Large Filing Separator Sheet

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RENEWAL APPLICATION CONTINUED

(5) For Mr. Crane, the shares received upon vesting includes 10,000 restricted shares that vested on February 1, 2009 and were valued at $54.22, and 10,000 restricted shares that vested on August 1, 2009 and were valued at $50.86.
(6) For Ms. Moler, the shares received upon vesting includes 10,000 restricted shares that vested on August 1, 2009 and were valued at $50.86.
(7) For Mr. Acevedo, the shares received upon vesting includes 452 shares from the Key Manager Restricted Stock Unit Program that vested on January 25, 2009 that were valued at $56.51 and 3,000 restricted shares that vested on April 1, 2009 that were valued at $45.28.
(8) For Mr. Clark, the shares received upon vesting includes 10,000 restricted shares that vested on August 1, 2009 and were valued at $50.86.
(9) For Mr. Mitchell, the shares received upon vesting includes 5,000 restricted shares that vested on November 27, 2009 and were valued at $47.66.

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System (SAS), the legacy ComEd pension plan, and the Service Annuity Plan (SAP), the legacy PECO pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile that the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to transfer to a cash balance plan. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). For NEOs participating in the SAP, the annuity benefit payable at normal retirement age is equal to the greater of the amount determined under the Career Pay Formula, which is 2% of each year's pensionable pay, and the amount determined under the Final Average Pay Formula, which is the sum of (a) 5% of average earnings, plus 1.2% of average earnings for each year of pension service (up to a maximum of 40 years), and (b) 0.35% of average earnings in excess of covered compensation for each year of pension service (up to a maximum of 40 years). Pension-eligible compensation for the SAS and the SAP's Final Average Pay Formula includes base pay and annual incentive awards. Pension eligible compensation in the SAP's Career Pay Formula includes base pay, incentive awards and other regular remuneration. Benefits under the SAS and SAP are vested after five years of service.

The "normal retirement age" under both the SAS and the SAP is 65. Each of these plans also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of ten years of service. The annual pension payable under each plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit, offset by the aggregate annual amount of the temporary supplemental payment multiplied by a plan factor, determined on a partially subsidized actuarial basis. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS or the SAP prior to January 1, 2001 and elected to transfer to

Exelon, Generation and PECO

Option Exercises and Stock Vested

Name (a)	Option Awards (See Note 1) Number of Shares Acquired on Exercise (b) (#)	Option Awards (See Note 1) Value Realized on Exercise (c) ($)	Stock Awards (See Note 2) Number of Shares Acquired on Vesting (d) (#)	Stock Awards (See Note 2) Value Realized on Vesting (e) ($)
Rowe	—	$ —	120,757	$ 6,823,976
O'Brien (Note 3)	—	—	23,494	1,316,173
Hilzinger (Note 4)	—	—	17,756	958,174
Barnett	—	—	7,271	410,897
Crane (Note 5)	—	—	47,025	2,677,971
McLean	22,400	427,056	28,826	1,628,960
Moler (Note 6)	—	—	33,631	1,844,015
Pardee	—	—	16,510	933,001
Cornew	—	—	8,471	478,714
Adams	—	—	7,805	441,036
Bonney	—	—	6,492	366,890
Acevedo (Note 7)	—	—	3,452	161,379
Galvanoni	—	—	2,076	117,286

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Option Exercises and Stock Vested

Name (a)	Option Awards (See Note 1) Number of Shares Acquired on Exercise (b) (#)	Option Awards (See Note 1) Value Realized on Exercise (c) ($)	Stock Awards (See Note 2) Number of Shares Acquired on Vesting (d) (#)	Stock Awards (See Note 2) Value Realized on Vesting (e) ($)
Clark (Note 8)	—	$ —	16,449	$ 986,027
Trpik	—	—	3,310	187,065
McDonald	—	—	3,249	183,626
Pramaggiore	—	—	1,690	95,485
Hooker	—	—	2,600	146,901
Donnelly	2,000	40,420	4,488	253,617
Mitchell (Note 9)	—	—	10,849	568,826

Notes to Option Exercises and Stock Vested Table

(1) Mr. McLean exercised all options shown above pursuant to a Rule 10b5-1 trading plan that was entered into when he was unaware of any material information regarding Exelon that had not been publicly disclosed. At that time the formula for the dates, number of options, and sale price was set at the time the trading plans were established.

