost or expense 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 the 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 2.16.12 Rights with Respect to Designated Lenders. If any Lender is a Designated Lender, then the LC Issuer may, by notice to such Designated Lender and the Administrative Agent, require such Designated Lender to (a) deliver to the Administrative Agent, for the account of the LC Issuer, cash collateral in an amount equal to such Designated Lender's Pro Rata Share of the undrawn principal amount of all Facility LCs (the "Reserve Amount") or (b) make other arrangements reasonably satisfactory to the LC Issuer to assure that such Designated Lender will reimburse the LC Issuer for its Pro Rata Share of any payment made by the LC Issuer under any Facility LC. Any such cash collateral (i) shall be held by the Administrative Agent pursuant to arrangements reasonably satisfactory to such Designated Lender, the LC Issuer and the Administrative Agent and (ii) if at any time such Designated Lender becomes obligated to pay any amount to the LC Issuer pursuant to Section 2.16.5 or to make an Advance pursuant to Section 2.16.6, shall be applied (to the extent required) by the Administrative Agent to pay such amount or to make such Advance. Upon the expiration, termination or reduction in amount of any applicable Facility LC, the Administrative Agent shall release (subject to Section 2.13(g) in the case of a Defaulting Lender) to such Designated Lender (or such other Person as may be entitled thereto) any cash collateral held by the Administrative Agent in excess of the Reserve Amount. If any Designated Lender fails to provide cash collateral or make other arrangements as required by the first sentence of this Section 2.16.12, then the Administrative Agent shall retain as cash collateral all amounts otherwise payable to such Designated Lender under this Agreement until the Administrative Agent has retained an amount equal to the Reserve Amount.

SECTION 2.17 Extension of Scheduled Commitment Termination Date. The Borrower may request an extension of the scheduled Commitment Termination Date 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 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 PRECEDENT

SECTION 3.01 Conditions Precedent to Effectiveness. This Agreement (including the Commitments of the Lenders and the obligations of the Borrower hereunder) shall become effective if, on or before October 17, 2014, all of the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received evidence, satisfactory to the Administrative Agent, that the Borrower has paid (or will pay with the proceeds of the initial Credit Extensions) all amounts then payable by the Borrower under the Existing Agreement (after giving effect to the last sentence of Section 2.16.1) and that all commitments to make extensions of credit to the Borrower thereunder have been (or concurrently with the initial Advances will be) terminated;

(b) the Administrative Agent shall have received (i) a counterpart of this Agreement signed on behalf of each party hereto or (ii) written evidence (which may include electronic transmission of a signed signature page of this Agreement) that each party hereto has signed a counterpart of this Agreement and each of the following documents, each dated a date reasonably satisfactory to the Administrative Agent and otherwise in form and substance satisfactory to the Administrative Agent:

(i) Certified copies of resolutions of the Board of Directors or equivalent managing body of the Borrower approving the transactions contemplated by this Agreement and of all documents evidencing other necessary organizational action of the Borrower with respect to this Agreement and the documents contemplated hereby;

(ii) A certificate of the Secretary or an Assistant Secretary of Borrower certifying (A) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered hereunder; (B) that attached thereto are true and correct copies of the organizational documents of the Borrower, in each case in effect on such date; and (C) that attached thereto are true and correct copies of all governmental and regulatory authorizations and approvals required for the due execution, delivery and performance by the Borrower of this Agreement and the documents contemplated hereby;

(iii) A certificate signed by any of the chief financial officer, principal accounting officer or treasurer of the 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

(iv) A favorable opinion of Sidley Austin LLP, counsel for the Borrower, substantially in the form of Exhibit D; and

(c) the Administrative Agent shall have received evidence, satisfactory to the Administrative Agent, that the Borrower has paid (or will pay with the proceeds of the initial Credit Extensions) all fees and, to the extent billed, expenses payable by the Borrower hereunder on the Closing Date (including amounts then payable to the Arrangers and the Administrative Agent).

Promptly upon the occurrence thereof, the Administrative Agent shall notify the Borrower, the Lenders and the LC Issuer as to the Closing Date.

SECTION 3.02 Conditions Precedent to All Credit Extensions. The obligation of each Lender to make any Advance and of the LC Issuer to issue or modify any Facility LC shall be subject to the conditions precedent that (a) the Closing Date shall have occurred, (b) 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 C, from all Lenders, and (c) in the case of all Credit Extensions, on the date of such Credit Extension, the following statements shall be true (and (x) the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of Advances pursuant thereto and (y) the request by the Borrower for the issuance or Modification of a Facility LC (as applicable) shall constitute a representation and warranty by the 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 the Borrower contained in Section 4.01 (excluding the representations and warranties set forth in Section 4.01(e)(ii) 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 the Borrower.

# ARTICLE IV

## REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.

(b) The execution, delivery and performance by the Borrower of this Agreement are within the Borrower's powers, have been duly authorized by all necessary organizational action on the part of the Borrower, and do not and will not contravene (i) the organizational documents of the Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of the Borrower or any Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement, except any order that has been duly obtained and is (x) in full force and effect and (y) sufficient for the purposes hereof.

(d) This Agreement is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by equitable principles or bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(e) (i) The consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2013 and the related consolidated statements of operations, changes in shareholders' equity and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, certified by PricewaterhouseCoopers LLP, and the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of June 30, 2014, and the related unaudited statement of operations for the six-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 operations for the period ended June 30, 2014, to year-end adjustments) the consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (ii) since December 31, 2013, there has been no Material Adverse Change.

(f) Except as disclosed in the Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the 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, there is no pending or, to the knowledge of the Borrower after due inquiry, threatened action, investigation or proceeding affecting the Borrower or any Subsidiary before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect. There is no pending or, to the knowledge of the Borrower after due inquiry, threatened action or proceeding

against the Borrower or any Subsidiary that purports to affect the legality, validity, binding effect or enforceability against the Borrower of this Agreement.

(g) No proceeds of any Advance have been or will be used directly or indirectly in connection with the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act, except for any cash payments made (or any common stock issued in connection with the terms of the Existing Warrants) in connection with the Existing Warrants or any transaction subject to the requirements of Section 13 or 14 of the Exchange Act.

(h) The 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 will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Borrower and its Subsidiaries is represented by margin stock.

(i) The Borrower is not required to register as an "investment company" under the Investment Company Act of 1940.

(j) During the twelve consecutive month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Credit Extension, no steps have been taken to terminate any Plan 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 the Borrower or any other member of the Controlled Group of any material liability (other than to make contributions, pay annual PBGC premiums or pay out benefits in the ordinary course of business), fine or penalty.

(k) The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and Affiliates and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or Affiliate or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary or Affiliate that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by the Agreement will violate Anti-Corruption Laws or applicable Sanctions.

# ARTICLE V

## COVENANTS OF THE BORROWER

SECTION 5.01 Affirmative Covenants. The Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid, any Facility LC remains outstanding or the Commitments have not been irrevocably terminated, the Borrower will, and, in the case of Section 5.01(a), will cause its Principal Subsidiaries to, unless the Majority Lenders shall otherwise consent in writing:

(a) Keep Books; Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles in the United States, consistently applied;

(ii) subject to Section 5.02(b), preserve and keep in full force and effect its existence;

(iii) maintain and preserve all of its properties (except such properties the failure of which to maintain or preserve would not have, individually or in the aggregate, a Material Adverse Effect) which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted;

(iv) comply in all material respects with the requirements of all applicable laws, rules, regulations and orders (including those of any governmental authority and including with respect to environmental matters) to the extent the failure to so comply, individually or in the aggregate, would have a Material Adverse Effect, including, without limitation, maintaining in effect and enforcing policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions;

(v) maintain insurance with responsible and reputable insurance companies or associations, or self-insure, as the case may be, in each case in such amounts and covering such contingencies, casualties and risks as is customarily carried by or self-insured against by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower and its Principal Subsidiaries operate;

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to the Borrower, permit any Lender, or any agent or representative of any thereof, to examine and, at such Lender's expense, make copies of, and abstracts from the records and books of account of, and visit the properties of, the Borrower and any Principal Subsidiary and to discuss the affairs, finances and accounts of the Borrower and any Principal Subsidiary with any of their respective officers; provided that any non-public information (which has been identified as such by the Borrower or the applicable

Principal Subsidiary) obtained by any Lender or any of its agents or representatives pursuant to this clause (vi) shall be treated confidentially by such Person; provided, further, that such Person may disclose such information to (x) any other party to this Agreement, its examiners, Affiliates, outside auditors, counsel or other professional advisors in connection with this Agreement or (y) if otherwise required to do so by law or regulatory process (it being understood that, unless prevented from doing so by any applicable law or governmental authority, such Person shall use reasonable efforts to notify the Borrower of any demand or request for any such information promptly upon receipt thereof so that the Borrower may seek a protective order or take other appropriate action);

(vii) use the proceeds of the Advances for general corporate purposes (including the making of acquisitions), but in no event for any purpose that 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 Borrower becomes aware of the existence of any Event of Default or Unmatured Event of Default with respect to the Borrower continuing on the date of such statement, after due inquiry, a statement of an authorized officer of the Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which the Borrower proposes to take with respect thereto;

(ii) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if the Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of the Borrower as of the end of such quarter and the related consolidated statement of operations of the Borrower for the portion of the Borrower's fiscal year ending on the last day of such quarter, in each case prepared in accordance with GAAP, subject to the absence of footnotes and to year-end adjustments), together with a certificate of an authorized officer of the Borrower stating that no Event of Default or Unmatured Event of Default has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which the Borrower proposes to take with respect thereto;

(iii) as soon as available and in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if the

Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of the Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of operations, changes in shareholders' equity (if applicable) and cash flows of the Borrower for such fiscal year, certified by PricewaterhouseCoopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of the Borrower stating that no Event of Default or Unmatured Event of Default has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which the Borrower proposes to take with respect thereto;

(iv) concurrently with the delivery of the quarterly and annual reports referred to in Sections 5.01(b)(ii) and 5.01(b)(iii), a compliance certificate in substantially the form set forth in Exhibit E, duly completed and signed by the Chief Financial Officer, Treasurer or an Assistant Treasurer of the Borrower;

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its security holders, and copies of all Reports on Form 10-K, 10-Q or 8-K, and registration statements (without exhibits) and prospectuses that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange (except to the extent that any such registration statement or prospectus relates solely to the issuance of securities pursuant to employee purchase, benefit or dividend reinvestment plans of the Borrower or a Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Plan, or the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a lien under section 430(k) of the Code, or the taking of any action with respect to a Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Plan, or the occurrence of any event with respect to any Plan which could result in the incurrence by the Borrower or any other member of the Controlled Group of any material liability, fine or penalty, notice thereof and a statement as to the action the Borrower or such member of the Controlled Group proposes to take with respect thereto;

(vii) promptly upon becoming aware thereof, notice of any change in the Fitch Rating, the Moody's Rating or the S&P Rating; and

(viii) such other information respecting the business, operations or condition, financial or otherwise, of the Borrower or any Subsidiary as any Lender, through the Administrative Agent, may from time to time reasonably request (including any information that any Lender reasonably requests in order to comply with its obligations under any "know your customer" or anti-money laundering laws or regulations).

The Borrower may provide information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Section 5.01(b) and all other notices, requests, financial statements, financial and other reports, certificates and other information

materials, but excluding any communication that (i) relates to a request for a Credit Extension, (ii) relates to the payment of any amount due under this Agreement prior to the scheduled date therefor or any reduction of the Commitments, (iii) provides notice of any Event of Default or Unmatured Event of Default, (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement or any Credit Extension hereunder or (v) relates to a request for an extension of the scheduled Commitment Termination Date pursuant to Section 2.17 (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, the Borrower agrees that, to the extent requested by the Administrative Agent or any Lender, it will continue to provide "hard copies" of Communications to the Administrative Agent or such Lender, as applicable.

The Borrower further agrees that the Administrative Agent may make Communications available to the Lenders by posting such Communications on 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 THE BORROWER, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT SUCH DAMAGES ARE FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITING THE FOREGOING, UNDER NO CIRCUMSTANCES SHALL THE ADMINISTRATIVE AGENT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF THE PLATFORM OR THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET.

Each Lender agrees that notice to it (as provided in the next sentence) specifying that a Communication has been posted to the Platform shall constitute effective delivery of such Communication to such Lender for purposes of this Agreement. Each Lender agrees (i) to notify the Administrative Agent from time to time of the e-mail address to which the foregoing notice may be sent and (ii) that such notice may be sent to such e-mail address.

SECTION 5.02 Negative Covenants. The Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid, any Facility LC remains outstanding or the

Commitments 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 or Facility LC is outstanding or is to be made or issued, as applicable), the Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or permit any of its Principal 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 for taxes, assessments or governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(iv) Liens incidental to the normal conduct of the business of the Borrower or any Subsidiary or the ownership of its property or the conduct of the ordinary course of its business, including (A) zoning restrictions, easements, rights of way, reservations, restrictions on the use of real property and other minor irregularities of title, (B) rights of lessees under leases, (C) rights of collecting banks having rights of setoff, revocation, refund, chargeback, counterclaim, netting of cash amounts or similar rights with respect to money or instruments of the Borrower or any Subsidiary on deposit with or in the possession of such banks, (D) Liens or deposits to secure the performance of statutory obligations, tenders, bids, leases, progress payments, performance or return-of-money bonds, performance or other similar bonds or other obligations of a similar nature incurred in the ordinary course of business, and (E) Liens required by any contract or statute in order to permit the Borrower or a Subsidiary of the Borrower to perform any contract or subcontract made by it with or pursuant to the requirements of a governmental entity, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property and which do not in the aggregate impair the use of property in the operation of the business of the Borrower and its Subsidiaries taken as a whole;

(v) Liens securing cash collateralization obligations in respect of defaulting lenders under the Borrower's credit facilities;

(vi) Liens (A) on the capital stock of or any other equity interest in any Subsidiary which is a Debtor, and (B) granted in connection with the financing of generating or transmission facilities (including associated support and ancillary facilities), limited to the facilities so financed or developed by a Debtor or otherwise acquired by a Debtor from a Person other than the Borrower or its Subsidiaries, in each case to secure Nonrecourse Indebtedness issued by such Debtor;

(vii) 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;

(viii) Liens existing on property at the time of the acquisition thereof (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (vii));

(ix) 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;

(x) Liens granted in connection with any financing arrangement for the financing of pollution control facilities, limited to the facilities so purchased or financed;

(xi) Liens on any improvements to property securing Indebtedness incurred to provide funds for all or part of the cost of such improvements in a principal amount not exceeding the cost of acquisition or construction of such improvements and incurred within 12 months after completion of such improvements or construction, provided that such Liens do not extend to or cover any property of the Borrower or any Subsidiary other than such improvements;

(xii) Liens arising in connection with sales or transfers of, or financing secured by, accounts receivable or related contracts, including Liens granted by a Receivables SPC to secure Debt arising under a Permitted Securitization; provided that any such sale, transfer or financing shall be on arms' length terms;

(xiii) Permitted Encumbrances;

(xiv) Liens created under the Mortgage and "permitted liens" as defined in the Mortgage as in effect on the date hereof;

(xv) Liens securing the Borrower's notes collateralized solely by mortgage bonds of the Borrower issued under the terms of the Mortgage;

(xvi) Liens arising in connection with sale and leaseback transactions, but only to the extent that (A) except as permitted by the following clause (B), the proceeds received from such sale are immediately applied to retire mortgage bonds of the Borrower issued under the terms of the Mortgage and (B) the aggregate purchase price of all assets sold by the Borrower during the term of this Agreement pursuant to sale and leaseback transactions where such proceeds are not applied as provided in clause (A) does not exceed $1,000,000,000;

(xvii) Liens incurred or deposits to secure the performance of surety bonds incurred in the ordinary course of business consistent with past practice, provided that such Liens shall cover only the Borrower's or its Subsidiaries' interests in and relating to the contract underlying the transaction for which such surety bonds were issued;

(xviii) Liens on cash or cash equivalents created or existing to secure stay or appeal bonds or otherwise resulting from any litigation or legal proceeding which are being contested in good faith by appropriate action promptly initiated and diligently conducted, including the Lien of any judgment; provided, that the aggregate amount secured by all such Liens does not exceed $50,000,000;

(xix) agreements for and obligations relating to the joint or common use of property owned solely by the Borrower or any of its Principal Subsidiaries, or owned by the Borrower or any of its Principal Subsidiaries in common or jointly with one or more other parties;

(xx) Liens securing any extension, renewal, replacement or refinancing of Indebtedness secured by any Lien referred to in clauses (viii), (ix), (x), (xi) or (xix) of this Section 5.02(a); provided, that

(A) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property); and

(B) the amount secured by such Lien at such time is not increased to any amount greater than the amount outstanding at the time of such renewal, replacement or refinancing;

(xxi) Liens existing on the date hereof and described in Schedule 5.02(a);

(xxii) Liens granted by a Special Purpose Subsidiary to secure Transitional Funding Instruments of such Special Purpose Subsidiary and Liens granted by Borrower to a Special Purpose Subsidiary on the Intangible Transition Property sold to such Subsidiary as a precaution in case such sales are re-characterized as financings of the Borrower;

(xxiii) Liens on assets held by entities that are required to be included in the Borrower's consolidated financial statements solely as a result of the application of Financial Accounting Standards Board Interpretation No.46R and/or No. 167;

(xxiv) Liens on tax-exempt bonds pledged by the Borrower in connection with a failed remarketing of such bonds; and

(xxv) Liens, other than those described in clauses (i) through (xxiv) of this Section 5.02(a), granted by the Borrower in the ordinary course of business securing Debt; provided that the aggregate amount of all Debt secured by Liens permitted by this clause (xxv) shall not exceed in the aggregate at any one time outstanding $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 Principal Subsidiary may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary, (ii) any Principal Subsidiary may merge with or into or consolidate with or transfer

assets to the Borrower and (iii) the Borrower or any Principal Subsidiary may merge with or into or consolidate with or transfer assets to any other Person; provided that, in each case, immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default shall have occurred and be continuing and (A) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, either (x) the Borrower shall be the surviving entity or (y) the surviving entity shall be an Eligible Successor and shall have assumed all of the obligations of the Borrower under this Agreement and the Facility LCs pursuant to a written instrument in form and substance satisfactory to the Administrative Agent and the Administrative Agent shall have received an opinion of counsel in form and substance satisfactory to it as to the enforceability of such obligations assumed and (B) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which any Principal Subsidiary is a party, a Principal Subsidiary shall be the surviving entity.

(c) Interest Coverage Ratio. Permit the Interest Coverage Ratio as of the last day of any fiscal quarter to be less than 2.00 to 1.0.

(d) Continuation of Businesses. Engage, or permit any Subsidiary to engage, in any line of business which is material to the Borrower and its Subsidiaries, taken as a whole, other than businesses engaged in by the Borrower and its Subsidiaries as of the date hereof and reasonable extensions thereof.

(e) Subsidiary Dividends. Enter into, or permit any Subsidiary to enter into, any agreement that restricts the ability of any Subsidiary to pay dividends directly or indirectly to the Borrower, except for restrictions on the Borrower relating to the priority of payments on its subordinated debentures contained in the Indenture dated as of September 1, 1995 between the Borrower and Wilmington Trust Company, as trustee, as in effect on 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.

(f) Use of Proceeds. The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and Affiliates and their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

## ARTICLE VI

## EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing (any such event an "Event of Default"):

(a) The Borrower shall fail to pay (i) any principal of any Advance when the same becomes due and payable, (ii) any Reimbursement Obligation within one Business Day after the same becomes due and payable or (iii) any interest on any Advance or any other amount payable by the Borrower hereunder within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) pursuant to the terms of this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(a)(vii), Section 5.01(b)(i) or Section 5.02 or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender); or

(d) The Borrower or any Principal Subsidiary shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount in excess of $50,000,000 in the aggregate (but excluding Debt hereunder, Nonrecourse Indebtedness, Debt of a Receivables SPC under a Permitted Securitization, and Transitional Funding Instruments) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, other than any acceleration of any Debt secured by equipment leases or fuel leases of the Borrower or a Principal Subsidiary as a result of the occurrence of any event requiring a prepayment (whether or not characterized as such) thereunder, which prepayment will not result in a Material Adverse Change; or

(e) The Borrower or any Principal Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Principal Subsidiary seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its

property,) shall occur; or the Borrower or any Principal Subsidiary shall take any 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 the Borrower or any Principal Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) Any Reportable Event that the Majority Lenders determine in good faith is reasonably likely to result in the termination of any Single Employer Plan or in the appointment by the appropriate United States District Court of a trustee to administer a Single Employer Plan shall have occurred and be continuing 60 days after written notice to such effect shall have been given to the Borrower by the Administrative Agent; (ii) any Single Employer Plan shall be terminated; (iii) a trustee shall be appointed by an appropriate United States District Court to administer any Single Employer Plan; (iv) the PBGC shall institute proceedings to terminate any Single Employer Plan or to appoint a trustee to administer any Single Employer Plan; or (v) the Borrower or any other member of the Controlled Group withdraws from any Multiemployer Plan; provided that on the date of any event described in clauses (i) through (v) above, the Borrower has received notice assessing the liability of the Borrower with respect to the applicable Plan and such liability exceeds $50,000,000; or

(h) The outstanding capital stock of the Borrower shall fail to be at least 85% owned, directly or indirectly, by Exelon (other than as a result of Exelon distributing to Exelon's shareholders generally the capital stock of the Borrower or the capital stock of a subsidiary of Exelon that is the Borrower's direct or indirect parent company);

then, and in any such event, the Administrative Agent shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, (i) declare the respective Commitments of the Lenders and the commitment of the LC Issuer to issue Facility LCs to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare the outstanding principal amount of the Advances, all interest thereon and all other amounts payable under this Agreement by the Borrower (including all contingent LC Obligations) to be forthwith due and payable, whereupon the outstanding principal amount of the Advances, all such interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of an Event of Default under Section 6.01(e), (A) the obligation of each Lender to make any Advance to the Borrower and the obligation of the LC Issuer to issue Facility LCs shall automatically be terminated and (B) the outstanding principal amount of all Advances, all interest thereon and all other amounts payable by the Borrower hereunder (including all contingent LC Obligations) shall automatically and immediately become due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

# ARTICLE VII

# THE ADMINISTRATIVE AGENT

SECTION 7.01 Authorization and Action.