(2) Share amounts are generally composed of performance shares that vested on January 26, 2009, which included 1/3 of the grant made with respect to the three-year performance period ending December 31, 2008; 1/3 of the grant made with respect to the three-year performance period ending December 31, 2007, and 1/3 of the grant made with respect to the three-year performance period ending December 31, 2006. Shares were valued at $55.61 upon vesting.

(3) For Mr. O'Brien, the shares received upon vesting includes 5,000 restricted shares that vested on February 1, 2009 and were valued at $54.22.

(4) For Mr. Hilzinger, the shares received upon vesting includes 8,000 restricted shares that vested on August 1, 2009 and were valued at $50.86.

(4) Mr. Trpik's performance share award was prorated through the date he became Senior Vice President, CFO and Treasurer of ComEd and became eligible for the ComEd Long Term Incentive Plan.

(5) For Mr. McDonald and Mr. Mitchell, their 2005 and 2006 stock option grants will expire on the fifth anniversary of their respective termination dates.

Unvested Restricted Stock or Restricted Stock Units

Name	Grant Date	Number of Restricted Shares	Vesting Dates
Hilzinger	01 Aug. 2008	5,000	01 Aug. 2013
Barnett	01 Apr. 2005	4,000	01 Apr. 2010
Crane	03 Sep. 2007	15,000	03 Sep. 2011
	01 Aug. 2008	15,000	01 Aug. 2013
McLean	01 Aug. 2008	5,000	01 Aug. 2011
	01 Aug. 2008	5,000	01 Aug. 2013
Pardee	01 Jan. 2005	8,000	01 Jan. 2010
	01 Aug. 2008	10,000	01 Aug. 2013
Cornew	01 Apr. 2005	4,000	01 Apr. 2010
	01 Aug. 2008	5,000	01 Aug. 2013
Adams	01 Aug. 2008	4,000	01 Aug. 2013
Acevedo	22 Jan. 2007	257	25 Jan. 2010
	28 Jan. 2008	430	25 Jan. 2010, 24 Jan. 2011
	26 Jan. 2009	835	25 Jan. 2010, 24 Jan. 2011, 23 Jan. 2012
Galvanoni	01 May 2007	3,000	01 May 2011

Name	Grant Date	Number of Restricted Shares	Vesting Dates
Trpik	01 May 2007	3,000	01 May 2011
Pramaggiore	28 Nov. 2005	5,000	28 Nov. 2010
	03 Sep. 2007	4,000	03 Sep. 2012
Donnelly	01 Apr. 2005	4,000	01 Apr. 2010
	03 Sep. 2007	4,000	03 Sep. 2012

number of performance shares available to each NEO for the performance period ending December 31, 2009. Shares are valued at $48.87, the closing price on December 31, 2009.

(3) Mr. Acevedo's performance share award was prorated from the date he became Vice President and Controller of PECO.

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Outstanding Equity

	Options (See Note 1)					Stock (See Note 2)			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Grant Date (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (g)	Market Value of Share or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $48.87 ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (j)
Clark	22,600	7,500	$ 58.55	23 Jan. 2006	22 Jan. 2016	—	$ —	—	—
	36,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
Trpik (Note 4)	—	4,300	56.51	26 Jan. 2009	25 Jan. 2019	6,141	300,111	1,114	54,441
	850	2,550	73.29	28 Jan. 2008	27 Jan. 2018				
	2,000	2,000	59.96	22 Jan. 2007	21 Jan. 2017				
	2,038	1,025	58.55	23 Jan. 2006	22 Jan. 2016				
	3,262	—	42.85	24 Jan. 2005	23 Jan. 2015				
	1,625	—	32.54	26 Jan. 2004	25 Jan. 2014				
McDonald (Note 5)	10,500	—	58.55	23 Jan. 2006	01 Oct. 2014	—	—	—	—
	10,500	—	42.85	24 Jan. 2005	01 Oct. 2014				
	9,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
	4,250	—	24.81	27 Jan. 2003	26 Jan. 2013				
Pramaggiore	3,975	1,325	58.55	23 Jan. 2006	22 Jan. 2016	9,000	439,830	—	—
	10,150	—	42.85	24 Jan. 2005	23 Jan. 2015				
	11,400	—	32.54	26 Jan. 2004	25 Jan. 2014				
Hooker	2,125	2,125	58.55	23 Jan. 2006	22 Jan. 2016	—	—	—	—
	3,250	—	42.85	24 Jan. 2005	23 Jan. 2015				
Donnelly	4,250	4,250	59.96	22 Jan. 2007	21 Jan. 2017	10,650	520,466	—	—
	4,875	1,625	58.55	23 Jan. 2006	22 Jan. 2016				
	10,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	13,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
	13,800	—	24.81	27 Jan. 2003	26 Jan. 2013				
	10,000	—	23.46	28 Jan. 2002	27 Jan. 2012				
	7,000	—	29.75	20 Oct. 2000	19 Oct. 2010				
Mitchell (Note 5)	15,000	5,000	58.55	23 Jan. 2006	01 Jan. 2015	—	—	—	—
	5,250	—	42.85	24 Jan. 2005	01 Jan. 2015				

Notes to Outstanding Equity Tables

(1) Non-qualified stock options are granted to NEOs pursuant to the company's long-term incentive plans. Grants made prior to 2003 vested in three equal increments, beginning on the first anniversary of the grant date. Grants made in 2003 and thereafter vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.

(2) The amount shown includes the unvested portion of performance share awards earned with respect to the three-year performance periods ending December 31, 2008 and December 31, 2007, and any unvested restricted stock unit awards as shown in the following table. The amount of shares shown in column (i) represents the target

850	2,550	73.29	28 Jan. 2008	27 Jan. 2018
2,000	2,000	59.96	22 Jan. 2007	21 Jan. 2017
5,025	1,675	58.55	23 Jan. 2006	22 Jan. 2016
4,100	—	42.85	24 Jan. 2005	23 Jan. 2015
1,500	—	32.54	26 Jan. 2004	25 Jan. 2014

Name (a)	Options (See Note 1) Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Grant Date (e)	Option Expiration Date (f)	Stock (See Note 2) Number of Shares or Units of Stock That Have Not Yet Vested (#) (g)	Market Value of Share or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $48.87 ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (j)
Moler	—	30,700	56.51	26 Jan. 2009	25 Jan. 2019	23,086	1,128,213	13,800	674,406
	5,500	16,500	73.29	28 Jan. 2008	27 Jan. 2018				
	14,000	14,000	59.96	22 Jan. 2007	21 Jan. 2017				
	22,500	7,500	58.55	23 Jan. 2006	22 Jan. 2016				
	36,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
Pardee	—	25,200	56.51	26 Jan. 2009	25 Jan. 2019	35,653	1,742,362	11,300	552,231
	4,750	14,250	73.29	28 Jan. 2008	27 Jan. 2018				
	9,500	9,500	59.96	22 Jan. 2007	21 Jan. 2017				
	8,500	4,250	58.55	23 Jan. 2006	22 Jan. 2016				
	14,500	—	42.85	24 Jan. 2005	23 Jan. 2015				
	10,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
Cornew	—	14,900	56.51	26 Jan. 2009	25 Jan. 2019	18,609	909,422	6,700	327,429
	2,750	8,250	73.29	28 Jan. 2008	27 Jan. 2018				
	4,250	4,250	59.96	22 Jan. 2007	21 Jan. 2017				
	4,250	2,125	58.55	23 Jan. 2006	22 Jan. 2016				
	5,550	—	42.85	24 Jan. 2005	23 Jan. 2015				
	4,061	—	32.54	26 Jan. 2004	25 Jan. 2014				
Adams	—	11,700	56.51	26 Jan. 2009	25 Jan. 2019	12,217	597,045	5,300	259,011
	2,075	6,225	73.29	28 Jan. 2008	27 Jan. 2018				
	4,250	4,250	59.96	22 Jan. 2007	21 Jan. 2017				
	6,375	2,125	58.55	23 Jan. 2006	22 Jan. 2016				
	7,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	4,500	—	32.54	26 Jan. 2004	25 Jan. 2014				
Bonney	—	8,300	56.51	26 Jan. 2009	25 Jan. 2019	6,216	303,776	3,700	180,819
	1,500	4,500	73.29	28 Jan. 2008	27 Jan. 2018				
	3,850	3,850	59.96	22 Jan. 2007	21 Jan. 2017				
	5,850	1,950	58.55	23 Jan. 2006	22 Jan. 2016				
	6,900	—	42.85	24 Jan. 2005	23 Jan. 2015				
	4,500	—	32.54	26 Jan. 2004	25 Jan. 2014				
Acevedo (Note 3)	5,025	1,675	58.55	23 Jan. 2006	22 Jan. 2016	1,522	74,380	1,005	49,114
	4,100	—	42.85	24 Jan. 2005	23 Jan. 2015				
	2,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
Galvanoni	—	4,300	56.51	26 Jan. 2009	25 Jan. 2019	6,141	300,111	[illegible]	[illegible]