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 obligations of the Borrower hereunder), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders; provided that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.01.2 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 Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their respective own gross negligence or willful misconduct. Without limiting the generality of the foregoing: (i) the Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) the Administrative Agent makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iii) the Administrative Agent shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (iv) the Administrative Agent shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (v) the Administrative Agent shall not incur any liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Administrative Agent and Affiliates. With respect to its Commitment, Advances and other rights and obligations hereunder in its capacity as a Lender, 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 the Administrative Agent; and the term "Lender" or "Lenders" shall 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, the Borrower, any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any such Affiliate, all as if it were not Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 7.04 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05 Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to their respective Pro Rata Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are reimbursable by the Borrower but for which the Administrative Agent is not reimbursed by the Borrower.

SECTION 7.06 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank described in clause (i) or (ii) of the definition of "Eligible Assignee" having a combined capital and surplus of at least $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 Borrower, 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, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and, in the case of an amendment, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no amendment, waiver or consent shall, unless in writing and signed by all Lenders (other than any Lender that is the Borrower or an Affiliate thereof), do any of the following: (a) waive or amend any of the conditions specified in Section 3.01 or 3.02, (b) increase or extend the Commitments of the Lenders (other than pursuant to Section 2.17) or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, any Advance, any Reimbursement Obligation or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, any Advance, any Reimbursement Obligation or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, (f) amend this Section 8.01 or (g) waive or amend any provision regarding pro rata sharing or otherwise relates to the distribution of payments among Lenders; 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; 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 facsimile transmission) and mailed, sent by facsimile or delivered, if to the Borrower, at 10 S. Dearborn, 52nd Floor, Chicago, IL 60603, Attention: Treasurer, facsimile: (312) 394-4082; 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 1111 Fannin St., 10th

Floor, Houston, TX 77002, Attention: Kimberly Brown, facsimile: (713) 750-2782 or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be effective (a) if mailed, three Business Days after being deposited in the U.S. mail, postage prepaid, (b) if sent by facsimile, when the sender receives electronic confirmation of receipt, and (c) otherwise, when delivered, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent.

SECTION 8.03 No Waiver; Remedies. No failure on the part of any Lender, the LC Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04 Costs and Expenses; Indemnification.

(a) The Borrower agrees to pay on demand all costs and expenses incurred by the Administrative Agent, the LC Issuer and the Arrangers in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement and the other documents to be delivered hereunder, including the reasonable fees, internal charges and out-of-pocket expenses of counsel (including in-house counsel) for the Administrative Agent, 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. The Borrower further agrees to pay on demand all costs and expenses, if any (including counsel fees and expenses of outside counsel and of internal counsel), incurred by the Administrative Agent, the LC Issuer or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of the Borrower's obligations under this Agreement and the other documents to be delivered by the Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or any conversion of, any Eurodollar 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 Borrower shall, upon demand by any Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amount required to compensate such Lender for any additional loss, cost or expense which it may reasonably incur as a result of such 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) The Borrower 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 claim, damage, loss, liability, cost or expense (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may pay or incur arising out of

or relating to this Agreement or the transactions contemplated hereby, or the use by the Borrower or any Subsidiary of the proceeds of any Advance; provided that the Borrower shall not be liable for any portion of any such claim, damage, loss, liability, cost or expense resulting from such Indemnified Person's gross negligence or willful misconduct. The Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by the Borrower to the Lenders and the Administrative Agent under this Agreement and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 8.04(c) are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender 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 the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees to notify the Borrower promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 8.05 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 8.06 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) the Borrower shall not have the right to assign rights hereunder or any interest herein without the prior written consent of all Lenders.

SECTION 8.07 Assignments and Participations.

(a) Each Lender may, with the prior written consent of the Borrower, the LC Issuer and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by the Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities 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 and its participation in Facility LCs); 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 $100,000 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 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 the Borrower (except in the case of a demand under Section 8.07(g)), and shall not be payable if the assignee is a Federal Reserve Bank), (v) the consent of the Borrower shall not be required after the occurrence and during the continuance of any Event of Default under Section 6.01(a), Section 6.01(c)(i) (with respect to a breach of Section 5.02(c) only) or Section 6.01(e) and (vi) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and 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 the Borrower, 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 the Borrower, 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 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 the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and 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 to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders 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 the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit A, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(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 and its participation in Facility LCs); 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) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (iv) 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, 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 Borrower furnished to such Lender by or on behalf of the Borrower; 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 Borrower 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 (i) shall make demand for payment under Section 2.11(a), 2.11(b) or 2.14, (ii) shall deliver any notice to the Administrative Agent pursuant to Section 2.12 resulting in the suspension of certain obligations of the Lenders with respect to Eurodollar Advances, (iii) does not consent to, or revokes its consent to, an extension of the scheduled Commitment Termination Date pursuant to Section 2.17, (iv) does not consent to an amendment or waiver that requires the consent of all Lenders and has been approved by the Majority Lenders or (v) is a Designated Lender, then (A) in the case of clause (i), within 60 days after such demand (if, but only if, the payment demanded under Section 2.11(a), 2.11(b) or 2.14 has been made by the Borrower), (B) in the case of clause (ii), within 60 days after such notice (if such suspension is still in effect), (C) in the case of clause (iii), no later than five days prior to the then effective scheduled Commitment Termination Date, (D) in the case of clause (iv), within 60 days after the date the Majority Lenders approve the applicable amendment or waiver, or (E) in the case of clause (v), at any time so long as such Lender continues to be a Designated Lender, as the case may be, the Borrower may demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower and reasonably acceptable to the Administrative Agent and the LC Issuer all (but not less than all) of such Lender's Commitment, the Advances owing to it, its participation in the Facility LCs and all of its other rights and obligations hereunder within the next succeeding 30 days (or, in the case of clause (iii), (iv) or (v), five days). If any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignee for all of such Lender's Commitment, 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. No replacement of a Defaulting Lender pursuant to this Section 8.07(g) shall be deemed to be a waiver of any right that the Borrower, the Administrative Agent, the LC Issuer or any other Lender may have against such Defaulting Lender. Concurrently with any Designated Lender making an assignment pursuant to this Section 8.07(g), the Administrative Agent shall return to such Lender any cash collateral held for the account of such Lender pursuant to Section 2.16.12.

(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 Borrower, the option to provide to the Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Advance, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Advance, the Granting Bank shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Advance were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any

bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 8.07, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Advance to the Granting Bank or to any financial institution (consented to by the Borrower and Administrative Agent, which consents shall not 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 SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS.**

SECTION 8.09 **Consent to Jurisdiction; Certain Waivers**. **(a) THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS SITTING IN COOK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.**

(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 ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.**

SECTION 8.10 **Waiver of Jury Trial**. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK**

**TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

SECTION 8.11 Execution in Counterparts; Integration. 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 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

> IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, the Administrative Agent and the Lenders will ask for the Borrower's name, tax identification number and business address and other information that will allow the Administrative Agent and the Lenders to identify the Borrower. The Administrative Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

SECTION 8.13 No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby; (ii) (A) the Administrative Agent, each Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent, any Arranger nor any Lender has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (iii) the Administrative Agent, the Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent, any Arranger nor any Lender has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the

Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 8.14 Termination of Existing Agreement. The Borrower and each Lender that is a party to the Existing Agreement (which Lenders constitute "Majority Lenders" under and as defined in the Existing Agreement) agree that concurrently with the effectiveness hereof pursuant to Section 3.01, all commitments to extend credit to the Borrower under the Existing Agreement shall terminate and be of no further force or effect (without regard to any requirement in the Existing Agreement for prior notice of termination of such commitments).

*[Signature Pages 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.

COMMONWEALTH EDISON COMPANY

By: _____
Name: Joseph R. Trpik, Jr
Title: Senior Vice President, Chief Financial Officer and Treasurer

**THE LENDERS**

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

By: _____
Name: _____
Title: _____

**SEAWAY BANK AND TRUST COMPANY,**
as a Lender

By: _____
Name:
Title:

**FIRST NATIONAL BANK AND TRUST COMPANY,** as a Lender

By: _____
Name:
Title:

**FIRST BANK OF HIGHLAND PARK,**
as a Lender

By: _____
Name:
Title:

**BEVERLY BANK & TRUST COMPANY N.A.,**
as a Lender

By: _____
Name:
Title:

**URBAN PARTNERSHIP BANK,**
as a Lender

By: _____
Name:
Title:

**THE HARBOR BANK OF MARYLAND,**
as a Lender

By: _____
Name:
Title:

**RIVERSIDE COMMUNITY BANK,**
as a Lender

By: _____
Name:
Title:

**INTERNATIONAL BANK OF CHICAGO,**
as a Lender

By: _____
Name:
Title:

**FIRST EAGLE BANK,**
as a Lender

By: _____
Name:
Title:

**ALPINE BANK AND TRUST CO.,**
as a Lender

By: _____
Name:
Title:

**FIRST INDEPENDENCE BANK,**
as a Lender

By: _____
Name:
Title:

**UNITED BANK OF PHILADELPHIA,**
as a Lender

By: _____
Name:
Title:

**WILMINGTON SAVINGS FUND SOCIETY, FSB,**
as a Lender

By: _____
Name:
Title:

**ILLINOIS SERVICE FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO,**
as a Lender

By: _____
Name:
Title:

**NORTH MILWAUKEE STATE BANK,**
as a Lender

By: _____
Name:
Title:

**BANKFINANCIAL F.S.B.,**
as a Lender

By: _____
Name:
Title:

**GATEWAY COMMUNITY BANK,**
as a Lender

By: _____
Name:
Title:

**HIGHLAND COMMUNITY BANK,**
as a Lender

By: _____
Name:
Title:

**REPUBLIC BANK OF CHICAGO,**
as a Lender

By: _____
Name:
Title:

**PACIFIC GLOBAL BANK,**
as a Lender

By: _____
Name:
Title:

# SCHEDULE I
# PRICING SCHEDULE

The "Applicable Margin," the "LC Fee Rate," and the "Facility 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 for Eurodollar Advances and LC Fee Rate | Applicable Margin for Base Rate Advances | Applicable Facility Fee Rate |
|---|---|---|---|
| Level I | 0.900% | 0.000% | 0.100% |
| Level II | 1.000% | 0.000% | 0.125% |
| Level III | 1.075% | 0.075% | 0.175% |
| Level IV | 1.275% | 0.275% | 0.225% |
| Level V | 1.475% | 0.475% | 0.275% |
| Level VI | 1.650% | 0.650% | 0.350% |

The Applicable Margin, the LC Fee Rate, and the Facility Fee Rate shall be determined in accordance with the table above based on the Status in effect from time to time. The Status in effect on any date for purposes of this Pricing Schedule is based on the applicable Fitch Rating, 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):

"Debt Rating" means, as of any date of determination, the Fitch Rating, the Moody's Rating or the S&P Rating.

"Level I Status" exists at any date if, on such date, the Fitch Rating is A or better, the Moody's Rating is A2 or better or the S&P Rating is A or better.

"Level II Status" exists at any date if, on such date, (i) Level I Status does not exist and (ii) the Fitch Rating is A- or better, the Moody's Rating is A3 or better or the S&P Rating is A- or better.

"Level III Status" exists at any date if, on such date, (i) neither Level I Status nor Level II Status exists and (ii) the Fitch Rating is BBB+ or better, the Moody's Rating is Baa1 or better or the 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 and (ii) the Fitch Rating is BBB or better, the Moody's Rating is Baa2 or better or the 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 and (ii) the Fitch Rating is BBB- or better, the Moody's Rating is Baa3 or better or the S&P Rating is BBB- or better.

"Level VI Status" exists at any date if, on such date, none of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists.

"Status" means Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status.

For purposes of the foregoing, (x) at any time that Debt Ratings are available from each of S&P, Moody's and Fitch and there is a split among such Debt Ratings, then (i) if any two of such Debt Ratings are in the same level, such level shall apply or (ii) if each of such Debt Ratings is in a different level, the level that is the middle level shall apply and (y) at any time that Debt Ratings are available only from any two of S&P, Moody's and Fitch and there is a split in such Debt Ratings, then the higher* of such Debt Ratings shall apply, unless there is a split in Debt Ratings of more than one level, in which case the level that is one level higher than the lower Debt Rating shall apply. The Debt Ratings shall be determined from the most recent public announcement of any changes in the Debt Ratings. If the rating system of S&P, Moody's or Fitch shall change, the Borrower and the Administrative Agent shall negotiate in good faith to amend the definition of "Debt Rating" to reflect such changed rating system and, pending the effectiveness of such amendment (which shall require the approval of the Majority Lenders), the Debt Rating shall be determined by reference to the rating most recently in effect prior to such change. If the Borrower has no Fitch Rating, no Moody's Rating and no S&P Rating, Level VI Status shall apply.

*It being understood and agreed, by way of example, that a Debt Rating of A- is one level higher than a Debt Rating of BBB+.

# SCHEDULE II

## COMMITMENTS

| Lender | Commitment |
|---|---|
| Seaway Bank and Trust Company | $4,500,000 |
| First National Bank and Trust Company | $7,500,000 |
| First Bank of Highland Park | $2,050,000 |
| Beverly Bank & Trust Company N.A. | $1,200,000 |
| Urban Partnership Bank | $4,250,000 |
| The Harbor Bank of Maryland | $1,050,000 |
| Riverside Community Bank | $4,000,000 |
| International Bank of Chicago | $1,000,000 |
| First Eagle Bank | $1,000,000 |
| Alpine Bank and Trust Co. | $1,000,000 |
| First Independence Bank | $100,000 |
| United Bank of Philadelphia | $400,000 |
| Wilmington Savings Fund Society, FSB | $1,250,000 |
| Illinois Service Federal Savings and Loan Association of Chicago | $900,000 |
| North Milwaukee State Bank | $150,000 |
| BankFinancial F.S.B. | $500,000 |
| Gateway Community Bank | $1,500,000 |
| Highland Community Bank | $150,000 |
| Republic Bank of Chicago | $1,000,000 |
| Pacific Global Bank | $500,000 |
| **TOTAL** | **$34,000,000** |

SCHEDULE III

EXISTING LETTERS OF CREDIT

| **LOC #** | **EXPIRATION** | **AMOUNT** |
|---|---|---|
| S-342928 | October 17, 2014 | $74,631 |
| S-379082 | October 17, 2014 | $26,290 |
| S-634962. | October 17, 2014 | $17,100,000 |
| S-899566 | October 17, 2014 | $300,000 |
| S-929559 | October 17, 2014 | $85,260 |
| S-963860. | October 17, 2014 | $110,000 |

# SCHEDULE 5.02(a)
# EXISTING LIENS

None.

# EXHIBIT A
# 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 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 Administrative 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) other than claims for indemnification or reimbursement with respect to any period prior to Effective Date (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. Borrower: Commonwealth Edison Company

4. Administrative Agent: JPMorgan Chase Bank, N.A.

5. Credit Agreement: Credit Agreement, dated as of October 17, 2014, among the Borrower, the Lenders party thereto, and the Administrative 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 THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE ADMINISTRATIVE 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 Administrative Agent
By:
Title:
[Consented to:][4]
[NAME OF RELEVANT PARTY]
By:
Title:

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* 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, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Credit Agreement 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 the Credit Agreement, (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 the Credit Agreement, (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 Agreement.

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 Agreement 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 Administrative 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 Administrative 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 Agreement, and (ii) 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.

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 Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, Reimbursement Obligations, fees and other amounts) to the Assignee.

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 facsimile 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 Illinois.

# ADMINISTRATIVE QUESTIONNAIRE

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

## US AND NON-US TAX INFORMATION REPORTING REQUIREMENTS

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

# EXHIBIT B

## FORM OF NOTICE OF BORROWING

[Date]

JPMorgan Chase Bank, N.A.,
as Administrative Agent,
and the Lenders that are parties to
the Credit Agreement referred to below
1111 Fannin St., 10th Floor
Houston, TX 77002
Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, Commonwealth Edison Company (the "Borrower"), refers to the Credit Agreement, dated as of October 17, 2014, among the Borrower, 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 Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

(iv) The Interest Period for each Eurodollar 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 the representations and warranties set forth in Section 4.01(e)(ii) 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 the 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,

**Commonwealth Edison Company**

By _____
Name:
Title:

# EXHIBIT C

## FORM OF CONSENT TO BORROWING

_____, 20____

Please refer to the Credit Agreement, dated as of October 17, 2014 among Commonwealth Edison Company, 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 $[ ] 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:

# EXHIBIT D

## FORM OF OPINION LETTER OF SIDLEY AUSTIN LLP

[See attached.]

# EXHIBIT E

## FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

_____, 20____

Pursuant to the Credit Agreement, dated as of October 17, 2014, among Commonwealth Edison Company (the "Borrower"), 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 the Borrower, hereby certifies on behalf of the Borrower as follows:

1. [Delivered] [Posted concurrently]* 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.

*Applicable language to be used based on method of delivery.

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.

COMMONWEALTH EDISON COMPANY

By_____
Name: _____
Title: _____

Date: _____

**Commonwealth Edison Company**
Embedded Cost of Long-term Debt Work Papers
Year Ending December 31, 2015

| Line No. | Debt, Issue Type Coupon Rate[1,2] | | Date Reacquired | Amortization Period End Date | Principal of Debt Reacquired | Call Premium | Net Gain or (Net Loss) | Balance as 12/31/2015 | Annual Amortization |
|---|---|---|---|---|---|---|---|---|---|
| | (A) | | (B) | (C) | (D) | (E) | (F) | (G) | (H) |
| 1 | **Unamortized Loss on Reacquired Debt** | | | | | | | | |
| 2 | **First Mortgage Bonds** | | | | | | | | |
| 3 | 10.375% | 1985 | 12/14/94 | 03/01/20 | 30,000,000 | 600,000 | (1,615,843) | 153,482 | (36,817) |
| 4 | 10.625% | 1985 | 12/14/94 | 03/01/20 | 111,000,000 | 2,200,000 | (6,825,849) | 116,648 | (27,975) |
| 5 | 10.625% | 1985 | 12/14/94 | 03/01/17 | | | | 269,392 | (230,552) |
| 6 | 8.375% | Series 86 | 09/16/02 | 02/01/33 | | 3,425,000 | | 2,012,316 | (117,744) |
| 7 | 5.875% | Series 100 | 07/27/04 | 02/01/33 | 11,400,000 | (185,592) | (788,382) | 472,602 | (27,627) |
| 8 | 5.875% | Series 100 | 08/06/04 | 02/01/33 | 40,000,000 | 866,000 | (4,283,438) | 2,570,222 | (150,246) |
| 9 | 5.875% | Series 100 | 08/25/04 | 02/01/33 | 45,000,000 | 2,611,350 | (6,455,972) | 3,880,920 | (226,863) |
| 10 | 1.950% | Series 111 | 10/12/11 | 09/01/16 | 80,148,600 | - | (171,078) | 24,260 | (34,796) |
| 11 | 3.400% | Series 112 | 10/12/11 | 09/01/21 | 110,681,400 | - | (236,251) | 135,729 | (23,823) |
| 12 | | | | | | | | | |
| 13 | **Interest Rate Swap Settlement[3]** | | | 02/01/33 | | | 21,539,444 | 8,874,917 | (519,507) |
| 14 | **Interest Rate Swap Settlement[3]** | | | 07/31/20 | | | 4,246,042 | 1,947,282 | (424,604) |
| 15 | | | | | | | | | |
| 16 | **Subordinated Deferrable Interest Notes and Senior Notes** | | | | | | | | |
| 17 | 8.480% | | 03/20/03 | 03/15/33 | 206,190,000 | - | (20,228,911) | 11,603,491 | (674,297) |
| 18 | 6.950% | | 08/06/04 | 07/15/18 | 60,000,000 | 11,509,200 | (16,568,486) | 3,023,400 | (1,187,880) |
| 19 | 6.950% | | 08/25/04 | 07/15/18 | 25,000,000 | 5,516,000 | (7,624,035) | 1,396,438 | (548,653) |
| 20 | **Pollution Control Obligations** | | | | | | | | |
| 21 | 11.375% | IEFFA 1984 | 11/21/94 | 11/01/19 | 42,200,000 | 844,000 | (1,687,652) | 223,389 | (58,192) |
| 22 | 5.875% | 1977 | 05/15/03 | 05/15/17 | 40,000,000 | - | (599,277) | 58,852 | (42,805) |
| 23 | Variable | 1994B | 09/30/03 | 11/01/19 | 42,200,000 | - | (174,123) | 41,556 | (10,821) |
| 24 | Variable | 1994C | 11/28/03 | 03/01/20 | 50,000,000 | - | (79,616) | 20,419 | (4,899) |
| 25 | Variable | 1994D | 03/21/05 | 03/01/17 | 91,000,000 | - | (4,524,506) | 441,998 | (378,298) |
| 26 | Variable | 2005 | 06/13/08 | 03/01/17 | 91,000,000 | - | (961,559) | 128,545 | (110,409) |
| 27 | Variable | 2003C | 06/18/08 | 03/01/20 | 50,000,000 | - | (795,632) | 283,710 | (67,954) |
| 28 | Variable | 2003B | 07/08/08 | 11/01/19 | 42,200,000 | - | (222,142) | 75,359 | (19,631) |
| 29 | Variable | 2003B | 07/08/08 | 05/01/21 | | - | (435,433) | 181,343 | (33,984) |
| 30 | Variable | 2003A | 07/10/08 | 05/15/17 | 40,000,000 | - | (566,327) | 88,001 | (64,021) |
| 31 | Variable | 2003A | 07/10/08 | 05/01/21 | | - | (332,768) | 138,646 | (25,982) |
| 32 | Variable | 2003D | 07/29/08 | 05/01/21 | 19,975,000 | - | (112,292) | 46,977 | (8,803) |
| 33 | Variable | 2008D | 05/28/09 | 03/01/20 | 50,000,000 | - | (546,292) | 210,112 | (50,427) |
| 34 | Variable | 2008F | 05/28/09 | 03/01/17 | 91,000,000 | - | (677,508) | 100,905 | (86,491) |
| 35 | Variable | 2008E | 05/28/09 | 05/01/21 | 49,830,000 | - | (566,726) | 251,878 | (47,227) |
| 36 | **Subordinated Deferrable Interest Debentures** | | | | | | | | |
| 37 | 8.500% | ComEd Financing II | 03/07/08 | 01/15/38 | 154,640,000 | - | (11,579,481) | 8,559,449 | (387,597) |
| 38 | **Write-off** | **1997 Unamoritized Loss** | | | | | | (488,263) | 527,130 |
| 39 | TOTAL | | | | | | $ (62,874,093) | $ 46,843,975 | $ (5,101,795) |
| 40 | | | | | | | | | |
| 41 | **Unamortized Gain on Reacquired Debt** | | | | | | | | |
| 42 | **Interest Rate Swap Settlement[3]** | | | 07/31/20 | | | 165,326 | (75,821) | 16,533 |
| 43 | TOTAL | | | | | | $ 165,326 | $ (75,821) | $ 16,533 |

Notes:
(1) Listing sourced from Form 21 ILCC, Pages 24a-24b.
(2) Refunded with the proceeds from issuance of long-term debt with the maturity dates on Page 2 of WPD-3.
(3) The unamortized losses and gains on interest rate swap settlements are reported in FERC accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities), respectively.