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Outstanding Equity

	Options (See Note 1)					Stock (See Note 2)			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Grant Date (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (g)	Market Value of Share or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $48.87 ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (j)
Rowe	—	155,000	$ 56.51	26 Jan. 2009	25 Jan. 2019	115,429	$ 5,641,015	69,700	$ 3,406,239
	28,500	85,500	73.29	28 Jan. 2008	27 Jan. 2018				
	75,000	75,000	59.96	22 Jan. 2007	21 Jan. 2017				
	229,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
O'Brien	—	30,700	56.51	26 Jan. 2009	25 Jan. 2019	20,436	998,707	13,800	674,406
	5,500	16,500	73.29	28 Jan. 2008	27 Jan. 2018				
	9,500	9,500	59.96	22 Jan. 2007	21 Jan. 2017				
	15,000	5,000	58.55	23 Jan. 2006	22 Jan. 2016				
	29,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	30,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
	30,000	—	24.81	27 Jan. 2003	26 Jan. 2013				
	9,000	—	21.91	01 Aug. 2000	31 Jul. 2010				
	8,000	—	18.66	29 Feb. 2000	27 Feb. 2010				
Hitzinger	—	14,900	56.51	26 Jan. 2009	25 Jan. 2019	15,271	746,294	6,700	327,429
	2,750	8,250	73.29	28 Jan. 2008	27 Jan. 2018				
	5,250	5,250	59.96	22 Jan. 2007	21 Jan. 2017				
	7,875	2,625	58.55	23 Jan. 2006	22 Jan. 2016				
	14,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	4,500	—	32.54	26 Jan. 2004	25 Jan. 2014				
Bamett	—	9,400	56.51	26 Jan. 2009	25 Jan. 2019	11,103	542,604	4,200	205,254
	1,675	5,025	73.29	28 Jan. 2008	27 Jan. 2018				
	4,250	4,250	59.96	22 Jan. 2007	21 Jan. 2017				
	6,375	2,125	58.55	23 Jan. 2006	22 Jan. 2016				
	9,675	—	42.85	24 Jan. 2005	23 Jan. 2015				
	3,500	—	32.54	26 Jan. 2004	25 Jan. 2014				
Crane	—	49,000	56.51	26 Jan. 2009	25 Jan. 2019	58,514	2,859,579	22,621	1,105,488
	7,000	21,000	73.29	28 Jan. 2008	27 Jan. 2018				
	17,500	17,500	59.96	22 Jan. 2007	21 Jan. 2017				
	15,000	7,500	58.55	23 Jan. 2006	22 Jan. 2016				
	18,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	13,500	—	32.54	26 Jan. 2004	25 Jan. 2014				
McLean	—	37,200	56.51	26 Jan. 2009	25 Jan. 2019	37,526	1,833,896	16,700	816,129
	7,000	21,000	73.29	28 Jan. 2008	27 Jan. 2018				
	17,500	17,500	59.96	22 Jan. 2007	21 Jan. 2017				
	26,250	8,750	58.55	23 Jan. 2006	22 Jan. 2016				
	56,000	—	42.85	24 Jan. 2005	23 Jan. 2015				
	80,000	—	32.54	26 Jan. 2004	25 Jan. 2014				
	72,000	—	24.81	27 Jan. 2003	26 Jan. 2013				
	9,288	—	24.84	25 Feb. 2002	24 Feb. 2012				
	90,000	—	23.46	28 Jan. 2002	27 Jan. 2012				
	33,600	—	29.75	20 Oct. 2000	19 Oct. 2010				