**Commonwealth Edison Company**
Embedded Cost of Long-term Debt Work Papers
Year Ending December 31, 2015

| Line No. | Debt, Issue Type Coupon Rate[1] | | Maturity Date(s) of New Debt Issues | | | | | |
|---|---|---|---|---|---|---|---|---|
| | (A) | | (B) | (C) | (D) | | (E) | (F) |
| | **REFUNDING ISSUES** | | | | | | | |
| 1 | **First Mortgage Bonds** | | | | | | | |
| 2 | 14.250% | Series 46 | Feb-2023 | Apr-2015 | (2) | | | |
| 3 | 15.375% | Series 47 | Feb-2023 | Apr-2015 | (2) | | | |
| 4 | 17.500% | Series 44 | Mar-1998 | Feb-2023 | | Apr-2015 | (2) | |
| 5 | 12.250% | Series 50 | Mar-1998 | Feb-2023 | | Apr-2015 | (2) | |
| 6 | 13.375% | Series 51 | Mar-1998 | Feb-2023 | | Apr-2015 | (2) | |
| 7 | 12.000% | Series 66 | Feb-2023 | Apr-2015 | (2) | | | |
| 8 | 11.125% | Series 71 | Feb-2023 | Apr-2015 | (2) | | | |
| 9 | 10.500% | Series 56 | Apr-2023 | Apr-2015 | (2) | | | |
| 10 | 10.375% | 1985 | Mar-2009 | Mar-2020 | (2) | | | |
| 11 | 10.625% | 1985 | Mar-2009 | Mar-2015 | | Mar-2020 | Mar-2017 | (2) |
| 12 | 8.375% | Series 86 | Feb-2033 | | | | | |
| 13 | 8.375% | Series 88 | Apr-2015 | | | | | |
| 14 | 8.000% | Series 91 | Apr-2015 | | | | | |
| 15 | **Subordinated Deferrable Interest Notes** | | | | | | | |
| 16 | 8.480% | | Mar-2033 | | | | | |
| 17 | **Subordinated Deferrable Interest Debentures** | | | | | | | |
| 18 | 8.500% | | Jan-2038 | | | | | |
| 19 | **Pollution Control Obligations** | | | | | | | |
| 20 | 11.375% | IEFFA Series '84 | Oct-2014 | Nov-2019 | (2) | | | |
| 21 | 5.875% | IDFA Series '77 | May-2017 | | | | | |
| 22 | Variable | IDFA 1994B | Nov-2019 | | | | | |
| 23 | Variable | IDFA 1994C | Mar-2020 | | | | | |
| 24 | Variable | IDFA 1994D | Mar-2017 | | | | | |
| 25 | Variable | IFA Series 2005 | Mar-2017 | | | | | |
| 26 | Variable | IDFA Series 2003 C | Mar-2020 | | | | | |
| 27 | Variable | IDFA Series 2003 B | Nov-2019 | May-2021 | | | | |
| 28 | Variable | IDFA Series 2003 A | May-2017 | May-2021 | | | | |
| 29 | Variable | IDFA Series 2003 D | May-2021 | | | | | |
| 30 | Variable | IFA Series 2008 D | Mar-2020 | Sep-2016 | | Sep-2021 | | |
| 31 | Variable | IFA Series 2008 F | Mar-2017 | Sep-2016 | | Sep-2021 | | |
| 32 | Variable | IFA Series 2008 E | May-2021 | Sep-2016 | | Sep-2021 | | |
| 33 | | | | | | | | |
| 34 | **The following debt items were not refinanced:** | | | | | | | |
| 35 | | | Original Maturity Date of Debt Issues | | | | | |
| 36 | First Mortgage Bonds | | | | | | | |
| 37 | 5.875% | Series 100 | Feb-2033 | | | | | |
| 38 | 4.700% | Series 101 | Apr-2015 | | | | | |
| 39 | 1.950% | Series 111 | Sept-2016 | | | | | |
| 40 | 3.400% | Series 112 | Sept-2021 | | | | | |
| 41 | | | | | | | | |
| 42 | Notes - | | | | | | | |
| 43 | 6.950% | | Jul-2018 | | | | | |

Notes:
(1) Listing sourced from Form 21 ILCC, Pages 24c and 24d.
(2) The amortization period has changed due to the refunding of the long-term debt originally issued to refund this issue. Maturity date is that of the new long-term debt issue.

**Commonwealth Edison Company**
Schedule D-7 Embedded Cost Of Long Term Debt
Years 2011 - 2015
(In Dollars)

| Line No. | Description | FERC Form 1 Source | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| 1 | Long-Term Debt Outstanding CR / (DR) | | | | | | |
| 2 | Long-Term Debt Outstanding (Accts 221 - 224) | p. 112, l. 18 - 21 | $ 6,764,786,000 | $ 6,174,786,000 | $ 5,891,786,000 | $ 5,793,786,000 | $ 5,893,786,000 |
| 3 | Unamortized Premium on Long-Term Debt (Acct 225) | p. 112, l. 22 | 146,661 | 382,482 | 618,304 | 854,125 | 1,164,491 |
| 4 | Unamortized Discount on Long-Term Debt (Acct 226) | p. 112, l. 23 | (20,033,067) | (18,520,046) | (19,547,559) | (21,181,829) | (23,327,102) |
| 5 | Unamortized Gain on Reacquired Debt (Acct 257) | p. 113 | - | - | - | 6,866 | 30,724 |
| 6 | Unamortized Loss on Reacquired Debt (Acct 189) | p. 111 | (36,021,776) | (41,437,887) | (49,178,323) | (58,342,092) | (71,594,893) |
| 7 | Loss on Settled Cash Flow Swaps (Acct 182.3) | p. 232, 1.8 | (10,822,199) | (11,897,826) | (13,292,848) | (14,687,871) | (16,243,849) |
| 8 | Gain on Settled Cash Flow Swaps (Acct 254) | p. 278, l. 3 | 75,821 | 92,353 | 108,885 | 125,418 | 141,951 |
| 9 | Unamortized Debt Expenses (Acct 181) | p. 111 | (39,659,607) | (33,725,681) | (29,070,884) | (29,211,484) | (29,959,231) |
| 10 | Net Long-Term Debt Outstanding | | $ 6,658,471,833 | $ 6,069,679,395 | $ 5,781,423,575 | $ 5,671,349,133 | $ 5,753,998,091 |
| 11 | Cost of Long-Term Debt DR / (CR) | | 2015 | 2014 | 2013 | 2012 | 2011 |
| 12 | Interest on Long-Term Debt (Acct 427 / 430) | p. 256 - 257, col. (I) | $ 309,887,519 | $ 297,204,931 | $ 281,465,894 | $ 282,861,311 | $ 307,737,280 |
| 13 | Amortization of Debt Discount and Expense (Acct 428) | p. 117, l. 63 | 6,357,439 | 6,124,199 | 6,864,175 | 7,106,514 | 11,262,014 |
| 14 | Amortization of Loss on Reacquired Debt (Acct 428.1) | p. 117, l. 64 | 5,416,111 | 7,740,437 | 9,163,768 | 13,252,802 | 18,442,686 |
| 15 | Amortization of Premium on Debt (Acct 429) | p. 117, l. 65 | (235,821) | (235,820) | (235,821) | (310,366) | (596,683) |
| 16 | Amortization of Gain on Reacquired Debt (Acct 429.1) | p. 117, l. 66 | - | - | 6,868 | 23,856 | 23,856 |
| 17 | Total Cost of Long-Term Debt | | $ 321,425,248 | $ 310,833,747 | $ 297,264,884 | $ 302,934,117 | $ 336,869,153 |
| 18 | Embedded Cost of Long-Term Debt Rate (l. 17 / l. 10) (a) | | 4.83% | 5.12% | 5.14% | 5.34% | 5.85% |

Notes:
(a) Not meaningful for ratemaking purposes due to differences between these amounts and those in the ILCC Form 21.

**Commonwealth Edison Company**
Schedule D-7 - Estimated Return on Rate Base (a)
Years 2011 - 2015
(In Dollars)

| Line No. | Description | FERC Form 1 Source | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| 1 | Rate Base (Unadjusted) (a) | | | | | | |
| 2 | Plant in Service | p. 200, l. 3 | $22,313,145,610 | $21,396,203,109 | $20,112,450,283 | $19,220,833,674 | $18,350,434,707 |
| 3 | Completed Construction Not Classified | p. 200, l. 6 | 1,254,964,985 | 532,482,419 | 322,652,899 | 330,961,259 | 434,982,980 |
| 4 | Accumulated Depreciation | p. 200, l. 22 | (8,086,840,205) | (7,867,016,286) | (7,622,336,723) | (7,352,149,396) | (7,152,494,925) |
| 5 | Net Utility Plant (b) | | 15,481,270,390 | 14,061,669,242 | 12,812,766,459 | 12,199,645,537 | 11,632,922,762 |
| 6 | Plant Materials and Supplies (Acct 154) | p. 110 | 163,510,141 | 125,238,926 | 108,605,523 | 91,498,270 | 81,131,789 |
| 7 | Stores Expense Undistributed (Acct 163) | p. 111 | - | - | - | - | - |
| 8 | Fuel (Acct 151 - 152) | p. 110 | - | - | - | - | - |
| 9 | Property Held For Future Use | p. 214 | 44,425,540 | 44,182,715 | 40,487,556 | 38,476,664 | 35,658,200 |
| 10 | Other Regulatory Assets (Acct 182.3) - | | | | | | |
| 11 | Recoverable Transition Costs | p. 232 | - | - | - | - | - |
| 12 | Capitalized Incentive - March 2003 Agreement | p. 232 | 7,202,564 | 7,458,687 | 7,714,811 | 7,956,298 | 8,197,785 |
| 13 | Unrecovered Nuclear Decommissioning Costs | p. 232 | - | - | - | - | - |
| 14 | Accumulated Deferred Income Taxes (Acct 190) | p. 111 | 442,245,571 | 457,034,289 | 507,570,436 | 366,662,593 | 324,645,956 |
| 15 | Pension Asset (Acct 186) | p. 233 | 1,490,106,088 | 1,550,662,320 | 1,583,221,096 | 1,661,482,369 | 1,802,548,972 |
| 16 | RTO Start-up Costs (Acct 186) | p. 233 | - | - | - | - | - |
| 17 | Operating Reserves (Acct 228) | | | | | | |
| 18 | Accum Prov for Injuries & Damages (Acct 228.2) | p. 112 | (51,551,716) | (53,660,239) | (56,043,028) | (53,890,692) | (52,759,525) |
| 19 | Accum Prov for Pensions & Benefits (Acct 228.3) | p. 112 | (302,417,893) | (307,098,954) | (424,723,951) | (319,558,110) | (317,414,580) |
| 20 | Accum Misc Operating Provisions (Acct 228.4) | p. 112 | (265,574,473) | (237,668,091) | (234,209,351) | (209,920,922) | (126,920,032) |
| 21 | Asset Retirement Obligations (Acct 230) | p. 112 | (112,591,909) | (104,367,913) | (100,602,470) | (99,212,577) | (89,039,536) |
| 22 | Customer Advances for Construction (Acct 252) | p. 113 | (111,190,978) | (92,821,728) | (69,693,749) | (74,520,744) | (69,659,709) |
| 23 | Accumulated Deferred ITC's (Acct 255) | p. 113 | (17,455,629) | (19,634,303) | (21,686,995) | (24,000,597) | (26,314,193) |
| 24 | Accumulated Deferred Income Taxes (Accts 281 - 283) | p. 113 | (5,648,028,967) | (5,154,250,596) | (4,918,870,536) | (4,597,331,987) | (4,299,915,834) |
| 25 | Remove Accum Def Taxes on Like-Kind Exchange (c) | | 321,973,000 | 167,358,000 | 307,722,000 | 320,647,376 | 333,929,822 |
| 26 | Net Rate Base (Unadjusted) (a) | | $11,441,921,729 (a) | $10,444,102,355 (a) | $ 9,542,257,801 (a) | $ 9,307,933,478 (a) | $ 9,237,011,877 (a) |

Notes:
(a) Amounts based on FERC Form 1 reported data and do not reflect all rate making adjustments necessary for establishing a jurisdictional revenue requirement.
(b) Excludes goodwill (Plant Acquisition Adjs - Accts 114 and 115) and CWIP (Acct 107).
(c) Schedule B-9

MOODY'S
INVESTORS SERVICE

# Credit Opinion: Exelon Corporation

Global Credit Research - 28 Apr 2015

*United States*

## Ratings

| Category | Moody's Rating |
|---|---|
| Outlook | Stable |
| Issuer Rating | Baa2 |
| Sr Unsec Bank Credit Facility | Baa2 |
| Senior Unsecured | Baa2 |
| Subordinate Shelf | (P)Baa3 |
| Pref. Shelf | (P)Ba1 |
| Commercial Paper | P-2 |
| **Exelon Generation Company, LLC** | |
| Outlook | Stable |
| Issuer Rating | Baa2 |
| Sr Unsec Bank Credit Facility | Baa2 |
| Senior Unsecured | Baa2 |
| Pref. Shelf | (P)Ba1 |
| Commercial Paper | P-2 |
| **Commonwealth Edison Company** | |
| Outlook | Stable |
| Issuer Rating | Baa1 |
| First Mortgage Bonds | A2 |
| Senior Secured | A2 |
| Sr Unsec Bank Credit Facility | Baa1 |
| Senior Unsecured | Baa1 |
| Commercial Paper | P-2 |

## Contacts


| Analyst | Phone |
|---|---|
| James Hempstead/New York City | 212.553.4318 |
| William L. Hess/New York City | 212.553.3837 |


## Key Indicators

[1]**Exelon Corporation**

| | 12/31/2014 | 12/31/2013 | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|---|---|---|---|---|---|
| (CFO Pre-W/C + Interest) / Interest | 6.3x | 4.7x | 5.9x | 8.4x | 7.3x |
| (CFO Pre-W/C) / Net Debt | 27.1% | 25.7% | 25.2% | 45.8% | 40.9% |
| RCF / Net Debt | 22.7% | 22.8% | 25.7% | 37.1% | 36.4% |
| (CFO Pre-W/C) / Debt | 25.1% | 23.9% | 23.6% | 42.9% | 37.1% |
| RCF / Debt | 21.1% | 21.3% | 24.1% | 34.8% | 33.0% |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

*Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.*

## Opinion

### Rating Drivers

Regulated utilities provide a strong foundation to consolidated credit profile

PHI acquisition credit positive due to increased regulated business mix; offset to some degree by increase in parent leverage

Unregulated generation business still facing tough market conditions, but higher power prices are expected

Retail marketing business is risky requiring robust liquidity particularly during periods of volatility

Financial ratios have declined; through an extended downturn in the commodity cycle, but appear to be stabilizing

### Corporate Profile

Exelon Corporation (Exelon: Baa2 stable) is a large US holding company that owns three regulated transmission and distribution utilities and a large unregulated power company. It's three regulated transmission and distribution (T&D) utilities include: PECO Energy Company (PECO: A2 stable), Baltimore Gas and Electric Company (BGE: A3 stable) and Commonwealth Edison Company (CWE: Baa1 stable). PECO is regulated by the Pennsylvania Public Utility Commission (PAPUC), BGE is regulated by the Maryland Public Service Commission (MPSC) and CWE is regulated by the Illinois Commerce Commission (ICC). All three utilities are also regulated by the Federal Energy Regulatory Commission (FERC).

Exelon also owns Exelon Generation Company, LLC (ExGen: Baa2 stable ), one of the largest competitive electric generation companies globally as measured by owned and controlled megawatts (MW),with net capacity of approximately 32 GW's. ExGen is regulated by the Federal Energy Regulatory Commission (FERC) and by the Nuclear Regulatory Commission (NRC).

### Recent Events

On 30 April 2014, Exelon announced a proposed acquisition of Pepco Holdings Inc (PHI: Baa3 stable). PHI is a holding company that owns three regulated T&D utilities: Atlantic City Electric Company (Baa2 stable), DelMarVa Power & Light Company (Baa1 stable) and Pepco Electric Company (Baa1 stable). The acquisition of PHI would shift Exelon's consolidated mix of regulated and unregulated business activities to approximately 60% regulated from roughly 50% today and diversify its jurisdictional exposure to include New Jersey, Delaware and the District of Columbia.

### SUMMARY RATING RATIONALE

Exelon's Baa2 senior unsecured rating reflects a balanced mix of operations between stable and predictable regulated utility businesses and a more risky and volatile unregulated generation and retail marketing business. Exelon maintains a strong consolidated financial profile, with roughly $7 billion in funds from operations supporting approximately $26 billion in debt backed by an $87 billion balance sheet. This financial profile should produce steady ratios of cash flow to debt in the low 20% range; which, combined with adequate liquidity reserves and a growing focus on regulated investment opportunities, positions Exelon firmly within its current rating category.

Exelon's Baa2 rating also reflects our expectation that the company will successfully close its pending acquisition of PHI; that its T&D utilities will continue to invest in their systems and recover those costs and investments in a timely manner; that ExGen will continue to produce ratios of cash flow to debt in the low to mid-30% range for the foreseeable future, operate its nuclear fleet without any early retirements over the next 2-3 years, and focus its growth investments away from its current nuclear reactor concentration as it becomes self-sustainable with respect to its financing needs, and begins to produce positive free cash flows due to a decline in both its capital expenditure projections and reduced up-streamed dividend requirements.

### DETAILED RATING CONSIDERATIONS

FINANCIALLY SECURE REGULATED UTILITIES PROVIDE A STRONG FOUNDATION TO CREDIT PROFILE

Exelon's three existing T&D utilities create a strong foundation to the consolidated credit profile. Combined, the three T&D utilities are big and generate stable and predictable revenue and cash flows. For the year ended 2014, these utilities produced roughly $2.8 billion in cash from operations carrying about $13 billion in debt. This results in a utility pro-forma ratio of cash flow to debt over 20%, which is reasonable for an A3 / Baa1 rating category for utilities with no generation. Prospectively, we think Exelon's utilities will produce annual revenue of roughly $11-$12 billion, EBITDA of roughly $3.5 billion and cash flows around $3.0 billion. All three utilities operate in supportive regulatory jurisdictions, and we continue to view recent regulatory and legislative actions positively. For example, Illinois extended its formulaic rate setting framework through December 2019 and Maryland's Strategic Infrastructure Development and Enhancement Program (STRIDE) continues to develop precedents as utilities in the state invest in their infrastructure.

PHI ACQUISTION IS CREDIT POSITIVE BECAUSE IT INCREASES REGULATED BUSINESS MIX; OFFSET BY LEVERAGE AT PARENT COMPANY

With the addition of PHI, Exelon's mix of regulated and unregulated business activities will shift to approximately 60% regulated - 40% unregulated from roughly 50% - 50%, and its revenue concentration in Maryland, Illinois and Pennsylvania shifts to 33%, 30% and 21% from 29%, 42% and 29%, respectively. In addition, Exelon picks up regulatory exposure to New Jersey, Delaware and the District of Columbia.

Exelon's credit profile will also benefit by the larger and more diversified rate base, which is expected to grow across all of the jurisdictions. Exelon's roughly $20 billion T&D rate base will grow with PHI's roughly $8 billion rate base, creating one of the largest T&D utility combined rate bases in the US. The greater breadth and diversity of these regulated jurisdictions is a credit positive because all of the jurisdictions are viewed as being relatively supportive to long term credit quality and provide a reasonable suite of timely recovery mechanisms. However, permanent financing for this acquisition will include an increase in leverage at the parent company, despite equity (including mandatory convertibles) and cash proceeds from asset sales. In June 2014, $1.15 billion of junior subordinated notes were issued at Exelon, the net proceeds of which are expected to be used to finance a portion of the acquisition of PHI. Exelon and PHI have received approval from the Virginia State Corporation Commission, the New Jersey Board of Public Utilities, the Department of Justice and the Federal Energy Regulatory Commission. Approvals from the Maryland Public Service Commission, the Delaware Public Service Commission, and the Public Service Commission of the District of Columbia are still pending.

UNREGULATED GENERATION BUSINESS FACING TOUGH MARKET ENVIRONMENT, BUT NUCLEAR FLEETS ARE STRATEGICALLY ADVANTAGED

The unregulated power sector remains challenged owing to sustained low natural gas prices and tepid economic growth resulting in flat demand for electricity, increased operating costs (including pension obligations), an increase in renewable resources and increased use of more energy efficient products which appears to be permanently reducing electric load in some regions. A bigger risk is that many factors affecting profitability and cash flows for unregulated companies are largely beyond management's control. A related sector challenge is the ability to organically grow wholesale or merchant business activities, particularly in a shareholder and creditor neutral manner. Together, these factors have depressed the cash flow generation outlook for ExGen, for at least the next eighteen months.

We believe low natural gas prices (i.e., around $3 - 4.00 / mcf) will remain for a few more years, but have less transparency into how capacity markets might behave. While we incorporate a view that ExGen's cash flows will be lower over the next few years than in prior years, we think ExGen will continue to focus on cost reductions, capital investment deferrals and portfolio rationalization. In effect, we think ExGen will shrink, or otherwise diversify its unregulated generation business to protect the over-all value of the consolidated family. This might stress some financial ratios for a period of time, but not sufficiently enough to trigger a change in the rating or the rating outlook at this time.

Still, ExGen's large generation fleet brings some unique characteristics, especially as they relate to the size of the nuclear reactor fleet. We think nuclear generating plants are different, and should not be viewed through the same lenses as other generation sources such as base-load coal, natural gas or renewable generation. ExGen's nuclear plants are large enterprises bringing material economic benefits to local governments and can operate for a lengthy period of time between planned outages. While the nuclear fleet is suffering with high fixed costs in a weak pricing environment, we think the certainty and reliability that nuclear reactors bring to a particular region puts them in a special class of critical infrastructure assets. As a result, these reactors have material staying power over the long term, even when current market conditions make them appear to be less economically viable. We think Illinois will intervene in the local market structure and pass some form of carbon-friendly purchase power requirement for its load serving utilities. We also think a special revenue sharing agreement, known as a reliability

support services agreement, will be approved to the benefit of ExGen's Ginna nuclear reactor in upstate New York. As a result, we think ExGen's "at-risk" reactors will remain operating for the foreseeable future.

RETAIL MARKETING BUSINESS IS RISKY, BUT MARGINS ARE IMPROVING

Exelon continues to view its retail marketing operations as a core business associated with its unregulated generation assets. We continue to view retail marketing as high risk, and subject to volatile and unexpected demands on liquidity. That said, we also see early signs of a sustained improvement in retail margins, partly due to reduced liquidity in the market as big financial counterparties and other strategic retail marketers exit the business. We think the retail business will continue to develop albeit slowly, as various regions evaluate their customer choice alternatives. We see Texas as one of the more active retail markets, and the prospect of an integrated grid and smart meter technology could help facilitate a better penetration of customer classes across the country. For now, we will continue to view the retail marketing business as high risk, demanding sophisticated energy management expertise, a large balance sheet and robust sources of liquidity capital.

FINANCIAL RATIOS HAVE DECLINED, BUT SHOULD STABILIZE

Over the past two years (2014 and 2013), Exelon generated a ratio of funds from operations to debt of approximately 25%. This is down materially from the 40% ratio generated in 2010 and 2011 and the 30% ratio generated in 2012. During this period Exelon acquired Constellation Energy, and its debt increased from the $17 billion range (in 2010 - 2011) to today's mid-$20 billion range. We think the probability of Exelon generating consolidated ratios of cash flow to debt in the 40% range is remote, largely due to our expectation that a sustained period of low natural gas prices will keep a lid on power prices for at least the next few years. We also see little evidence that load volumes will materially rise, despite any economic development activity, due to a more prolific deployment of energy efficiency programs in the greater mid-west and Mid-Atlantic regions. Still, on a long term run-rate, we see Exelon generating a ratio of cash flow to debt near the 20% range for a sustained period of time.

## Liquidity

As of December 31, 2014, Exelon's liquidity arrangements totaled $8.5 billion. Approximately $6.3 billion supports its unregulated business platform, including $500 million at Exelon and nearly $5.8 billion at ExGen, while the regulated businesses have access to $2.2 billion of liquidity -- $600 million at PECO, $600 million at BGE and $1 billion at CWE. The Exelon, PECO, BG&E and most of the ExGen facilities expire in May 2019. The CWE facility expires March 2019.

At December 31st, Exelon and ExGen had about $1.2 billion in letters of credit and no commercial paper outstanding, leaving availability of $5.1 billion for the unregulated business. At CWE, commercial paper outstanding totaled $304 million and there were $2 million in letters of credit outstanding, leaving approximately $700 million of availability under its credit facility. At BGE, commercial paper outstanding totaled $120 million and there were no letters of credit outstanding, respectively, leaving $480 million of availability under its credit facility. At PECO, letters of credit outstanding totaled $1 million and there were no outstanding commercial paper borrowings, leaving $599 million of availability under its credit facility.

The core syndicated credit facilities are used primarily to provide liquidity support and for the issuance of letters of credit. While the credit agreements do not contain any rating triggers that would affect borrowing access to the commitments and do not require material adverse change (MAC) representation for borrowings or the issuance of LOCs, there is a financial covenant for each entity; all of which were compliant and year-end.

As of the last reporting period (December 31, 2014), in the event that ExGen were downgraded below investment grade, ExGen could be required to post additional collateral of $2.4 billion. If PECO, BGE or CWE were downgraded to below investment grade, they would have been required to post $36 million $81 million, and $14 million, respectively, of additional collateral.

On January 9, 2013, the US Court of Appeals reached a decision for the government in a lawsuit involving Consolidated Edison`s (ConEd's) participation in a lease-in, lease-out (LILO) transaction that the IRS also has characterized as a tax shelter, and disallowed ConEd's deductions stemming from its participation in this investment. CWE deferred the $1.2 billion of gain on the 1999 sale of its fossil generating facilities by acquiring like-kind property via a purchase leaseback transaction. The IRS has asserted that the Exelon purchase leaseback transaction is substantially similar to a leasing transaction known as a sale-in, lease-out transaction (SILO). Exelon believes that its like-kind exchange transaction is not the same as or substantially similar to a SILO.

In light of the ConEd decision and Exelon's current determination that a settlement is unlikely, Exelon recorded in the first quarter of 2013 a non-cash charge to earnings of approximately $265 million, which represents the full amount of interest expense (after-tax) and incremental state tax expense in the event that Exelon is unsuccessful in its litigation efforts. Approximately $170 million of the amount was recorded at CWE.

Exelon expects to hold CWE harmless from any unfavorable impacts of the after-tax interest amounts on CWE's equity. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become payable as of December 31, 2014 may be as much as $810 million, of which approximately $310 million would be attributable to CWE and the remainder to Exelon.

## Rating Outlook

The stable rating outlook for Exelon considers the stability and predictability of its large T&D utility businesses, an adequate liquidity profile and conservatively levered unregulated generation business. We still think Exelon is poised to generate cash flows in the $6 billion range, which results in a ratio of cash flow to debt of over 20% which is an important threshold for maintaining a stable rating outlook. We see a lot of cushion here because $6 billion in cash flow implies $30 billion in debt, whereas Exelon's debt came in at closer to $26 billion at FYE 2014, which includes $3.4 billion in unfunded pensions but excludes various tolling and other debt-like arrangements. We also note that in 2014, Exelon only generated $4.5 billion in cash flow from operations, but that included $2.5 billion in negative working capital adjustments, a large portion of which was driven by collateral postings. Our stable rating outlook is prospective, and looks to a steady generation of at least $6 billion in cash flow in 2015 and 2016.

## What Could Change the Rating - Up

A rating upgrade at Exelon would require a material shift in corporate finance policies, where the ratio of cash flow to debt were to rise to the high 20% range. Ratings could also be upgraded if the company exited its more risky businesses at ExGen, given the A3 / Baa1 positioning of its T&D utilities and little holding company debt (today). Post the PHI acquisition, Exelon would still be well positioned for a higher rating absent its ExGen subsidiary and given the higher level of anticipated holding company debt. For now, we see ExGen as strongly positioned within its Baa2 rating category (even on a stand-alone basis). An upgrade of ExGen by more than 1-notch, while unlikely, would also create upward rating pressure for Exelon.

## What Could Change the Rating - Down

The rating could be downgraded if Exelon's financial performance declined, where the ratio of cash flow to debt fell below the 20% range on a sustained basis, or if there were material shifts in the corporate finance policies, especially with respect to the utilization of parent holding company debt (where the ratio of holding company debt to total consolidated debt approached the 20% - 25% range) or if there were any material shifts in shareholder reward programs. A shift in strategic focus could also trigger a rating downgrade, especially where the shift resulted in a material increase in the consolidated business risk profile, presumably somewhat more toward the unregulated business segment within ExGen. Ratings could be pressured if the regulated utilities were faced with a highly contentious regulatory environment, a scenario we view as having a low probability at this time, or if ExGen faced a major operating challenge with several of its reactors at the same time.

## Structural Considerations

With the proposed acquisition of PHI, Exelon is expected to implement a shift in its corporate finance policies. Exelon's existing holding company debt, which we have attributed to ExGen over the past few years, is essentially gone as the company transitioned maturing debt directly to ExGen or retired holding company debt. However, going forward, Exelon will use new holding company debt to partially finance its acquisition of PHI. Prospectively, Exelon will continue to use holding company debt to make equity investments into its T&D utility subsidiaries (including any newly acquired PHI T&D subsidiaries) and manage its regulated authorized capital structures.

On a pro-forma PHI merger basis, should Exelon's ratio of holding company debt (which is now considered attributable to the T&D utility operations, not ExGen) to total consolidated utility debt (ie, holdco debt plus utility debt) exceed the mid-20% range, we would begin to evaluate the need to have a 2-notch rating differential between the utilities and the parent. With the utilities hovering in the A3 / Baa1 range, a Baa2 rating could be viewed as weakly positioned if ExGen is also taken into consideration. Separating the utilities' and holdco debt from the ExGen operation is a component to our credit assessment given Exelon's revised corporate finance policies, and we expect to refine our analysis as additional facts regarding the use of holding company debt are provided.

## Other Considerations

For the time being, given the size of the Exelon's unregulated revenues, earnings, and cash flow and its strategic importance to the consolidated family, Moody's is still evaluating Exelon's financial performance relative to the Unregulated Utilities and Power Companies methodology. As depicted below, Exelon's indicated rating under the grid based on historical results and from projected results (next 12-18 months) is A3. We acknowledge that Exelon's regulated businesses (pre-PHI acquisition) have increased as a percentage of the total consolidated organization, and if the trend continues the potential to evaluate Exelon under our Regulated Electric and Gas Utilities rating methodology will increase. That said, we see most of the improvement in the regulated contributions being attributed to a decline in the unregulated business performance and not attributable to a strategic shift in asset focus. However, if the PHI acquisition is successful, we would revise our view to reflect the shift in strategic focus to the regulated business, which would contribute to a rationale to evaluate Exelon's financial performance relative to the Regulated Electric and Gas Utilities methodology. That said, it would be unlikely that switching to the Regulated Electric and Gas Utilities rating methodology would result in any immediate rating upgrades.

## Rating Factors

**Exelon Corporation**

| **Unregulated Utilities and Unregulated Power Companies Industry Grid** [1][2] | **Current FY 12/31/2014** | | [3]**Moody's 12-18 Month Forward ViewAs of 4/28/2015** | |
|---|---|---|---|---|
| **Factor 1 : Scale (10%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Scale (USD Billion) | Aa | Aa | Aa | Aa |
| **Factor 2 : Business Profile (40%)** | | | | |
| a) Market Diversification | A | A | A | A |
| b) Hedging and Integration Impact on Cash Flow Predictability | Baa | Baa | Baa | Baa |
| c) Market Framework & Positioning | Baa | Baa | Baa | Baa |
| d) Capital Requirements and Operational Performance | Baa | Baa | Baa | Baa |
| e) Business Mix Impact on Cash Flow Predictability | A | A | A | A |
| **Factor 3 : Financial Policy (10%)** | | | | |
| a) Financial Policy | Baa | Baa | Baa | Baa |
| **Factor 4 : Leverage and Coverage (40%)** | | | | |
| a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg) | 5.6x | Baa | 6.8x - 7.3x | Baa |
| b) (CFO Pre-W/C) / Net Debt (3 Year Avg) | 26.0% | Baa | 30% - 35% | Baa |
| c) RCF / Net Debt (3 Year Avg) | 23.7% | Baa | 23% - 27% | A |
| b) (CFO Pre-W/C) / Debt (3 Year Avg) | | NA | 30% | Baa |
| c) RCF / Debt (3 Year Avg) | | NA | 25.4% | A |
| **Rating:** | | | | |
| a) Indicated Rating from Grid | | Baa1 | | A3 |
| b) Actual Rating Assigned | | Baa2 | | Baa2 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

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MOODY'S
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COMPANY PROFILE

# Exelon Corporation

Chicago, Illinois, United States

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## Company Overview

Exelon Corporation (Exelon) is a diversified holding company headquartered in Chicago. It owns the largest commercial nuclear fleet in the US through its merchant power subsidiary, Exelon Generation Company, LLC (ExGen), and conducts transmission and distribution business through its three utility subsidiaries – PECO Energy Company (PECO), Baltimore Gas and Electric Company (BGE) and Commonwealth Edison Company (CWE). As of 31 December 2014, Exelon was one of the largest US power generators, with owned capacity of approximately 32 gigawatts (GW).

On 30 April 2014, Exelon announced the proposed acquisition of Pepco Holdings Inc. (PHI) in an all cash transaction for USD 6.8 billion, or USD 27.25 per share. The acquisition of PHI would shift Exelon's consolidated mix of regulated and unregulated business activities to approximately 60% regulated from roughly 50% today, and diversify its jurisdictional exposure to include New Jersey, Delaware and the District of Columbia. The transaction is expected to close in the second or third quarter of 2015.

The company operates in 48 US states and the District of Columbia, as well as in Canada. In the financial year ended 31 December 2014, it reported revenue of USD 27.4 billion.

Exelon's origins date back to 1886, with the establishment of The Edison Electric Light Company of Philadelphia. Since 1943, it has been listed on the New York Stock Exchange (Ticker: EXC). As of 13 February 2015, the company's largest shareholder was Capital Research Global Investors, which owned 8.1% of its total share capital.

*Source: Company Reports (form 10-K Dec 2014 and Dec 2000, annual report summary Dec 2011, proxy statement 2015), Company data, Moody's research, New York Stock Exchange*

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## Business Description

As a diversified holding company, Exelon is engaged in power generation (mainly nuclear) through its subsidiary ExGen, and power transmission and distribution through its three utility subsidiaries, PECO, BGE and CWE.

In 2000, Exelon was established following the merger of PECO and Unicom Corporation. Subsequently, Unicom Corporation ceased to exist and Exelon became the holding company of PECO and CWE. In January 2001, Exelon underwent a restructuring, in which its regulated power transmission and distribution activities were separated from its non-regulated generation businesses. As a result, the company's generation assets were transferred to its subsidiary ExGen (established in 2000). In 2003, ExGen acquired the remaining 50% stake in AmerGen from British Energy, Inc. In March 2012, Exelon merged with Constellation Energy Group, Inc. (CEG), a provider of power, natural gas and energy products and services, to become one of the largest unregulated power companies in North America, with CEG's subsidiary BGE becoming Exelon's subsidiary.

On 30 April 2014, Exelon announced the proposed acquisition of PHI in an all-cash transaction for USD 27.25 per share, or USD 6.8 billion. If approved, the purchase of PHI would allow Exelon to pick up three additional transmission and distribution utilities, namely Atlantic City Electric Company (ACE), Delmarva Power & Light Company (DPL) and Potomac Electric Power Company (Pepco). With the addition of PHI, Exelon's mix of regulated and unregulated business activities will shift to approximately 60% regulated - 40% unregulated from roughly 50% - 50%, and its revenue concentration in Maryland, Illinois and Pennsylvania shifts to 33%, 30% and 21% from 29%, 42% and 29%, respectively.

Closing conditions for this acquisition include approval from PHI's stockholders, which was obtained in September 2014, and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which expired on 22 December 2014. Regulatory approval for this acquisition has been filed and received from the Federal Energy Regulatory Commission (FERC), the Virginia State Corporation Commission (VSCC) and the New Jersey Board of Public Utilities (NJBPU), while a settlement was reached with the Staff of the Delaware Public Service Commission (DPSC) and several other parties. This settlement agreement is subject to approval by the DPSC. On 17 March 2015, a settlement was reached with Montgomery and Prince George's counties and several other parties in the proceeding before the Maryland Public Service Commission (MPSC). The District of Columbia Public Service Commission (DCPSC) and the MPSC have yet to make a decision. The transaction is expected to close in the second or third quarter of 2015.

As of 31 December 2014, the company provided products and services in 48 US states, the District of Columbia and Canada. Exelon operates mainly through the following four business segments: Generation; ComEd; PECO; and BGE. It also operates an Other segment, which includes the company's corporate operations, shared-service entities and other financing and investment activities. In 2014, it accounted for 4.7% of the company's revenue.

» Generation: This segment comprises the activities of ExGen, one of the largest US electricity generating companies in terms of owned and contracted generation capacity. As of 31 December 2014, the company possessed total generating resources of about 42 GW (including 32 GW of owned generating assets and 10 GW secured through long-term contracts). Its operations are divided into the following six sub-segments:

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

- **Mid-Atlantic:** This sub-segment includes ExGen-generated energy transmitted by PJM Interconnection, LLC (PJM), a regional transmission organization (RTO) that coordinates wholesale electricity supplies in Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- **Midwest:** This sub-segment includes ExGen-generated energy transmitted by PJM in parts of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and by Midcontinent Independent System Operator, Inc. (MISO), an RTO, in most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, Illinois (not otherwise covered by PJM), Indiana, Michigan and Ohio (not otherwise covered by PJM) and areas of Montana, Missouri and Kentucky.
- **New England:** This sub-segment includes ExGen-generated energy transmitted by ISO New England Inc., an RTO in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- **New York:** This sub-segment includes ExGen-generated energy transmitted by ISO New York, an RTO in New York.
- **Electric Reliability Council of Texas (ERCOT):** This sub-segment includes ExGen-generated energy transmitted by ERCOT, an RTO covering most of Texas.
- **Others:** This sub-segment includes ExGen-generated energy transmitted to the southern and western US, and to Canada.
  - **South**: This region comprises southern US states covered by RTOs, SERC Reliability Corporation and Southwest Power Pool, and by Florida Reliability Coordinating Council, a regional electricity reliability council.
  - **West**: This region comprises western US states covered by Western Electric Coordinating Council, a regional business coordinating and promoting bulk electric system reliability in the western US, and by California ISO, which provides open, non-discriminatory access to the wholesale power transmission grid.
  - **Canada**: This region includes Canadian areas covered by Alberta Electric Systems Operator (a business offering open and non-discriminatory access to the interconnected Alberta power grid), Ontario Independent Electricity System Operator (which balances supply and demand for electricity in Ontario and directs electricity across local provincial transmission lines) and MISO (which covers various Canadian provinces).

In 2014, the Generation segment accounted for 63.4% of the company's operating revenue.

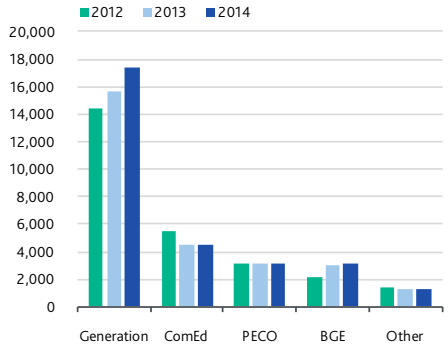
» **ComEd**: Accounting for 16.6% of the company's revenue in 2014, this segment includes the activities of CWE, an electric transmission and distribution utility company servicing approximately 3.8 million customers (including residential, commercial and industrial customers) in northern Illinois, as of 31 December 2014.

» **PECO**: This segment comprises the activities of PECO, a transmission and distribution utility company servicing approximately 1.6 million electricity customers in southeastern Pennsylvania, including the City of Philadelphia, as of 31 December 2014. As of that date, PECO also provided gas distribution services to approximately 506,000 natural gas customers in the Pennsylvania counties surrounding the City of Philadelphia. In 2014, this segment accounted for 11.3% of the company's revenue.