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Grants of Plan Based Awards

Name (a)	Grant Date (b)		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (See Note 1) Thres-hold ($) (c)	Target ($) (d)	Maxi-mum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards (See Note 2) Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)	All other Stock Awards: Number of Shares or Units (See Note 3) (#) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or base Price of Option Awards. ($) (k)	Grant Date Fair Value of Stock and Option Awards (See Note 4) ($) (l)
Clark	26 Jan.2009	CE LTI	$ 518,000	$ 1,036,000	$ 2,072,000							
	26 Jan.2009	AIP	212,625	425,250	850,500							
	1 Aug.2009								5,000			264,300
Trpik (1)	3 Aug.2009	CE LTI	65,778	131,556	263,112							
	26 Jan.2009	AIP	44,547	89,093	178,186							
	3 Aug. 2009	AIP	18,454	36,907	73,814							
	26 Jan.2009					950	1,900	3,800				172,864
	26 Jan.2009									4,300	56.51	62,049
McDonald	26 Jan.2009	CE LTI	198,000	396,000	792,000							
	26 Jan.2009	AIP	84,000	168,000	336,000							
Pramaggiore	26 Jan.2009	CE LTI	198,000	396,000	792,000							
	11 May 2009	CE LTI	65,671	131,342	262,684							
	26 Jan.2009	AIP	88,300	176,600	353,200							
	11 May 2009	AIP	36,200	72,400	144,800							
Hooker	26 Jan.2009	CE LTI	159,000	318,000	636,000							
	26 Jan.2009	AIP	78,000	156,000	312,000							
	11 May 2009	AIP	12,750	25,500	51,000							
Donnelly	26 Jan.2009	CE LTI	178,500	357,000	714,000							
	11 May 2009	CE LTI	12,555	25,110	50,220							
	26 Jan.2009	AIP	71,500	143,000	286,000							
	11 May 2009	AIP	24,750	49,500	99,000							
Mitchell	26 Jan.2009	CE LTI	357,000	714,000	1,428,000							
	26 Jan.2009	AIP	142,200	284,400	568,800							

Notes to Grants of Plan Based Awards Tables

(1) All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. ComEd NEOs have a long-term incentive plan target based on a cash target (for the ComEd NEOs, the rows labeled "CE LTI" are for the long-term incentive, and the rows labeled "AIP" are for the annual incentive). Under the terms of both incentive plans, threshold performance earns 50% of the respective target while the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.

(2) Non-ComEd NEOs have a long-term performance share target opportunity that is a fixed number of performance shares commensurate with the officer's position. For additional information about the terms of these programs, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.

(3) This column shows additional restricted share awards made during the year. For additional information about the awards to Ms. Moler and Mr. Clark, see Compensation Discussion and Analysis—*Performance-Based Restricted Stock Awards; Special Recognition Award.* For Mr. Acevedo, represents a key manager restricted stock award granted before he became an officer. The vesting dates of the awards are provide in the footnote 2 to the Outstanding Equity Table below.

(4) This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share awards, stock options, and restricted stock granted to each NEO during 2009. Fair value of performance share awards granted on January 26, 2009 is based on an estimated payout of 161% of target. Fair value of performance share awards granted on June 22, 2009 and August 3, 2009 is based on an estimated payout of 151% of target.

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Grants of Plan Based Awards

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (See Note 1) Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards (See Note 2) Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)	All other Stock Awards: Number of Shares or Units (See Note 3) (#) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or base Price of Option Awards. ($) (k)	Grant Date Fair Value of Stock and Option Awards (See Note 4) ($) (l)
Rowe	26 Jan. 2009	$ 811,250	$ 1,622,500	$ 3,245,000							
	26 Jan. 2009				34,850	69,700	139,400				6,341,383
	26 Jan. 2009								155,000	56.51	2,236,650
O'Brien	26 Jan. 2009	201,000	402,000	804,000							
	26 Jan.2009				6,900	13,800	27,600				1,255,539
	26 Jan.2009								30,700	56.51	443,001
Hilzinger	26 Jan.2009	133,800	267,600	535,200							
	26 Jan.2009				3,350	6,700	13,400				609,573
	26 Jan.2009								14,900	56.51	215,007
Barnett	26 Jan.2009	77,475	154,950	309,900							
	26 Jan.2009				2,100	4,200	8,400				382,121
	26 Jan.2009								9,400	56.51	135,642
Crane	26 Jan.2009	330,000	660,000	1,320,000							
	3 Aug.2009	20,625	41,250	82,500							
	26 Jan.2009				11,000	22,000	44,000				2,001,584
	3 Aug.2009				311	621	1,242				48,089
	26 Jan.2009								49,000	56.51	707,070
McLean	26 Jan.2009	225,400	450,800	901,600							
	26 Jan.2009				8,350	16,700	33,400				1,519,384
	26 Jan.2009								37,200	56.51	536,796
Moler	26 Jan.2009	145,500	291,000	582,000							
	26 Jan.2009				6,900	13,800	27,600				1,255,539
	26 Jan.2009								30,700	56.51	443,001
	1 Aug.2009							5,000			254,300
Pardee	26 Jan.2009	171,600	343,200	686,400							
	26 Jan.2009				5,650	11,300	22,600				1,028,086
	26 Jan.2009								25,200	56.51	363,636
Cornew	26 Jan.2009	128,050	256,100	512,200							
	26 Jan.2009				3,350	6,700	13,400				609,573
	26 Jan.2009								14,900	56.51	215,007
Adams	26 Jan.2009	83,200	166,400	332,800							
	26 Jan.2009				2,650	5,300	10,600				482,200
	26 Jan.2009								11,700	56.51	168,831
Bonney	26 Jan.2009	57,186	114,371	228,742							
	7 Dec. 2009	4,014	8,029	16,058							
	26 Jan.2009				1,850	3,700	7,400				336,630
	26 Jan.2009								8,300	56.51	119,769
Acevedo	26 Jan.2009	31,789	63,578	127,156							
	22 Jun.2009	6,011	12,022	24,044							
	22 Jun.2009				503	1,005	2,010				74,148
	26 Jan.2009							800			45,208
Galvanoni	26 Jan.2009	37,856	75,712	151,424							
	3 Aug. 2009	2,394	4,788	9,576							
	26 Jan.2009				950	1,900	3,800				172,864
	26 Jan.2009								4,300	56.51	62,049

Exelon, Generation and PECO

Perquisites

Name (a)	Personal and Spouse Travel $ See Note 1 & Note 2 (b)	Automobile Lease and Parking $ See Note 3 (c)	Other Items $ See Note 4 (d)	Total $ (e)
Rowe	$ 192,073	$ 3,000	$ 100	$ 195,173
O'Brien	920	—	750	1,670
Hilzinger	—	6,478	—	6,478
Barnett	—	5,592	—	5,592
Crane	—	3,000	581	3,581
Moler	—	4,282	—	4,282
Cornew	555	—	100	655
Bonney	—	—	470	470

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Perquisites

Name (a)	Personal and Spouse Travel $ See Note 1 & Note 2 (b)	Automobile Lease and Parking $ See Note 3 (c)	Other Items $ See Note 4 (d)	Total $ (e)
Clark	$ 7,093	$ 9,480	$ —	$ 16,573
Trpik	—	13,209	—	13,209
McDonald	—	7,042	—	7,042
Pramaggiore	—	20,837	—	20,837
Hooker	—	22,200	—	22,200
Donnelly	—	16,770	—	16,770
Mitchell	—	2,930	—	2,930