» **BGE**: Accounting for 11.5% of the company's revenue in 2014, this segment includes the activities of BGE, an electricity transmission and distribution utility and gas distribution utility company supplying central Maryland, including the City of Baltimore. As of 31 December 2014, it serviced approximately 1.2 million electricity customers and approximately 655,000 gas customers.

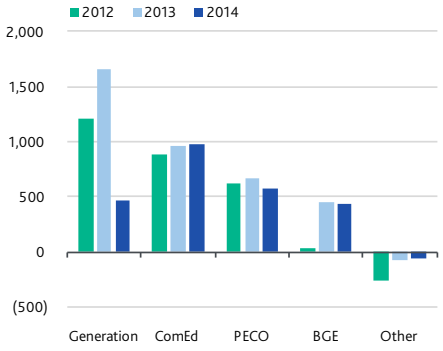
*Source: Company Reports (form 10-K Dec 2014, Dec 2012 and Dec 2000, annual report summary Dec 2011), CWE form 10-K Dec 1998, Company data, Moody's research*

EXHIBIT 1
**Revenue by Segment**
(in USD Million)




Note: Excluding "Intersegment Eliminations"
*Source: Company Report (form 10-K Dec 2014)*

EXHIBIT 2
**Operating Income by Segment**
(in USD Million)




Note: Excluding "Intersegment Eliminations"
*Source: Company Report (form 10-K Dec 2014)*

## Management Strategy/Priorities

Exelon seeks to leverage its integrated business model to create value and diversify its business. The company's strategic initiatives include:

» Reducing its impact on the environment through regulatory compliance, risk management, resource stewardship and leadership. The company completed its Exelon 2020 program seven years earlier than planned, through an enterprise-wide approach that involved decreasing operational emissions, helping customers and communities to reduce their own emissions, and increasing supplies of clean energy to the grid.

» Investing approximately USD16 billion over the next five years in infrastructural improvements, including smart-meter technology, transmission projects, gas infrastructure and electric system improvement projects, to provide better customer services

» Maintaining an effective supply strategy through ExGen's ownership of generation assets, and through power purchase and lease agreements

» Securing contracted generation through ExGen to obtain low-cost energy supply sources to meet the company's physical delivery obligations, and help customers comply with renewable portfolio standards

» Executing ExGen's hedging strategy by using fuel products based on assumed correlations between power and fuel prices

*Source: Company Report (form 10-K Dec 2014), Company data*

## Financial Highlights

### Overview

| | |
|---|---|
| Company Type: | Public |
| Exchange Listing: | New York Stock Exchange: EXC |
| Fiscal Year End: | December |
| Financial Filings: | Securities and Exchange Commission (SEC) |
| Auditor: | PricewaterhouseCoopers LLP |

*Note: The financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see Moody's Financial Metrics, a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.*

EXHIBIT 3

**Selected Adjusted Financial Data**

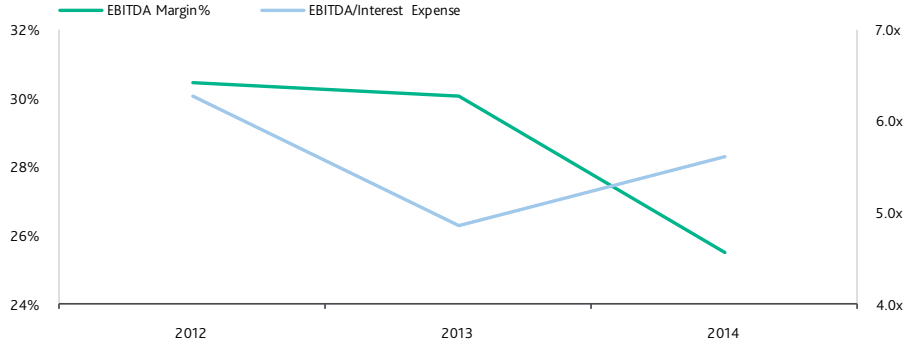
Exelon Corporation

| (in USD Million) | 31-Dec-14 | 31-Dec-13 | 31-Dec-12 |
|---|---|---|---|
| **INCOME STATEMENT** | | | |
| Revenue/Sales | 27,429 | 24,888 | 23,489 |
| Gross Profit | 14,598 | 14,336 | 13,517 |
| EBITDA | 6,994 | 7,483 | 7,154 |
| EBIT | 3,053 | 3,631 | 2,989 |
| Interest Expense | 1,245 | 1,536 | 1,139 |
| Net Income | 1,126 | 1,222 | 1,197 |
| **BALANCE SHEET** | | | |
| Cash & Cash Equivalents | 1,878 | 1,609 | 1,486 |
| Current Assets | 12,097 | 10,137 | 10,140 |
| Net Property, Plant & Equipment (PP&E) | 52,925 | 48,168 | 46,151 |
| Total Assets | 87,211 | 80,321 | 79,078 |
| Current Liabilities | 8,828 | 7,794 | 7,850 |
| Total Debt | 26,114 | 23,963 | 23,518 |
| Total Liabilities | 64,456 | 57,442 | 57,298 |
| Shareholders' Equity | 22,755 | 22,879 | 21,780 |
| **CASH FLOW** | | | |
| Funds from Operations (FFO) | 6,998 | 6,343 | 7,392 |
| Cash Flow from Operations (CFO) | 4,506 | 6,392 | 6,160 |
| Capital Expenditures (CAPEX) | (6,087) | (5,405) | (5,808) |
| Cash from Investing Activities | (4,609) | (5,404) | (4,595) |
| Dividends | (1,486) | (1,249) | (1,726) |
| Retained Cash Flow (RCF) | 5,512 | 5,094 | 5,666 |
| Preferred Redemptions | – | (93) | – |
| Cash from Financing Activities | 372 | (865) | (1,095) |

*Source: Moody's Financial Metrics*

EXHIBIT 4

## EBITDA Margin & EBITDA/Interest Expense (Adjusted)

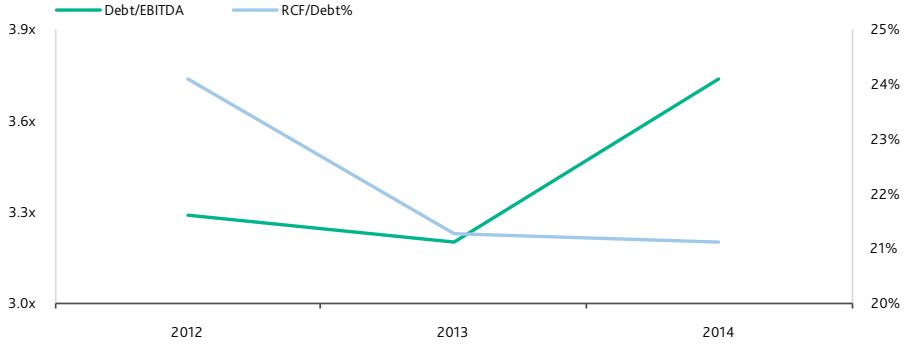



As of 31 Dec 2014

*Source: Moody's Financial Metrics*

EXHIBIT 5

## Debt/EBITDA & RCF/Debt (Adjusted)




As of 31 Dec 2014

*Source: Moody's Financial Metrics*

## Capital Structure and Debt Maturity Schedule

*Note: Some financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see Moody's Financial Metrics, a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.*

EXHIBIT 6

**Capital Structure**

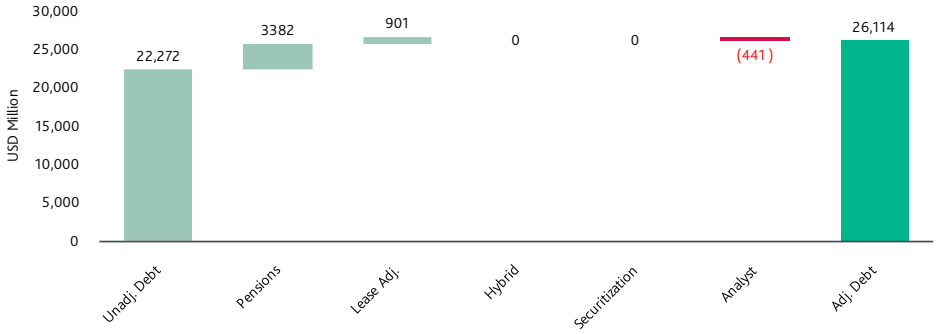
Exelon Corporation

| (in USD Million) | 31-Dec-14 | 31-Dec-13 | 31-Dec-12 |
|---|---|---|---|
| **SHORT-TERM DEBT** | | | |
| Short-Term Debt | 460 | 341 | 210 |
| Current Portion of Long-Term Debt | 1,802 | 1,509 | 1,047 |
| **Total Short-Term Debt** | **2,262** | **1,850** | **1,257** |
| **LONG-TERM DEBT** | | | |
| Equipment Trust | – | – | – |
| Secured Debt | 8,079 | 7,746 | 7,397 |
| Senior Debt | 11,940 | 11,364 | 11,335 |
| Subordinated Debt | 1,798 | 648 | 648 |
| Mandatorily Redeemable Pref. Secur. | – | – | – |
| Capitalized Leases | (5) | 22 | 13 |
| **Gross Long-Term Debt** | **21,812** | **19,780** | **19,393** |
| Less Current Maturities | (1,802) | (1,509) | (1,047) |
| **Net Long-Term Debt** | **20,010** | **18,271** | **18,346** |
| **Total Debt** | **22,272** | **20,121** | **19,603** |
| **Total Adjusted Debt** | **26,114** | **23,963** | **23,518** |
| **SHAREHOLDERS' EQUITY** | | | |
| Preferred Stock | 193 | 193 | 280 |
| Common Stock & Paid-In Capital | 14,382 | 14,414 | 14,305 |
| Retained Earnings | 10,910 | 10,358 | 9,893 |
| Accumulated Other Comprehensive Income | (2,684) | (2,040) | (2,767) |
| **Total Equity** | **22,801** | **22,925** | **21,711** |
| **Total Adjusted Equity** | **22,755** | **22,879** | **21,780** |
| | | | |
| **Adjusted Book Capitalization** | **63,203** | **59,745** | **56,931** |
| **Adjusted Market Capitalization** | **72,530** | **60,532** | **60,971** |
| | | | |
| **Adjusted Debt/Adjusted Book Capital (%)** | **41.32** | **40.11** | **41.31** |
| **Holding Company Debt/Total Debt (%)** | **20%** | **16%** | **18%** |
| **Secured Debt/Total Debt (%)** | **36.27** | **38.50** | **37.73** |

*Source: Moody's Financial Metrics*

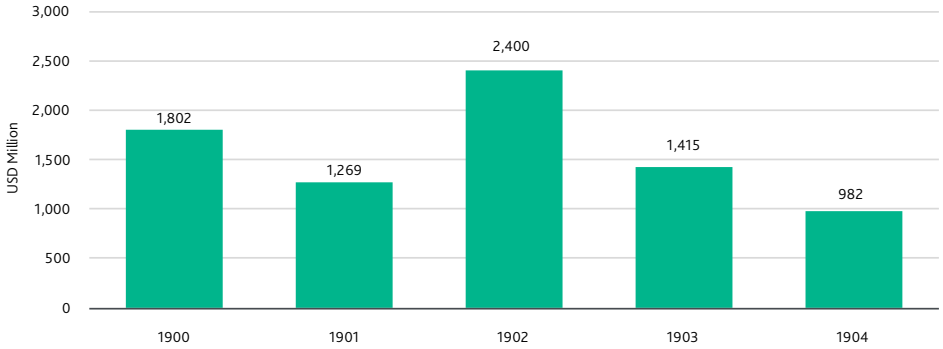
Of Exelon's total adjusted debt in 2014, the largest components were those related to pension and lease adjustments. The analyst adjustment of USD441 million backs out the fair value as a result of purchase accounting from the merger with CEG in 2012.

EXHIBIT 7
**Components of Debt**




As of 31 Dec 2014
*Source: Moody's Financial Metrics*

EXHIBIT 8
**Upcoming Long-Term Debt Maturities**




As of 31 Dec 2014
*Source: Moody's Financial Metrics*

## Company Management

| Company Management | Current Title | Age | Previous Roles |
|---|---|---|---|
| Christopher M. Crane | Chief Executive Officer, President and Director | 56 | ExGen: President;<br>Exelon: Chief Operating Officer;<br>ExGen: Chief Operating Officer |
| Kenneth W. Cornew | Senior Executive Vice President and Chief Commercial Officer | 49 | Exelon: Executive Vice President and Chief Commercial Officer;<br>Constellation: President and Chief Executive Officer;<br>Exelon: Senior Vice President |
| Denis P. O'Brien | Senior Executive Vice President | 54 | PECO: Chief Executive Officer, President and Director;<br>Exelon: Executive Vice President |
| William A. Von Hoene Jr. | Senior Executive Vice President and Chief Strategy Officer | 61 | Exelon: Executive Vice President, Finance and Legal;<br>Exelon: Executive Vice President and General Counsel;<br>Exelon Business Services Company: Senior Vice President |
| Jonathan W. Thayer | Senior Executive Vice President and Chief Financial Officer | 43 | Constellation Energy: Senior Vice President, Chief Financial Officer and Treasurer;<br>Constellation Energy: Vice President |
| Paymon Aliabadi | Executive Vice President and Chief Risk Officer | 52 | Gleam Capital Management: Managing Director;<br>Gunvor International: Principal and Managing Director;<br>Essent Trading International: Chief Executive Officer |
| Duane M. DesParte | Senior Vice President and Corporate Controller | 51 | Exelon Business Services Company: Vice President, Finance |

As of 13 Feb 2015

| Board of Directors | Age* | Affiliation |
|---|---|---|
| Mayo A. Shattuck III | 60 | Exelon: Chairman;<br>Gap Inc.: Member of the Board and Chairman of Audit and Finance Committee;<br>Capital One Financial Corporation: Director and Chairman of Compensation Committee |
| Christopher M. Crane | 56 | Exelon: Director, President and Chief Executive Officer;<br>Edison Electric Institute: Member of the Executive Committee;<br>Nuclear Energy Institute: Vice Chairman;<br>Baltimore Gas and Electric Company, Commonwealth Edison Company and PECO Energy Company: Chairman of the Board of Directors;<br>Institute of Nuclear Power Operations: Member of the Board of Directors |
| Anthony K. Anderson | 59 | Exelon: Independent Director;<br>AAR Corp., Avery Dennison Corporation, First American Financial Corporation, The Chicago Council on Global Affairs, Chicago Urban League, The Regional Transportation Authority and World Business Chicago: Member of the Board;<br>Perspectives Charter School: Chairman of the Board;<br>American, California and Illinois Institutes of Certified Public Accountants: Member |
| Ann C. Berzin | 62 | Exelon: Independent Director;<br>Ingersoll-Rand Plc: Director;<br>Baltimore Gas and Electric Company: Member of the Board |
| John A. Canning Jr. | 70 | Exelon: Independent Director;<br>Madison Dearborn Partners, LLC: Chairman and Co-founder;<br>Corning, Inc.: Member of the Board |

| Board of Directors | Age* | Affiliation |
|---|---|---|
| Yves C. de Balmann | 68 | Exelon: Independent Director;<br>Conversant Intellectual Property Management: Non-Executive Chairman |
| Nicholas DeBenedictis | 69 | Exelon: Independent Director;<br>Aqua America Inc.: Chairman, President and Chief Executive Officer;<br>Commonwealth Edison Company and PECO Energy Company: Member of the Board;<br>P.H. Glatfelter, Inc.: Director and Chairman of the Finance Committee and Compensation Committee |
| Judge Nelson A. Diaz | N/A | Exelon: Independent Director;<br>Dilworth Paxson LLP: Contract Partner;<br>PECO Energy Company: Director;<br>Temple University: Trustee;<br>President's Commission on White House Fellowships: Member;<br>National Association for Hispanic Elderly and the National Foundation for Credit Counseling: Member of the Board |
| Paul L. Joskow | 67 | Exelon: Independent Director;<br>Alfred P. Sloan Foundation: President;<br>American Academy of Arts and Sciences and the Econometric Society: Fellow;<br>American Economic Association: Distinguished Fellow;<br>Putnam Mutual Funds: Trustee;<br>Secretary of Energy Advisory Board: Member |
| Robert J. Lawless | 68 | Exelon: Independent Director;<br>The Baltimore Life Insurance Company: Director |
| Admiral Richard W. Mies | 70 | Exelon: Independent Director;<br>The Mies Group, Ltd: President and Chief Executive Officer;<br>Los Alamos National Security LLC and Lawrence Livermore National Security LLC: Member of the Board of Governors |
| William C. Richardson | 74 | Exelon: Lead Director and Independent Director;<br>W.K. Kellogg Foundation and Johns Hopkins University: President and Chief Executive Officer Emeritus;<br>Institute of Medicine, National Academy of Sciences: Member |
| John W. Rogers, Jr. | 56 | Exelon: Independent Director;<br>Ariel Investments, LLC: Founder, Chairman and Chief Executive Officer;<br>Ariel Investment Trust: Trustee;<br>McDonald's Corporation: Director |
| Stephen D. Steinour | 56 | Exelon: Independent Director;<br>Huntington Bancshares Incorporated: Chairman, President and Chief Executive Officer;<br>L Brands Inc.: Director;<br>The Ohio State University, Wexner Medical Center: Member of the Board;<br>Columbus Partnership and American Bankers Association: Member;<br>Eisenhower Fellowships and Columbus Downtown Development Corporation: Trustee;<br>The Pennsylvania Society: Member of council |

* As of 10 Mar 2015

As of 11 Mar 2015

*Source: Company Reports (form 10-K Dec 2014 and Dec 2012, proxy statement 2015), Company data*

## Ownership Structure

Exelon's largest shareholders (owning more than 5.0% of its share capital) were as follows:

EXHIBIT 9

**Exelon Corporation**

| Shareholder | Number of Shares | % Held |
|---|---|---|
| Capital Research Global Investors[1] | 69,797,514 | 8.1 |
| State Street Corp[2] | 51,650,257 | 6.0 |
| BlackRock, Inc.[3] | 51,360,702 | 6.0 |
| The Vanguard Group[4] | 50,125,938 | 5.8 |
| Franklin Resources, Inc. and certain related entities[5] | 45,614,955 | 5.3 |

Notes: 1) Based on Schedule 13G/A, filed on 13 Feb 2015
2) Based on Schedule 13G, filed on 12 Feb 2015
3) Based on Schedule 13G/A, filed on 9 Feb 2015
4) Based on Schedule 13G/A, filed on 11 Feb 2015
5) Based on Schedule 13G, filed on 9 Feb 2015

*Source: Company Report (proxy statement 2015)*

## Subsidiaries

As of 31 December 2014, Exelon's principal subsidiaries were as follows:

EXHIBIT 10

**Exelon Corporation**

| Subsidiary | Place of Incorporation | % Held |
|---|---|---|
| Exelon Generation Company, LLC | Pennsylvania | 100 |
| PECO Energy Company | Pennsylvania | 100 |
| Commonwealth Edison Company[2] | Illinois | 99 |
| Baltimore Gas and Electric Company | Maryland | 100 |

Notes: 1) This list includes only primary subsidiaries of the company.
2) Exelon owns more than a 99% stake in Commonwealth Edison Company.

*Source: Company Report (form 10-K Dec 2014)*

## Sector/Industry Peer Group

- Entergy Corporation
- Public Service Enterprise Group Inc.
- First Energy Corporation
- Dominion Resources Inc.
- Electricite de France

## Subsidiaries Rated by Moody's

- Exelon Generation Company
- PECO Energy Company
- Commonwealth Edison Company
- Baltimore Gas and Electric Company

## Related Websites and Information Sources

For additional information, please see:

### The company's website:

- www.exeloncorp.com

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## Moody's Related Research

### Credit Opinions:

- Exelon Corporation
- Exelon Generation Company, LLC
- PECO Energy Company
- Baltimore Gas and Electric Company
- Commonwealth Edison Company

### Industry Outlooks:

- US Regulated Utilities: Regulatory Support Drives Our Stable Outlook, December 2014 (1000683)
- US Merchant Generators: US Merchant Power Outlook Changed to Stable, August 2014 (173800)

- Global Oil & Gas: Lower Crude Prices Depress Upstream and Oilfield Services Operations (Summary), December 2014 (1001795)
- US Coal Industry: Falling Consumption, Low Met Coal Price Leaves US Industry Under Pressure, September 2014 (176014)

Special Comments:

- US Regulated Utilities: Lower Authorized Equity Returns Will Not Hurt Near Term Credit Profiles, March 2015 (1003101)
- US Utilities: Environmental Mandates and Regulatory Incentives Could Slow Pace of Nuclear Plant Closures, November 2014 (176819)
- Exelon Generation Company: Well Capitalized to Manage Challenging Market Conditions Facing Nuclear Fleet, September 2014 (174584)

Rating Methodologies:

- Regulated Electric and Gas Utilities, December 2013 (157160)
- Unregulated Utilities and Power Companies, October 2014 (172784)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.

Report Number: 181059

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MOODY'S
INVESTORS SERVICE

# Credit Opinion: Commonwealth Edison Company

Global Credit Research - 15 Jun 2015

*Chicago, Illinois, United States*

## Ratings

| Category | Moody's Rating |
|---|---|
| Outlook | Stable |
| Issuer Rating | Baa1 |
| First Mortgage Bonds | A2 |
| Senior Secured | A2 |
| Sr Unsec Bank Credit Facility | Baa1 |
| Senior Unsecured | Baa1 |
| Commercial Paper | P-2 |
| **Parent: Exelon Corporation** | |
| Outlook | Stable |
| Issuer Rating | Baa2 |
| Sr Unsec Bank Credit Facility | Baa2 |
| Senior Unsecured Shelf | (P)Baa2 |
| Subordinate Shelf | (P)Baa3 |
| Pref. Shelf | (P)Ba1 |
| Commercial Paper | P-2 |
| **ComEd Financing III** | |
| Outlook | Stable |
| BACKED Pref. Stock | Baa2 |

## Contacts


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## Key Indicators

[1]**Commonwealth Edison Company**

| | 3/31/2015(L) | 12/31/2014 | 12/31/2013 | 12/31/2012 | 12/31/2011 |
|---|---|---|---|---|---|
| CFO pre-WC + Interest / Interest | 5.7x | 5.6x | 2.6x | 4.6x | 5.2x |
| CFO pre-WC / Debt | 20.7% | 20.9% | 15.2% | 17.8% | 25.1% |
| CFO pre-WC - Dividends / Debt | 16.8% | 16.8% | 11.8% | 16.2% | 20.6% |
| Debt / Capitalization | 38.8% | 37.8% | 36.4% | 37.3% | 37.8% |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

*Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.*

## Opinion

### Rating Drivers

Improved regulatory environment provides supportive cost recovery framework

Sizeable capital expenditure program will be financed with a balanced mix of debt and equity

Good credit metrics for the rating category

Dispute with IRS remains an overhang but Exelon to hold CWE harmless

## Corporate Profile

Commonwealth Edison Company (CWE: Baa1 stable) is a regulated electric transmission and distribution company and a subsidiary of Exelon Corporation (Exelon: Baa2 stable). CWE provides energy delivery services to retail and wholesale customers in northern Illinois, including the City of Chicago. CWE is regulated by the Illinois Commerce Commission (ICC) and the Federal Energy Regulatory Commission (FERC). At March 31, 2015, CWE had total assets of $25.7 billion.

## SUMMARY RATING RATIONALE

CWE's Baa1 senior unsecured rating primarily reflects an improving regulatory environment, which has become more predictable with the introduction of a formulaic rate base tariff framework. The rating also considers CWE's good financial credit metrics for its rating category, a reasonable approach to liquidity management, a sizeable capital spending program, and the diversity in the regional economy that helps insulate CWE from the region's weak recovery. The rating incorporates a view that the longer-term exposure to IRS litigation will be resolved without any material negative impact on CWE.

## DETAILED RATING CONSIDERATIONS

- Regulatory environment has improved with credit supportive legislation

CWE operates in an improved regulatory environment for electric utilities in Illinois, albeit not without challenges. Since 2011, CWE's distribution rates have been established through a performance-based formula rate plan (FRP) pursuant to the Energy Infrastructure Modernization Act (EIMA), which provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. After initial problems were encountered with the implementation of the (FRP) the Illinois House and Senate each passed Senate Bill (SB) 9 to clarify the intent of EIMA on three major issues: the use of year-end rather than average rate base and capital structure in the annual update, the use of CWE's weighted average cost of capital interest rate to apply to the annual update and an allowed return on CWE's pension assets. On May 22, 2013, the Illinois General Assembly overrode the Governor's May 5th veto of SB9, which resulted in the legislation becoming effective immediately. EIMA was scheduled to sunset, ending CWE's performance based rate formula an investment commitment at December 31, 2017, but on April 3, 2015 the Governor signed legislation extending the EIMA sunset until December 31, 2019.

On December 11, 2014, the ICC issued its final order on the annual distribution formula rate, increasing the revenue requirement by $232 million, reflecting an increase of $160 million for the initial revenue requirement for 2014 and an increase of $72 million for the annual reconciliation for 2013. The rate increase was set using an allowed return on capital of 7.06% (inclusive of an allowed ROE of 9.25% for 2014 less a performance metrics penalty of 5 basis points for the 2013 reconciliation). CWE filed for a rehearing on specific issues, which was denied by the ICC.

On April 15, 2015 CWE filed its annual distribution rate update with the ICC. The request included a total decrease to the net revenue requirement of $50 million, reflecting an increase of $92 million for the initial revenue requirement for 2016 and a decrease of $142 million related to the annual reconciliation for 2014. The revenue requirement for 2016 provides for a weighted average debt and equity return on distribution rate base of 7.05% inclusive of an allowed return on common equity of 9.14%. CWE expects a decision by December 2015.

CWE plans to invest approximately $1.3 billion on smart meters and smart grid investments under EIMA, including $1.0 billion through the AMI Deployment Plan. On June 11, 2014, The ICC approved CWE's request to accelerate the deployment which allows for the installation of more than four million smart meters throughout CWE's service territory by 2018, three years in advance of the originally scheduled 2021 completion date. To date, over one million smart meters have been installed in the Chicago area by CWE.

-Material Capital Investment

CWE's business is capital intensive and requires significant investments primarily in energy transmission and distribution facilities to ensure the adequate capacity, reliability and efficiency of its system. The increasing capital expenditure program also is mainly attributable to the infrastructure modernization related to EIMA. Pursuant to EIMA, CWE will invest approximately $2.6 billion over ten years to modernize and storm-harden its distribution system and to implement smart grid technology. In 2013 and 2014, capital expenditures increased to 1.4 billion and 1.7 billion, respectively, as compared to the three year average of $1.1 billion over the 2010-2012 period. We anticipate that capital spending will continue to escalate as the company accelerates its smart meter plan. For 2015, capital expenditures are expected to total approximately $2.4 billion.

-Overhang with IRS case

On January 9, 2013, the US Court of Appeals reached a decision for the government in a lawsuit involving Consolidated Edison`s (ConEd's) participation in a lease-in, lease-out (LILO) transaction that the IRS had characterized as a tax shelter, and disallowed ConEd's deductions stemming from its participation in this investment.

CWE has deferred the $1.2 billion of gain on the 1999 sale of its fossil generating facilities by acquiring like-kind property via a purchase leaseback transaction. The IRS has asserted that the Exelon purchase leaseback transaction is substantially similar to a leasing transaction known as a sale-in, lease-out transaction (SILO). Exelon believes that its like-kind exchange transaction is not the same as or substantially similar to a SILO. On September 30, 2013, the Internal Revenue Service issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court. In light of the ConEd decision and Exelon's current determination that a settlement is unlikely, Exelon recorded in the first quarter of 2013 a non-cash charge to earnings of approximately $265 million, which represents the full amount of interest expense (after-tax) and incremental state tax expense in the event that Exelon is unsuccessful in litigation. Approximately $170 million of the amount was recorded at CWE.

Exelon expects to hold CWE harmless from any unfavorable impacts of the after-tax interest amounts on CWE's equity. As of March 31, 2015, in the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable may be as much as $810 million, of which approximately $310 million would be attributable to CWE and the remainder to Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The termination will result in a 2014 tax payment of approximately $285 million by Exelon, including approximately $155 million by CWE representing the remaining gain deferred pursuant to the like-kind exchange transaction. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon will be entitled to a refund of the 2014 tax payment.

-Good Credit Metrics for the Current Rating

CWE has produced reasonably steady financial credit metrics over the past few years. For example, the ratio of cash flow (CFO pre W/C) to debt has averaged around 18.0% over the 2012-2014 period, which is viewed as strong for the Baa rating. Some of this financial performance can be attributed to the receipt of bonus depreciation, which is not a sustainable source of cash flow.

CWE's financial results bounced back after a substantial decline in 2013 reflecting the one-time accounting implications associated with a $170 million after-tax charge taken by CWE for the above referenced dispute with the IRS. For the LTM period ending March 31, 2015, CWE recorded cash flow to interest coverage of 5.6x, cash flow to debt of 20.5%, and cash flow less dividends to debt of 16.7%, which are slightly inflated as a result of the December 2013 formulaic rate decision. Going forward, we expect credit metrics to improve and stabilize closer to 2012 levels.

## Liquidity

CWE's Prime-2 short-term commercial paper rating reflects our view that the company will maintain adequate liquidity over the next 4 quarters. For the 12 months ending March 31, 2015, we calculate that negative free cash reached roughly $710 million based on cash from operations of $1.5 billion, capital spending of $1.9 billion and the payment of $310 million in common dividends. In light of the ample capital investment program anticipated at the utility, we expect CWE to be free cash flow negative for the next few years. That said, given the higher capital

spending at CWE, we believe that the company will continue to moderate its dividend to the parent to a level well below the targeted 65-70% payout range.

In March 2014, CWE extended its $1 billion unsecured revolver one additional year moving the expiry date to March 2019. This credit facility is used primarily to provide liquidity support for commercial paper and for the issuance of letters of credit. At March 31, 2014, CWE had $283 million of commercial paper outstanding and had no letters of credit issued under the facility.

While the credit agreement does not contain any rating triggers that would affect borrowing access to the commitment and does not require any material adverse change (MAC) representation for borrowings, there is a requirement to maintain a ratio of net cash flow from operations to net interest expense at a minimum level of at least 2.0 times. On August 10, 2013, CWE amended the interest coverage ratio in their credit agreement to exclude any non-cash impacts related to the like-kind exchange. At March 31, 2015, CWE's ratio of net cash flow from operations to net interest expense was 7.23x. As of March 31, 2015, if CWE lost its investment grade credit rating, it could be required to provide $15 million of collateral.

CWE has no debt maturities until 2016 when $415 and $250 million in senior notes mature in August and September respectively.

## Rating Outlook

CWE's stable rating outlook reflects an expectation that financial profile will continue to strengthen, particularly with the passage of EIMA. We see CWE's ratio of cash flow to debt remaining well positioned in the high-teen's range, and the ratio of retained cash flow the debt in the mid-teen's range. The rating incorporates the challenging regional economic conditions, and we see more stable and predictable revenues and cash flows resulting from the legislation associated with the FRP. CWE's stable outlook further incorporates our belief the company's dividend policy will continue to remain steady in light of the utility's increased capital spending requirements, with a targeted payout ratio near 70%.

## What Could Change the Rating - Up

CWE's ratings could be upgraded if its financial profile improved, including a ratio of cash flow to debt above 20% and a ratio of retained cash flow to debt in the 15% - 18% range, both on a sustained basis. Although ratings could also be upgraded if the regulatory environment improved further, we think the FRP framework is an ideal standard from a timeliness perspective, and we find it challenging to point to additional mechanisms to improve recovery timeliness. As a result, the principal factor driving a rating upgrade is the financial profile.

## What Could Change the Rating - Down

The rating could be downgraded if the financial profile declines, including a ratio of cah flow to debt in the 14% - 16% range and a ratio of retained cash flow to debt in the 10% - 12% range, both for a sustained period of time. The ratings could decline with a more contentious regulatory environment, defined by heightened litigation and delays in the recovery period of prudently incurred costs and investments. Although we view the risk as unlikely, negative rating pressure could materialize if the outcome of the continuing IRS challenge concerning certain sale/leaseback transactions affecting Exelon and CWE leads to substantial payments for the utility.

## Rating Factors

**Commonwealth Edison Company**

| **Regulated Electric and Gas Utilities Industry Grid** [1][2] | **Current LTM 3/31/2015** | | [3]**Moody's 12-18 Month Forward ViewAs of 6/15/2015** | |
|---|---|---|---|---|
| **Factor 1 : Regulatory Framework (25%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Legislative and Judicial Underpinnings of the Regulatory Framework | A | A | A | A |
| b) Consistency and Predictability of Regulation | A | A | A | A |
| **Factor 2 : Ability to Recover Costs and Earn Returns (25%)** | | | | |
| a) Timeliness of Recovery of Operating and | Aa | Aa | Aa | Aa |

| | | | | |
|---|---|---|---|---|
| Capital Costs | | | | |
| b) Sufficiency of Rates and Returns | Baa | Baa | Baa | Baa |
| **Factor 3 : Diversification (10%)** | | | | |
| a) Market Position | A | A | A | A |
| b) Generation and Fuel Diversity | N/A | N/A | N/A | N/A |
| **Factor 4 : Financial Strength (40%)** | | | | |
| a) CFO pre-WC + Interest / Interest (3 Year Avg) | 4.0x | Baa | 4.5x - 5x | A |
| b) CFO pre-WC / Debt (3 Year Avg) | 17.5% | Baa | 15% - 20% | Baa |
| c) CFO pre-WC - Dividends / Debt (3 Year Avg) | 14.6% | Baa | 12% - 17% | Baa |
| d) Debt / Capitalization (3 Year Avg) | 38.3% | Aa | 35% - 40% | Aa |
| **Rating:** | | | | |
| Grid-Indicated Rating Before Notching Adjustment | | A3 | | A3 |
| HoldCo Structural Subordination Notching | | | | |
| a) Indicated Rating from Grid | | A3 | | A3 |
| b) Actual Rating Assigned | | Baa1 | | Baa1 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 3/31/2015(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

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MOODY'S
INVESTORS SERVICE

# Credit Opinion: Exelon Corporation

Global Credit Research - 01 Sep 2015

*United States*

## Ratings

| Category | Moody's Rating |
|---|---|
| Outlook | Stable |
| Issuer Rating | Baa2 |
| Sr Unsec Bank Credit Facility | Baa2 |
| Senior Unsecured | Baa2 |
| Subordinate Shelf | (P)Baa3 |
| Pref. Shelf | (P)Ba1 |
| Commercial Paper | P-2 |
| **Exelon Generation Company, LLC** | |
| Outlook | Stable |
| Issuer Rating | Baa2 |
| Sr Unsec Bank Credit Facility | Baa2 |
| Senior Unsecured | Baa2 |
| Pref. Shelf | (P)Ba1 |
| Commercial Paper | P-2 |
| **Commonwealth Edison Company** | |
| Outlook | Positive |
| Issuer Rating | Baa1 |
| First Mortgage Bonds | A2 |
| Senior Secured | A2 |
| Sr Unsec Bank Credit Facility | Baa1 |
| Senior Unsecured | Baa1 |
| Commercial Paper | P-2 |

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## Key Indicators

[1]**Exelon Corporation**

| | 6/30/2015(L) | 12/31/2014 | 12/31/2013 | 12/31/2012 | 12/31/2011 |
|---|---|---|---|---|---|
| (CFO Pre-W/C + Interest) / Interest | 6.5x | 6.1x | 4.8x | 6.0x | 8.5x |
| (CFO Pre-W/C) / Net Debt | 29.8% | 27.4% | 26.0% | 25.6% | 46.2% |
| RCF / Net Debt | 29.8% | 23.0% | 23.1% | 26.1% | 37.5% |
| (CFO Pre-W/C) / Debt | 23.8% | 25.4% | 24.2% | 24.0% | 43.3% |
| RCF / Debt | 23.9% | 21.4% | 21.5% | 24.4% | 35.1% |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

*Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.*

## Opinion

### Rating Drivers

PHI acquisition denied by DC regulators, a credit negative because the decision was so unexpected

Lost increase in regulated rate base keeps higher risk profile in place, and demands a stronger financial profile to support volatility

Willingness to increase financial risk with heavy reliance on parent holding company debt is credit negative, and will constrain rating due to structural subordination notching considerations

ExGen performing well in a challenging market environment, thanks to its large, diversified nuclear generating fleet

Leverage will rise with the EDF put option and Like-Kind Exchange proceeding, creating a modest liquidity event, not a material credit event

Maintaining a strong suite of financial ratios will be key to credit profile

### Corporate Profile

Exelon Corporation (Exelon: Baa2 stable) is a large US holding company that owns three regulated transmission and distribution utilities and a large unregulated power company. It's three regulated transmission and distribution (T&D) utilities include: PECO Energy Company (PECO: A2 stable), Baltimore Gas and Electric Company (BGE: A3 stable) and Commonwealth Edison Company (CWE: Baa1 stable). PECO is regulated by the Pennsylvania Public Utility Commission (PAPUC), BGE is regulated by the Maryland Public Service Commission (MPSC) and CWE is regulated by the Illinois Commerce Commission (ICC). All three utilities are also regulated by the Federal Energy Regulatory Commission (FERC).

Exelon also owns Exelon Generation Company, LLC (ExGen: Baa2 stable), one of the largest competitive electric generation companies globally as measured by owned and controlled megawatts (MW),with net capacity of approximately 32 GW's. ExGen is regulated by the Federal Energy Regulatory Commission (FERC) and by the Nuclear Regulatory Commission (NRC).

### Recent Events

On 25 August 2015, the Public Service Commission of the District of Columbia (DC PSC) rejected the merger application between Exelon and Pepco Holdings, Inc. (PHI: Baa3 stable). The denial is credit negative for Exelon, because PHI helps shift Exelon's consolidated mix of regulated and unregulated business activities to approximately 60% regulated from roughly 50% today and diversifies its jurisdictional exposure to include New Jersey, Delaware and the District of Columbia. We viewed PHI's $8 billion additional regulated rate base to Exelon's $20 billion as a credit positive for the corporate family, but now we assign a 50%-50% probability that the transaction will eventually close.

### SUMMARY RATING RATIONALE

Exelon's Baa2 senior unsecured rating reflects its stable and predictable regulated utility business, which could be benefitted by the addition of the PHI acquisition. But a termination of the PHI transaction, by itself, does not hurt the credit profile of Exelon. Exelon's Baa2 rating reflects its own T&D utility business, which includes BGE, CWE and PECO. Combined, these utilities produce roughly $11 billion in revenue and $3.0 billion in cash flow from operations (CFO: adjusted for changes in working capital), and good diversity across regions. Exelon's Baa2 rating is constrained by its more risky subsidiary, Exelon Generation Company LLC (ExGen: Baa2 stable), which owns a large fleet of unregulated nuclear generation assets and a retail energy marketing business. These unregulated businesses are volatile, because they are largely driven by volatile commodity prices, such as natural gas and electricity. Exelon generates a ratio of consolidated CFO to debt around 20% and a retained cash flow (CFO less common dividends) to debt around xx%.

### DETAILED RATING CONSIDERATIONS

DC PSC decision is credit negative because it was a surprise, not because it was rejected

The DC PSC's denial of the merger agreement is credit negative for Exelon because the decision was unexpected. We incorporate a view that managing regulatory relationships is a core competency for Exelon, and PHI. If the merger is completed, we think PHI is benefitted by Exelon's larger size and greater resources, and financial relief from financing its shareholder dividends would be viewed positively. Exelon benefits from the $8 billion of incremental rate base, and a bigger regulated utility asset platform to squeeze operating efficiencies. For now, we still expect improved regulatory relationship across all of PHI's jurisdictions, including DC, Maryland, DE and NJ. Although many of the improved recovery mechanisms in Maryland, New Jersey, Delaware and the District of Columbia were first implemented prior to the merger, Exelon's larger asset platform is expected to help facilitate the execution of the various reliability improvement programs.

Willingness to increase financial risk with heavy reliance on parent holding company debt is credit negative, and will constrain rating due to structural subordination notching considerations

Exelon's decision to finance a large portion of PHI with parent holding company debt was viewed as a credit negative, because it adds complexity to the capital structure. Prior to the merger, Exelon was reducing its parent holding company debt, mostly by transferring or refinancing holding company debt at ExGen. Having a parent holding company with little to no debt is credit positive because it increases financial flexibility. The PHI acquisition included some financing of PHI's equity with parent holding company debt, plus, PHI was bringing its own existing holding company debt.

Large, diversified regulated utility portfolio is credit positive

We see Exelon's suite of regulated utilities producing approximately $3.5 billion in cash flow from operations (CFO, adjusted for changes in working capital), which represents approximately 25% - 30% of annual regulated revenues. We see this relationship between revenues and CFO staying in the mod-20% range over the next few years, but increasing over the near term given the broad suite of recovery mechanisms. With debt slowly rising to approximately $20 billion from $18.5 billion today, Exelon's regulated utilities should produce a ratio of CFO to debt around 20%. We see this ratio supporting an A3 rating category across the regulated business, which is 2 notches higher than Exelon's Baa2 rating. Exelon's suite of big T&D systems cover the general regions of Washington DC, Baltimore, Philadelphia and Chicago, and create a strong foundation to the consolidated credit profile.

ExGen performing well thanks to nuclear fleet

ExGen's CFO is more volatile than the regulated utilities. For example, CFO fell to $1.8 billion in 2014 from $3.9 billion in 2013, largely due to a negative working capital use associated with its hedging program. This volatility is a material credit negative, in part because we see an extended period of low natural gas prices. Low natural gas prices usually keep a lid on power prices, which limit's ExGen's CFO production.

Despite the challenging market fundamentals, we see incremental transparency in forward power prices with respect to capacity payments in the Pennsylvania-New Jersey-Maryland (PJM) market. Given the most recent PJM capacity price auction, we estimate close to $1.0 billion in annual capacity payments. By themselves, over the next few years, ExGen's capacity payments alone will represent about 7% - 10% of ExGen's debt. That said, the improved capacity prices were both directly and indirectly impacted by recent rule changes and amendments implemented by the PJM. These rules can change again, so longer-term capacity prices remain uncertain.

In addition to low natural gas prices and an improving capacity market, we also see higher power prices over the next few years due to the EPA's recently announced Clean Power Plan (CPP). In general, the CPP is favorable to nuclear powered electric generation, because nuclear generation does not produce any material carbon dioxide emissions.