Note to Perquisite Tables

(1) Mr. Rowe is entitled to up to 60 hours of personal use of corporate aircraft each year. The figure shown in this column includes $183,563, representing the aggregate incremental cost to Exelon for Mr. Rowe's personal use of corporate aircraft. This cost was calculated using the hourly cost for flight services paid to the aircraft vendor, Federal excise tax, fuel charges, and domestic segment fees. From time to time Mr. Rowe's spouse accompanies Mr. Rowe in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for Mrs. Rowe's travel on corporate aircraft is included in this amount. For all executive officers, including Mr. Rowe, Exelon pays the cost of spousal travel, meals, and other related amenities when they attend company or industry-related events where it is customary and expected that officers attend with their spouses. The aggregate incremental cost to Exelon for these expenses is included in the table. In most cases, there is no incremental cost to Exelon of providing transportation or other amenities for a spouse, and the only additional cost to Exelon is to reimburse officers for the taxes on the imputed income attributable to their spousal travel, meals, and related amenities when attending company or industry-related events. This cost is shown in column B of the All Other Compensation Table above.

(2) The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities which are located throughout northeastern Illinois and southeastern Pennsylvania. Messrs. Rowe, Clark, and O'Brien are also entitled to limited personal use of the company's cars and drivers, including use for commuting which allows them to work while commuting. The cost included in the table represents the estimated incremental cost to Exelon to provide limited personal service. This cost is based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel and maintenance. Personal use was imputed as additional taxable income to Messrs. Rowe, Clark, and O'Brien.

(3) In 2008, Exelon discontinued the leased vehicle perquisite for all officers effective at the lease expiration date. Certain leases expired in early 2009. Exelon continued to provide insurance, maintenance, applicable taxes and provided a company-paid credit card for fuel purchases while the leases were in effect. Where required, such as in downtown Chicago, Exelon provides company-paid parking for NEOs.

(4) Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing. Executives also receive certain gifts during the year in recognition of their services that are imputed to the officer as additional taxable income.

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All Other Compensation

Name (a)	Perquisites $ See Note 1 (b)	Reimbursement for Income Taxes $ See Note 2 (c)	Payments or Accruals for Temrination or Change in Control (CIC) $ See Note 3 (d)	Company Contributions to Savings Plans $ See Note 4 (e)	Company Paid Term Life Insurance Premiums $ See Note 5 (f)	Dividends or Earnings not Included in Grants $ See Note 6 (g)	Total $ (h)
Clark	$ 16,573	$ 5,604	—	$ 28,219	$ 35,492	$ —	$ 85,888
Trpik	13,209	—	—	13,191	912	—	27,312
McDonald	7,042	—	901,990	12,846	21,818	341	944,037
Pramaggiore	20,837	—	—	9,188	3,749	—	33,774
Hooker	22,200	—	—	16,096	8,589	—	46,885
Donnelly	16,770	—	—	16,308	2,314	—	35,392
Mitchell	2,930	—	—	23,592	51,180	—	77,702

Notes to All Other Compensation Tables

(1) The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.

(2) Officers receive a reimbursement to cover applicable taxes on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose.

(3) Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2009 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Plan (AIP) continuation, outplacement fees, medical benefits, and a prorated portion of his cash retention award.

(4) Represents company matching contributions to the NEO's qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2009 was generally limited by IRS rules to $16,500. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under the separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.

(5) Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2009 for additional term life insurance policies for the NEOs, additional supplemental accidental death and dismemberment insurance and for additional long-term disability insurance over and above the basic coverage provided to all employees. Mr. Rowe has two term life insurance policies and one additional accidental death and dismemberment policy.

(6) The amount shown for Mr. McDonald represents the payment of retirement deferred compensation units after he ceased employment with ComEd.

Perquisites

Exelon continues to provide executive physicals, parking in downtown Chicago, supplemental long-term disability insurance and executive life insurance for those with existing policies. Exelon provides Mr. Rowe with 60 hours of personal travel per year on the corporate aircraft and car and driver services because of the time commitments his position requires.

$1,877,434, $1,559,676, $1,531,426, $757,234, $599,006, $418,174, $143,678, $214,738, and $214,738, respectively. Amounts shown for 2008 and 2007 which were previously reported under prior rules concerning valuation have been restated.

(23) The amounts shown in this column include the aggregate grant date fair value of stock option awards granted on January 26, 2009. The grant date fair value of the stock options award have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 16—of the Combined Notes to Consolidated Financial Statements. Amounts shown for 2008 and 2007 which were previously reported under prior rules concerning valuation have been restated.