EDF put option is a liquidity event for now

We see the debt at ExGen rising, in part due to its exposure to Electricity de France (EDF: A1 negative). EDF holds an option to "put" its interests in EGNF back to ExGen staring on 1 January 2016 and ending on 31 December 2022. EGNF includes minority ownership interests in xxx MW's of nuclear generation capacity, including Ginna, Fitzpatrick and Nine Mile Point in New York and Calvert Cliffs in Maryland. From a liquidity perspective, we think the value could range between $250 million and $2.0 billion, which, by itself, is not a material credit event. From a credit perspective, we see the EDF put as a known risk factor, and incorporate a view that ExGen has ample resources and has prepared for the possibility it might be absorbing the partnership. We also incorporate a view that EDF has ample long term liquidity resources, which makes the option more valuable (to EDF) due to the duration of the exercise period. Improving market conditions, in terms of the EPA's CPP and higher PJM capacity prices, will increase the value of the put option in favor of EDF.

Maintaining a strong suite of financial ratios will be key to credit profile

Over the past two years (2014 and 2013), Exelon generated a ratio of funds from operations to debt of approximately 25%. This is down materially from the 40% ratio generated in 2010 and 2011 and the 30% ratio generated in 2012. During this period Exelon acquired Constellation Energy, and its debt increased from the $17 billion range (in 2010 - 2011) to today's mid-$20 billion range. We think the probability of Exelon generating consolidated ratios of cash flow to debt in the 40% range is remote, largely due to our expectation that a sustained period of low natural gas prices will keep a lid on power prices for at least the next few years. We also see little evidence that load volumes will materially rise, despite any economic development activity, due to a more prolific deployment of energy efficiency programs in the greater mid-west and Mid-Atlantic regions. Still, on a long term run-rate, we see Exelon generating a ratio of cash flow to debt near the 20% range for a sustained period of time. Assuming Exelon's shareholder dividend policy remains in place, the ratio of retained cash flow to debt should stay near the xx% range.

## Liquidity

As of June 30, 2015, Exelon's liquidity arrangements totaled $8.5 billion. Approximately $6.3 billion supports its unregulated business platform, including $500 million at Exelon and nearly $5.8 billion at ExGen, while the regulated businesses have access to $2.2 billion of liquidity -- $600 million at PECO, $600million at BGE and $1 billion at CWE. The Exelon, PECO, BG&E and most of the ExGen facilities expire in May 2019. The CWE facility expires March 2019.

At June 30, Exelon and ExGen had about $1.5 billion in letters of credit and no commercial paper outstanding, leaving availability of $4.8 billion for the unregulated business. At CWE, commercial paper outstanding totaled $503 million and there were $2 million in letters of credit outstanding, leaving approximately $495 million of availability under its credit facility. At BGE, there was no commercial paper or letters of credit outstanding, respectively, leaving $600 million of availability under its credit facility. At PECO, there were no letters of credit outstanding and $1 million in outstanding commercial paper borrowings, leaving $599 million of availability under its credit facility.

The core syndicated credit facilities are used primarily to provide liquidity support and for the issuance of letters of credit. While the credit agreements do not contain any rating triggers that would affect borrowing access to the commitments and do not require material adverse change (MAC) representation for borrowings or the issuance of LOCs, there is a financial covenant for each entity; all of which were compliant and year-end.

As of the last reporting period (June 30, 2015), in the event that ExGen were downgraded below investment grade, ExGen could be required to post additional collateral of $2.2 billion. If PECO, BGE or CWE were downgraded to below investment grade, they would have been required to post $20 million $35 million, and $8 million, respectively, of additional collateral.

On January 9, 2013, the US Court of Appeals reached a decision for the government in a lawsuit involving Consolidated Edison`s (ConEd's) participation in a lease-in, lease-out (LILO) transaction that the IRS also has characterized as a tax shelter, and disallowed ConEd's deductions stemming from its participation in this investment. CWE deferred the $1.2 billion of gain on the 1999 sale of its fossil generating facilities by acquiring like-kind property via a purchase leaseback transaction. The IRS has asserted that the Exelon purchase leaseback transaction is substantially similar to a leasing transaction known as a sale-in, lease-out transaction (SILO). Exelon believes that its like-kind exchange transaction is not the same as or substantially similar to a SILO.

In light of the ConEd decision and Exelon's current determination that a settlement is unlikely, Exelon recorded in the first quarter of 2013 a non-cash charge to earnings of approximately $265 million, which represents the full amount of interest expense (after-tax) and incremental state tax expense in the event that Exelon is unsuccessful in its litigation efforts. Approximately $170 million of the amount was recorded at CWE.

Exelon expects to hold CWE harmless from any unfavorable impacts of the after-tax interest amounts on CWE's equity. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become payable as of December 31, 2014 may be as much as $810 million, of which approximately $310 million would be attributable to CWE and the remainder to Exelon.

Separating the utilities' and holdco debt from the ExGen operation is a component to our credit assessment given Exelon's revised corporate finance policies, and we expect to refine our analysis as additional facts regarding the use of holding company debt are provided.

## Rating Outlook

The stable rating outlook for Exelon considers the stability and predictability of its large T&D utility businesses, an adequate liquidity profile and conservatively levered unregulated generation business. We think Exelon is poised to generate consolidated cash flows in the $6.0 - $7.0 billion range, which results in a ratio of cash flow to debt around 20% - an important threshold for maintaining a stable rating outlook. The stable outlook incorporates a view that ExGen's nuclear reactors will continue to operate to their authorized NRC operating license expirations and that the regulated utilities will continue to received

## What Could Change the Rating - Up

A rating upgrade at Exelon would require another material shift in corporate finance policies, where the ratio of cash flow to debt were to rise to the high 20% range; where the percentage of parent holding company debt fell below the 10% range and where the unregulated business in relation to the consolidated enterprise declined to the 20% range for a sustained period of time. Ratings could also be upgraded if the company exited its more risky businesses at ExGen, given the A3 / Baa1 positioning of its T&D utilities and little holding company debt (today).

## What Could Change the Rating - Down

The rating could be downgraded if Exelon's financial performance declined, where the ratio of cash flow to debt fell below the 20% range on a sustained basis, or if there were material shifts in the corporate finance policies, especially with respect to the utilization of parent holding company debt (where the ratio of holding company debt to total consolidated debt approached the 20% - 25% range) or if there were any material shifts in shareholder reward programs. A shift in strategic focus could also trigger a rating downgrade, especially where the shift resulted in a material increase in the consolidated business risk profile, presumably associated a business within ExGen. Ratings could be also be pressured if the regulated utilities were faced with a highly contentious regulatory environment, a scenario we view as having a low probability at this time; if ExGen faced a major operating challenge with several of its reactors at the same time; if there were unfavorably market intervention where ExGen's margins were negatively impacted, or if there were sizeable, unexpected swings in liquidity demands.

## Other Considerations

If the acquisition of PHI is completed, we would likely move Exelon into our Global Regulated Electric and Gas Utilities rating methodology (published in December 2013) and out from the Unregulated Utilities and Power Companies rating methodology (published in November 2014). Absent the PHI transaction, we would likely keep Exelon under the Unregulated Utilities and Power Company rating methodology, but for analytical purposes, will continue to view Exelon under both methodologies, given the strategic focus on regulated assets.

## Rating Factors

**Exelon Corporation**

| **Unregulated Utilities and Unregulated Power Companies Industry Grid** [1][2] | **Current LTM 6/30/2015** | | [3]**Moody's 12-18 Month Forward ViewAs of 9/1/2015** | |
|---|---|---|---|---|
| **Factor 1 : Scale (10%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Scale (USD Billion) | Aa | Aa | Aa | Aa |
| **Factor 2 : Business Profile (40%)** | | | | |
| a) Market Diversification | A | A | A | A |
| b) Hedging and Integration Impact on Cash Flow Predictability | Baa | Baa | Baa | Baa |
| c) Market Framework & Positioning | Baa | Baa | Baa | Baa |
| d) Capital Requirements and Operational Performance | Baa | Baa | Baa | Baa |
| e) Business Mix Impact on Cash Flow Predictability | A | A | A | A |
| **Factor 3 : Financial Policy (10%)** | | | | |
| a) Financial Policy | Baa | Baa | Baa | Baa |
| **Factor 4 : Leverage and Coverage (40%)** | | | | |

| | | | | |
|---|---|---|---|---|
| a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg) | 5.8x | Baa | 5.7x - 6.2x | Baa |
| b) (CFO Pre-W/C) / Net Debt (3 Year Avg) | 26.9% | Baa | 23% - 28% | Baa |
| c) RCF / Net Debt (3 Year Avg) | 24.4% | Baa | 18% - 23% | Baa |
| b) (CFO Pre-W/C) / Debt (3 Year Avg) | | NA | | |
| c) RCF / Debt (3 Year Avg) | | NA | | |
| **Rating:** | | | | |
| a) Indicated Rating from Grid | | Baa1 | | Baa1 |
| b) Actual Rating Assigned | | Baa2 | | Baa2 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 6/30/2015(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

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RATINGS

| Exelon Corporation | |
|---|---|
| Issuer Rating | Baa2 |
| Outlook | Stable |
| **Commonwealth Edison Company** | |
| Issuer Rating | Baa1 |
| Outlook | Stable |
| **Exelon Generation Company LLC** | |
| Issuer Rating | Baa2 |
| Outlook | Stable |

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KEY METRICS:

**Exelon Corporation**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| (CFO Pre-W/C+Interest)/Interest | 6.3x | 6.4x | 7.6x |
| (CFO Pre-W/C)/Net Debt | 31.1% | 33.3% | 39.2% |
| RCF/DNet Debt | 28.3% | 33.4% | 40.5% |

*Moody's*

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Exelon Corporation

# Frequently Asked Questions

Exelon Corporation's (Exelon: Baa2 stable) proposed acquisition of Pepco Holdings (PHI or Potomac: Baa3 developing) should have been completed by now, but an unexpected rejection by the Public Service Commission of the District of Columbia (DC PSC) puts the deal back on the drawing board. The rebuff is credit negative for both companies because they misjudged the regulatory relationship, and failed to persuade the DC PSC to see the merger's benefits in the official record. Going forward, our key milestone is the merger agreement, which is scheduled to expire at the end of October 2015.

We changed the rating outlook for PHI to developing from stable to reflect our revised view that the merger now has a 50% - 50% chance of being completed. If the merger goes through, PHI's credit profile will benefit from Exelon's larger scale and access to resources, and issues around PHI's level of parent holding company debt will be resolved. If the acquisition is terminated, PHI's credit profile will be negatively affected because the company will likely be forced to revisit its capital expenditure commitments and shareholder rewards programs.

The rejection has no material credit impact for Potomac Electric Power Company (Pepco: Baa1 stable), which serves DC, or PHI's other utility subsidiaries: Atlantic City Electric Company (ACE: Baa2 stable) and Delmarva Power & Light Company (Delmarva: Baa1 stable).

Commonwealth Edison Company's (CWE: Baa1 positive) positive rating outlook reflects the formulaic rate making structure in Illinois. We see an extended period of stability, where CWE will produce a ratio of cash flow from operations (CFO: excluding working capital changes) to debt in the high-teen's range and retained cash flow (RCF) to debt, which accounts for CWE's upstream dividend payments, in the mid-teen's range.

In the meantime, Exelon is still looking to rebalance its regulated and unregulated business mix more towards regulated. PHI would bring an additional $8 billion in rate base on top of Exelon's $20 billion and more jurisdictional diversification.

For Exelon, life without PHI means a higher business risk profile. Exelon Generation Company (ExGen: Baa2 stable), the more risky merchant generation subsidiary, will need to pledge a higher percentage of its annual cash flow to Exelon in an upstream dividend. But low natural gas prices will keep a lid on power prices, and hurt ExGen's margins. Capacity prices have improved a little, but the benefit is not material for ExGen as the vast majority of its business resides in the sale of electricity generated from its nuclear reactors.

## If the PHI acquisition is completed, how would this affect Exelon's business risk profile?

It would reduce business risk. With the acquisition, Exelon's business would be split roughly 60% regulated T&D utilities and 40% unregulated merchant generation business. In the table below, we show selected financials for year-end 2014 (assuming the transaction is completed), with some adjustments to reflect holding company debt.

Excluding ExGen, we see Exelon's T&D utilities producing a ratio of debt (utility plus parent holding company) to EBITDA (utility only) of around 5x with a ratio of cash flow from operations (CFO, utility only) to debt (utility plus parent holding company) of around 15%. If we hold the T&D utility performance steady, ExGen's EBITDA and CFO would need to increase by roughly $1.2 billion and $2.0 billion, respectively to help the overall consolidated business split move back to 50% - 50%.

Exhibit 1
**Exelon would benefit from PHI's T&D utilities, even with the incremental holding company debt**
**Year-end 2014, with adjustments ($ millions)**

| Name | Assets | EBITDA | Debt | Revenue | CFO | CAPEX |
|---|---|---|---|---|---|---|
| Atlantic City Electric Company | $ 3,310 | $ 308 | $ 1,407 | $ 1,213 | $ 269 | $ 235 |
| Baltimore Gas and Electric Company | $ 8,133 | $ 854 | $ 2,536 | $ 3,165 | $ 746 | $ 618 |
| Commonwealth Edison Company | $ 25,452 | $ 1,759 | $ 7,566 | $ 4,564 | $ 1,355 | $ 1,702 |
| Delmarva Power & Light Company | $ 3,961 | $ 358 | $ 1,448 | $ 1,293 | $ 278 | $ 362 |
| PECO Energy Company | $ 9,999 | $ 847 | $ 2,729 | $ 3,094 | $ 732 | $ 673 |
| Potomac Electric Power Company | $ 6,652 | $ 621 | $ 2,492 | $ 2,101 | $ 393 | $ 574 |
| Total Utility | $ 57,508 | $ 4,746 | $ 18,177 | $ 15,430 | $ 3,773 | $ 4,164 |
| Parent Holding Company | | | $ 6,200 | | | |
| Total Utility & Holdco Debt | $ 57,508 | $ 4,746 | $ 24,377 | $ 15,430 | $ 3,773 | $ 4,164 |
| Exelon Generation Company, LLC | $ 45,649 | $ 3,507 | $ 10,093 | $ 17,393 | $ 1,812 | $ 2,982 |
| Exelon Consoldiated | $ 103,157 | $ 8,253 | $ 34,470 | $ 32,823 | $ 5,585 | $ 7,146 |
| % Regulated | 56% | 58% | 53% | 47% | 68% | 58% |
| % Unregulated | 44% | 42% | 29% | 53% | 32% | 42% |

*Sources: Moody's; Company filings.*

## What impact would the merger have on PHI's credit profile?

It would be credit positive for PHI. The benefits to PHI's credit profile are derived from both a top down and a bottom up direction. In other words, PHI would benefit as an intermediate subsidiary holding company of the much bigger and financially stronger Exelon (the top down perspective) and PHI's T&D utilities would benefit from having a bigger and stronger parent holding company. For PHI's T&D subsidiaries, we think Exelon brings a bigger balance sheet to assist with capital deployment and operational efficiencies which will help close the gap between earned and authorized returns (the bottom up perspective).

From a cash flow perspective, PHI would no longer need to finance its shareholder dividend obligations with debt, which is a material credit negative. As the parent holding company's debt matures over the next few years, we see the debt transitioning to Exelon's parent holding company.

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We think PHI would likely remain a rated entity within the Exelon family - at least for the next few years. This brings a certain level of financial reporting and accounting audits. But PHI's $185 million 7.45% senior note does not mature until 2032, and we think this security would remain outstanding in light of current market conditions. All else being equal, PHI's rating could be upgraded over the next 12-18 months, as approximately $440 million of debt matures, or is refinanced directly at the Exelon holding company entity.

## Why did you change the rating outlook for Commonwealth Edison to positive on August 31st?

Because the formulaic rate making structure in Illinois is working. CWE's positive rating outlook reflects an expectation that its financial profile will be stable and predictable, thanks to the passage of Energy Infrastructure Modernization Act (EIMA).

Thanks to EIMA, we see CWE's ratio of cash flow to debt remaining well positioned in the high-teen's range, and the ratio of retained cash flow to debt in the mid-teen's range. That said, the formulaic rate structure does not fully insulate CWE from political intervention or heightened regulatory contentiousness. The formulaic structure has a sun-set provision (in 2019), consumers remain sensitive to absorbing steadily rising electric rates and the state is facing several of its own financial challenges.

The positive outlook incorporates Illinois' challenging regional economic conditions, but we see stable and predictable revenues and cash flows and incorporate a view that the company's dividend policy will continue to remain steady in light of increased capital spending requirements, with a targeted payout ratio near 70%.

CWE's ratings could be upgraded if its financial profile improved, including a ratio of cash flow to debt above 20% and a ratio of retained cash flow to debt in the high-teen's range, both on a sustained basis. Although ratings could also be upgraded if the regulatory environment improved further, we think the formulaic framework is an ideal standard from a timeliness perspective, and we find it challenging to point to additional mechanisms to improve recovery timeliness. As a result, the principal factor driving a rating upgrade is the financial profile.

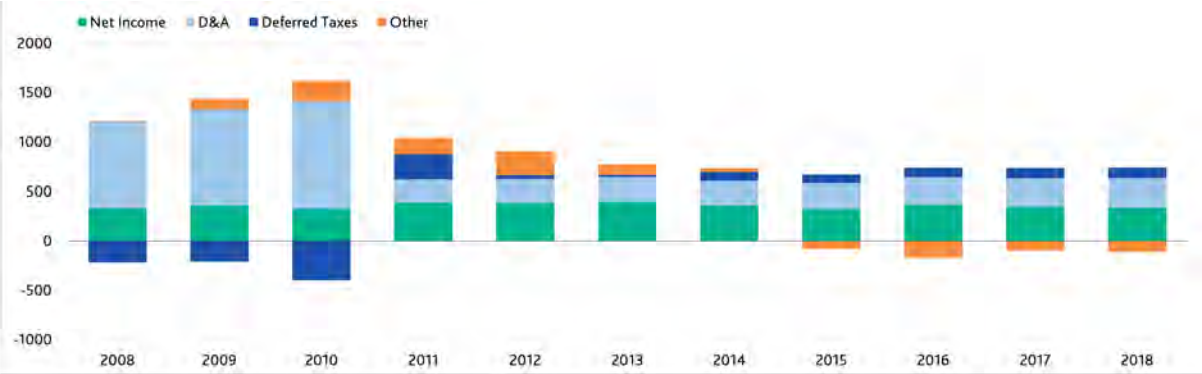
## Will falling cash flows at PECO hurt its credit profile?

Yes. PECO's A2 rating incorporates a view that PECO can maintain a ratio of CFO to debt in the mid-20% range. However, it could become challenging to maintain ratios in this range, given the capital investment plan.

Over the longer-term horizon, we see PECO's financial profile weakening a little. This includes a ratio of cash flow to debt falling closer to the 20% range from the historical 30% range generated over the 3-year average, 2012 - 14. More specifically, we expect PECO's cash flow generation to remain steady, near the $600 million - $650 million range, but its debt moving closer to $3.0 billion.

We expect certain other A2-rated T&D utilities with a broad suite of timely recovery mechanisms to experience a similar decline in financial ratios over the next few years, including Public Service Electric & Gas Company (PSE&G: A2 stable). But unlike PECO, which has made big upstream dividends to its parent, PSE&G has made no upstream dividend payments since 2011. But we think that is going to change for PSE&G soon, which will help put downward pressure on financial ratios.

Exhibit 2
**PECO's projected cash flows have declined, thanks to the 2010 roll-off of securitization debt and other federal corporate tax programs**
**Illustrative projections**




*Sources: Moody's; company filings (historical data)*

## Can the supportive Pennsylvania regulatory environment mitigate PECO's weaker projected financial profile?

Yes. We see the Pennsylvania regulatory environment as being very supportive of long-term credit quality, and we incorporate a view that PECO's current rate case in Pennsylvania will be resolved without any material negative consequences for its credit profile.

Although not a formulaic recovery structure, Pennsylvania provides a strong suite of timely recovery mechanisms, including a forward looking test year structure and capital investment riders (ie DISC), which are positive from a credit perspective. PECO's suite of recovery mechanisms encourages the utility to stay away from frequent rate proceedings, unlike many other utility regulatory frameworks across the US.

Exhibit 3
**PECO compares favorably to other PA-based regulated utilities**

| | PECO Energy Company | PPL Electric Utilities Corp | Pennsylvania Electric Company | Pennsylvania Power Company | Metropolitan Edison Company | UGI Utilities, Inc. |
|---|---|---|---|---|---|---|
| Grid Indicated Rating | A2 | A3 | Baa1 | A3 | Baa1 | A2 |
| Actual Rating Assigned | A2 | Baa1 | Baa2 | Baa1 | Baa1 | A2 |
| 1a: Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%) | A | A | A | A | A | A |
| 1b: Consistency and Predictability of Regulation (12.5%) | A | A | A | A | A | A |
| 2a: Timeliness of Recovery of Operating and Capital Costs (12.5%) | Baa | Baa | A | A | A | A |
| 2b: Sufficiency of Rates of Returns (12.5%) | Baa | A | Baa | Baa | Ba | A |
| 3a: Market Position (10%) | Baa | Baa | Baa | Ba | Baa | Baa |
| 3b Generation and Fuel Diversity | N/A | N/A | N/A | N/A | N/A | N/A |
| 4a: CFO pre-WC + Interest / Interest (3yr avg) (7.5%) | 6.7x | 5.2x | 3.4x | 5.3x | 4.5x | 5.9x |
| 4b: CFO pre-WC / Debt (3yr avg) (15%) | 27% | 20% | 13% | 25% | 19% | 27% |
| 4c: CFO pre-WC - Dividends / Debt (3yr avg) (10%) | 15% | 15% | 11% | 19% | 15% | 19% |
| 4d: Debt / Capitalization (3yr avg) (7.5%) | 33% | 40% | 47% | 39% | 42% | 40% |
| Financial Metrics | | | | | | |
| Earned ROE (3 yr avg) | 11.9% | 8.3% | 4.6% | 13.5% | 2.8% | 13.2% |
| Allowed ROE | Black Box | 10.4% | Black Box | Black Box | Black Box | Black box |
| Revenues | 3,094 | 2,044 | 813 | 203 | 798 | 1,087 |
| EBITDA | 847 | 744 | 265 | 37 | 218 | 316 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net Income | 364 | 256 | 76 | 13 | 68 | 124 |
| CFO | 732 | 642 | 234 | 32 | 168 | 207 |
| Capex | (673) | (957) | (143) | (36) | (128) | (170) |
| Dividends | 324 | 158 | 0 | 10 | 50 | 77 |
| Total Assets | 9,999 | 7,785 | 3,548 | 495 | 2,935 | 2,382 |
| Total Equity | 2,729 | 2,817 | 1,402 | 189 | 1,043 | 853 |
| Total Debt | 3,193 | 2,717 | 1,022 | 116 | 794 | 840 |

*Sources: Moody's; Company filings.*

## Why isn't Atlantic City Electric rated higher?

Because it has the weakest track record in NJ. That said, ACE is on an improving trend, thanks to a more transparent and supportive regulatory environment. We think ACE will close the gap between its earned and authorized returns, and we are looking for evidence that supports a track record related to maintaining strong financial ratios.

We think this process will occur more quickly under Exelon management, because Exelon has a bigger balance sheet and more resources to deploy to extract operating efficiencies. But there is no reason why PHI couldn't eventually get there on their own.

Despite the historical production of CFO to debt in the high-teen's range, for now we still see ACE as slightly lower than its Baa1 peers, including: Commonwealth Edison (Baa1 positive), Delmarva Power & Light (Baa1 stable) and Potomac Electric (Baa1 stable).

Exhibit 4

**Comparison of ACE with its NJ-based utility peers**

| | Atlantic City Electric Company | Jersey Central Power & Light Company | Public Service Electric & Gas Company | South Jersey Natural Gas Company | New Jersey Natural Gas Company | Orange & Rockland Utilities |
|---|---|---|---|---|---|---|
| Grid Indicated Rating | Baa2 | Baa2 | A2 | A2 | A2 | A3 |
| Actual Rating Assigned | Baa2 | Baa2 | A2 | A2 | Aa2 | A3 |
| 1a: Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%) | A | A | A | A | A | A |
| 1b: Consistency and Predictability of Regulation (12.5%) | A | Baa | Aa | Aa | Aa | A |
| 2a: Timeliness of Recovery of Operating and Capital Costs (12.5%) | Baa | Baa | Baa | A | A | Aa |
| 2b: Sufficiency of Rates of Returns (12.5%) | Ba | Ba | Baa | A | A | A |
| 3a: Market Position (10%) | Ba | Baa | A | Ba | Baa | Ba |
| 3b Generation and Fuel Diversity | N/A | N/A | N/A | N/A | N/A | N/A |
| 4a: CFO pre-WC + Interest / Interest (3yr avg) (7.5%) | 4.4x | 3.8x | 5.8x | 6.9x | 8.3x | 5.4x |
| 4b: CFO pre-WC / Debt (3yr avg) (15%) | 18% | 15% | 25% | 21% | 21% | 20% |
| 4c: CFO pre-WC - Dividends / Debt (3yr avg) (10%) | 15% | 11% | 25% | 20% | 13% | 16% |
| 4d: Debt / Capitalization (3yr avg) (7.5%) | 45% | 43% | 38% | 40% | 37% | 47% |
| Financial Metrics | | | | | | |
| Earned ROE (3 yr avg) | 5.4% | 4.2% | 10.6% | 10.3% | 10.7% | 13.8% |
| Allowed ROE | 9.8% | 9.8% | 10.3% | 9.8% | 10.3% | 9.4% |
| Revenues | 1,213 | 1,894 | 6,766 | 502 | 819 | 892 |
| EBITDA | 308 | 524 | 2,290 | 170 | 173 | 220 |
| Net Income | 46 | 148 | 655 | 62 | 74 | 73 |
| CFO | 269 | 359 | 1,789 | 99 | 169 | 238 |
| Capex | (235) | (244) | (2,120) | (196) | (152) | (153) |
| Dividends | 26 | 0 | 0 | 18 | 53 | 40 |
| Total Assets | 3,310 | 7,259 | 22,255 | 2,182 | 2,150 | 2,754 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total Equity | 1,407 | 2,742 | 6,824 | 728 | 645 | 1,027 |
| Total Debt | 886 | 2,413 | 6,760 | 672 | 719 | 625 |

*Sources: Moody's; Company filings*

## Given the exposure to ExGen, can Exelon transition to the Regulated Electric and Gas Utility rating methodology?

Yes. Exelon would be better reflected in the regulated electric and gas utility rating methodology, as compared to its historical treatment under the unregulated utilities and power companies rating methodology, if its business mix permanently shifts towards regulated utilities. We see Exelon trying to head in that direction. In the table below, we illustrate some of Exelon's peers, and how those companies are scored under the regulated utility rating methodology.

Exhibit 5

**Illustrative - Exelon could compare favorably to its large, diversified peers**

| | Exelon Corporation | Duke Energy Corporation | Southern Company | NextEra Energy, Inc. | Sempra Energy | Dominion Resources Inc. | Entergy Corportaion | FirstEnergy Corp. |
|---|---|---|---|---|---|---|---|---|
| Actual Rating | Baa2 | A3 | Baa1 | Baa1 | Baa1 | Baa2 | Baa3 | Baa3 |
| Rating Methodology Grid Indicated Rating | Baa2 | Baa1 | A3 | Baa1 | Baa2 | Baa3 | Baa3 | Ba1 |
| Rating Outlook | Stable | Negative | Negative | Stable | Stable | Stable | Stable | Stable |
| Illustrative % regulated | 60% | 85% | 90% | 50% | 75% | 80% | 80% | 75% |
| Rate Base ($ billions) | 20 | 24 | 44 | 22 | 11 | 19 | 18 | 15 |
| # State Regulatory Jurisdictions | 3 | 5 | 4 | 1 | 2 | 3 | 4 | 5 |
| Holdco debt / Consolidated debt | | 30% | 5% | 40% | 37% | 47% | 20% | 25% |
| Rating Methodology Scores: | | | | | | | | |
| 1a: Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%) | | A | A | A | A | Aa | A | A |
| 1b: Consistency and Predictability of Regulation (12.5%) | | Aa | Aa | Aa | A | Aa | Baa | Baa |
| 2a: Timeliness of Recovery of Operating and Capital Costs (12.5%) | | A | A | Baa | Aa | A | Baa | Baa |
| 2b: Sufficiency of Rates of Returns (12.5%) | | Baa | Baa | Baa | A | Baa | Baa | Baa |
| 3a: Market Position (10%) | | Aa | A | Aa | A | Baa | Baa | A |
| 3b Generation and Fuel Diversity | | A | A | A | Baa | A | A | Baa |
| 4a: CFO pre-WC + Interest / Interest (3yr avg) (7.5%) | 6.2x | 5.1x | 6.9x | 5.0x | 4.9x | 4.4x | 5.8x | 3.3x |
| 4b: CFO pre-WC / Debt (3yr avg) (15%) | 23% | 17% | 23% | 18% | 17% | 15% | 22% | 11% |
| 4c: CFO pre-WC - Dividends / Debt (3yr avg) (10%) | 19% | 11% | 16% | 14% | 13% | 9% | 18% | 8% |
| 4d: Debt / Capitalization (3yr avg) (7.5%) | 42% | 43% | 45% | 50% | 52% | 56% | 48% | 56% |
| Financial Metrics | | | | | | | | |
| Debt / EBITDA | 4.0 | 4.2 | 4.3 | 3.7 | 4.9 | 5.9 | 4.0 | 6.6 |
| CFO / Debt | 24% | 17% | 23% | 20% | 14% | 13% | 24% | 10% |
| RCF / Debt | 19% | 13% | 13% | 17% | 11% | 9% | 19% | 7% |
| Dividend Payout | 53% | 121% | 106% | 59% | 66% | 121% | 58% | 63% |
| Equity / Assets | 26% | 34% | 28% | 28% | 28% | 23% | 21% | 23% |

*Sources: Moody's; Company filings.*

## Peer Group:

» FirstEnergy Solutions

» PSEG Power

» Entergy

» NRG Energy

» Calpine

## Moody's Related Research

» T&D Utilities Put Exelon's Credit Profile on Solid ground, February 2014 (163050)

» Exelon Generation Company: Well Capitalized to Manage Challenging Market Conditions Facing the Nuclear Fleet , September 2014 (174584)

» Illinois Bill Would Extend Life of Exelon Generation's Nuclear Reactors, a Credit Positive, March 2015 (179631)

» Regulated Electric and Gas Utilities, December 2013 (157160)

» Unregulated Utilities and Unregulated Power Companies, October 2014 (172784)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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# Rating Action: Moody's Affirms Exelon and Pepco Holdings; changes Pepco Holdings' rating outlook to developing from stable

Global Credit Research - 31 Aug 2015

**Approximately $37 billion of debt and debt securities affected**

New York, August 31, 2015 -- Moody's Investors Service today affirmed the ratings for Exelon Corporation (Exelon) and Pepco Holdings Inc. (PHI), including PHI's Prime-3 commercial paper rating. In addition, Moody's changed the rating outlook for PHI to Developing from Stable and changed the rating outlook for Commonwealth Edison Company to Positive from Stable.

RATINGS RATIONALE

Ratings affirmed include the Baa2 senior unsecured rating for Exelon, Exelon Generation Company LLC (ExGen) and Atlantic City Electric Company (ACE); the Baa1 unsecured rating for Commonwealth Edison Company (CWE), Delmarva Power & Light Company (DPL) and Potomac Electric Power Company (Pepco); the A3 rating for Baltimore Gas & Electric (BGE); and the A2 rating for PECO Energy Company (PECO). Moody's also affirmed the Prime-1 commercial paper rating for PECO, the Prime-2 commercial paper rating for Exelon, ExGen, CWE, BGE, ACE, DPL and Pepco. The rating outlooks for Exelon, ACE, BGE, DPL, PECO and Pepco remain stable.

"The rejection of the Exelon/Pepco merger application is credit negative for both companies," said Jim Hempstead, Associate Managing Director "because the outcome was a surprise, not because the regulators denied the merger application."

Nevertheless, we think Exelon and PHI will continue to pursue the merger, and will ask the DC PSC for reconsideration of the transaction which was originally announced in April 2014. For now, we are ascribing a 50% - 50% probability that the transaction is ultimately completed. We observe other utility change in control proceedings taking between 18-24 months to complete.

For Exelon, the rejection is credit negative because PHI would have brought an incremental $8.0 billion in regulated rate base to its existing $20.0 billion, and would have tipped the consolidated scale to where roughly 60% of the business (in terms of assets, debt and EBITDA) was related to lower-risk regulated transmission and distribution (T&D) utilities. PHI was looking at Exelon's bigger size and greater access to resources to help execute and finance an elevated capital investment program across all its jurisdictions.

PHI's Baa3 rating reflects the company's low business risk profile, anchored by a portfolio of regulated T&D utilities. The credit profile of these utilities aggregate at the Baa1-category, thanks to their roughly $8 billion in regulated rate base. The Baa3 rating also reflects the reduction to prior unregulated business activities, a credit positive, and the shareholder dividend being financed by debt (issued at the parent holding company), a material credit negative.

PHI's rating outlook was changed to Developing from stable to reflect the equal likelihood for both positive and negative credit implications associated with the next steps of the merger proceeding. If the acquisition of PHI by Exelon appears to be heading to a successful completion, the likelihood of positive rating actions for PHI will rise. Similarly, if the acquisition appears to be heading for a permanent termination, the likelihood of negative rating actions for PHI will rise.

"A merger termination is worse for PHI than Exelon, and a termination will pressure PHI's Baa3 rating because PHI will face a series of painful decisions, including deferred capital investment plans, right-sizing its common dividend and securing continued access to external liquidity sources." Hempstead added.

PHI's Baa3 rating could be upgraded if the proposed acquisition by Exelon is ultimately successful, primarily reflecting its role as an intermediate subsidiary holding company of Exelon. As a result, we'd expect that PHI wouldn't be used as a financing vehicle anymore, and its $700 million of existing parent holding debt would decline to less than $200 million by 2018.

Exelon's Baa2 senior unsecured rating and stable outlook reflect its stable and predictable regulated utility

businesses. The Baa2 reflects our expectation that Exelon's T&D utilities (BGE, CWE and PECO) generate a ratio of cash flow from operations (CFO: adjusted for changes in working capital) to debt in the low-20% range, which is consistent with low risk T&D utilities in the A-ratings category.

Exelon's Baa2 rating is constrained by its more risky subsidiary, Exelon Generation Company LLC (ExGen: Baa2 stable), which owns a large fleet of unregulated nuclear generation assets and a retail energy marketing business. These unregulated businesses are less predictable, because they are largely driven by volatile commodity prices, such as natural gas and electricity. Still, we expect ExGen to generate approximately $3.5 billion in CFO, which compares favorably to its roughly $10-$12 billion in debt. If the PHI merger is terminated, Exelon's business mix would stay skewed to the unregulated ExGen, and Exelon would remain under the Global Unregulated Utilities and Power Companies rating methodology.

Exelon's rating could be upgraded if the ratio of CFO to debt were to rise above 20% for a sustained period of time, or if Exelon exited its more risky businesses at ExGen. Exelon's rating could be downgraded if the financial performance declined, where the ratio of CFO to debt fell to the mid-teen's range for a sustained period of time, or if the level of parent holding company debt were to increase (to above the 25% range or higher) or if there were any material shifts in shareholder reward programs. A shift in strategic focus could also trigger a rating downgrade, especially where the shift resulted in a material increase in the consolidated business risk profile, presumably somewhat more toward the unregulated business segment within ExGen.

Ratings could be pressured if the regulated utilities were faced with a highly contentious regulatory environment, a scenario we view as having a low probability at this time, or if ExGen faced a major operating challenge with several of its reactors at the same time.

The positive rating outlook for CWE reflects the improved regulatory environment in Illinois, which we are beginning to see as sustained, especially as that relates to the formulaic rate-making structures. CWE's financial profile should remain steady, and the utility is expected to produce a ratio of CFO to debt in the high-teen's range (18% - 19% range). For the twelve months ended June 30, 2015, CWE produced a ratio of approximately 20%. CWE's rating could be upgraded over the next 12 to 18 months if its steady financial performance and supportive regulatory framework remains intact.

The principal methodology used in rating Exelon Corporation and Exelon Generation Company, LLC was Unregulated Utilities and Unregulated Power Companies published in October 2014. The principal methodology used in rating Atlantic City Electric Company, Baltimore Gas and Electric Company, BGE Capital Trust II, ComEd Financing III, Commonwealth Edison Company, Constellation Energy Group, Inc., Delmarva Power & Light Company, Exelon Capital Trust I, Exelon Capital Trust II, Exelon Capital Trust III, Peco Energy Capital Trust III, PECO Energy Capital Trust IV, PECO Energy Company, Pepco Holdings, Inc. and Potomac Electric Power Company was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

Outlook Actions:

..Issuer: Atlantic City Electric Company

....Outlook, Remains Stable

..Issuer: Baltimore Gas and Electric Company

....Outlook, Remains Stable

..Issuer: BGE Capital Trust II

....Outlook, Remains Stable

..Issuer: ComEd Financing III

....Outlook, Remains Stable

..Issuer: Commonwealth Edison Company

....Outlook, Changed To Positive From Stable

..Issuer: Delmarva Power & Light Company

....Outlook, Remains Stable

..Issuer: Exelon Capital Trust I

....Outlook, Remains Stable

..Issuer: Exelon Capital Trust II

....Outlook, Remains Stable

..Issuer: Exelon Capital Trust III

....Outlook, Remains Stable

..Issuer: Exelon Corporation

....Outlook, Remains Stable

..Issuer: Exelon Generation Company, LLC

....Outlook, Remains Stable

..Issuer: Peco Energy Capital Trust III

....Outlook, Remains Stable

..Issuer: PECO Energy Capital Trust IV

....Outlook, Remains Stable

..Issuer: PECO Energy Company

....Outlook, Remains Stable

..Issuer: Pepco Holdings, Inc.

....Outlook, Changed To Developing From Stable

..Issuer: Potomac Electric Power Company

....Outlook, Remains Stable

Affirmations:

..Issuer: Anne Arundel (County of) MD

....Senior Unsecured Revenue Bonds, Affirmed A3/VMIG 2

..Issuer: Atlantic City Electric Company

.... Commercial Paper, Affirmed P-2

.... Issuer Rating, Affirmed Baa2

....Senior Secured Shelf, Affirmed (P)A3

....Pref. Stock Preferred Stock, Affirmed Ba1

....Senior Secured First Mortgage Bonds, Affirmed A3

..Issuer: Baltimore Gas and Electric Company

.... Commercial Paper, Affirmed P-2

.... Issuer Rating, Affirmed A3

....Senior Secured Shelf, Affirmed (P)A1

....Senior Unsecured Shelf, Affirmed (P)A3

....Pref. Shelf, Affirmed (P)Baa2

....Preference Stock Preference Stock, Affirmed Baa2

....Senior Unsecured Bank Credit Facility, Affirmed A3

....Senior Unsecured Regular Bond/Debenture, Affirmed A3

..Issuer: BGE Capital Trust II

....Pref. Stock Preferred Stock, Affirmed Baa1

..Issuer: ComEd Financing III

....Pref. Stock Preferred Stock, Affirmed Baa2

..Issuer: Commonwealth Edison Company

.... Commercial Paper, Affirmed P-2

.... Issuer Rating, Affirmed Baa1

....Senior Secured Shelf, Affirmed (P)A2

....Senior Unsecured Shelf, Affirmed (P)Baa1

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Secured Regular Bond/Debenture, Affirmed A2

....Senior Unsecured Bank Credit Facility, Affirmed Baa1

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

..Issuer: Constellation Energy Group, Inc.

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

..Issuer: Delaware Economic Development Authority

....Senior Secured Revenue Bonds, Affirmed A2/VMIG 2

....Senior Unsecured Revenue Bonds, Affirmed Baa1/VMIG 2

..Issuer: Delmarva Power & Light Company

.... Commercial Paper, Affirmed P-2

.... Issuer Rating, Affirmed Baa1

....Senior Secured Shelf, Affirmed (P)A2

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

..Issuer: Exelon Capital Trust I

....Pref. Stock Shelf, Affirmed (P)Baa3

..Issuer: Exelon Capital Trust II

....Pref. Stock Shelf, Affirmed (P)Baa3

..Issuer: Exelon Capital Trust III

....Pref. Stock Shelf, Affirmed (P)Baa3

..Issuer: Exelon Corporation

.... Issuer Rating, Affirmed Baa2

....Preferred Shelf, Affirmed (P)Ba1

....Subordinate Shelf, Affirmed (P)Baa3

....Senior Unsecured Shelf, Affirmed (P)Baa2

....Senior Unsecured Bank Credit Facility, Affirmed Baa2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

..Issuer: Exelon Generation Company, LLC

.... Issuer Rating, Affirmed Baa2

....Pref. Shelf, Affirmed (P)Ba1

....Senior Unsecured Shelf, Affirmed (P)Baa2

....Senior Unsecured Bank Credit Facility, Affirmed Baa2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

..Issuer: Maryland Economic Development Corporation

....Revenue Bonds, Affirmed Baa2

....Senior Unsecured Revenue Bonds, Affirmed A2

..Issuer: Montgomery County Industrial Dev Auth, PA

....Revenue Bonds, Affirmed Baa2

..Issuer: Peco Energy Capital Trust III

....Pref. Stock Preferred Stock, Affirmed A3

..Issuer: PECO Energy Capital Trust IV

....Pref. Stock Preferred Stock, Affirmed A3

....Pref. Stock Shelf, Affirmed (P)A3

..Issuer: PECO Energy Company

.... Commercial Paper, Affirmed P-1

.... Issuer Rating, Affirmed A2

....Senior Secured Shelf, Affirmed (P)Aa3

....Preferred Shelf, Affirmed (P)Baa1

....Pref. Stock Preferred Stock, Affirmed Baa1

....Senior Secured First Mortgage Bonds, Affirmed Aa3

....Senior Unsecured Bank Credit Facility, Affirmed A2

..Issuer: Pennsylvania Economic Dev. Fin. Auth.

....Senior Unsecured Revenue Bonds, Affirmed Baa2

..Issuer: Pepco Holdings, Inc.

.... Issuer Rating, Affirmed Baa3

....Senior Unsecured Commercial Paper, Affirmed P-3

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa3

..Issuer: Potomac Electric Power Company

.... Commercial Paper, Affirmed P-2

.... Issuer Rating, Affirmed Baa1

....Senior Secured First Mortgage Bonds, Affirmed A2

..Issuer: Salem (County of) NJ, Pollution Ctrl Fin Auth

....Revenue Bonds, Affirmed Baa2

....Senior Secured Revenue Bonds, Affirmed A2

..Issuer: York County Industrial Development Auth., PA

....Revenue Bonds, Affirmed Baa2

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