(24) The amounts shown in this column represent payments made pursuant to the Annual Incentive Plan and the ComEd Long-Term Incentive Plan. Both programs are paid with respect to 2009 performance and were awarded on January 25, 2010. The table below details ComEd Employee's payments applicable to the ComEd Annual Incentive Plan and the ComEd Long-Term Incentive Plan.

Name	Year	Annual Incentive Plan	ComEd Long-Term Incentive Plan	Total
Clark	2009	$ [illegible]	$ [illegible]	[illegible]
	2008	495,371	1,554,000	2,049,371
	2007	475,853	1,813,000	[illegible]
Trpik	2009	126,000	131,556	257,556
McDonald	2009	125,655	296,186	421,841
	2008	195,747	594,000	789,747
	2007	194,688	693,000	887,688
Pramaggiore	2009	249,000	527,342	776,342
	2008	223,247	594,000	817,247
	2007	161,722	185,500	347,222
Hooker	2009	181,500	318,000	499,500
	2008	180,135	477,000	657,135
	2007	139,330	556,500	695,830
Donnelly	2009	192,500	382,110	574,610
Mitchell	2009	284,400	714,000	998,400
	2008	331,448	1,071,000	1,402,448
	2007	343,348	1,249,500	1,592,848

(25) The amounts shown in the column represent the change in the accumulated pension benefit from December 31, 2008 to December 31, 2009. For certain NEOs the amount may include the value of above market earnings upon their investment in a particular fund within their non-qualified deferred compensation account. For 2009, no NEOs had above market earnings; in 2008, Messrs. Crane, McLean, Pardee and McDonald recognized $48, $160, $30 and $3 of above market earnings respectively. In 2007, these same NEOs recognized $39,150, $1,222, $584 and $1,264 respectively.

(26) The amounts shown in this column include the items summarized in the following tables:

Exelon, Generation and PECO

All Other Compensation

Name (a)	Perquisites $ See Note 1 (b)	Reimbursement for Income Taxes $ See Note 2 (c)	Payments or Accruals for Termination or Change in Control (CIC) $ See Note 3 (d)	Company Contributions to Savings Plans $ See Note 4 (e)	Company Paid Term Life Insurance Premiums $ See Note 5 (f)	Dividends or Earnings not Included In Grants $ See Note 6 (g)	Total $ (h)
Rowe	$ 195,173	$ 8,140	$ —	$ 73,404	$ [illegible]	[illegible]	[illegible]
O'Brien	1,670	805	—	26,646	26,343	—	55,464
Hilzinger	6,478	—	—	22,138	3,109	—	31,725
Barnett	5,592	—	—	15,400	2,415	—	23,407
Crane	3,581	975	—	40,058	31,526	—	76,140
McLean	—	—	—	32,017	65,721	—	87,738
Moler	4,282	—	—	24,135	47,836	—	76,253
Pardee	—	—	—	28,431	4,761	—	33,192
Cornew	655	518	—	12,250	3,753	—	17,176
Adams	—	—	—	—	4,100	—	4,100
Bonney	470	—	—	12,250	2,120	—	14,840
Acevedo	—	—	—	10,810	—	—	10,610
Galvanoni	—	—	—	11,041	479	—	11,520

(22) The amounts shown in this column include the aggregate grant date fair value of stock awards granted on January 26, 2009 with respect to the three year performance period ending December 31, 2009. The grant date fair value of the stock award have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 16—of the Combined Notes to Consolidated Financial Statements. For the 2009 grants for Messrs. Rowe, O'Brien, Hilzinger, Barnett, Crane, McLean, Ms. Moler, Messrs. Pardee, Cornew, Adams, Bonney, Acevedo, Galvanoni and Trpik, the grant date fair value of their awards assuming that the highest level of performance conditions would be achieved was $7,877,494, $1,559,676, $757,234, $474,684, $2,550,304,

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Summary Compensation Table

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) See Note 21 (D)	Stock Awards ($) See Note 22 (E)	Option Awards ($) See Note 23 (F)	Non-Equity Incentive Plan Compensation ($) See Note 24 (G)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) See Note 25 (H)	All Other Compensation ($) See Note 26 (I)	Total ($) (J)
Clark[14]	2009	$ 564,385	—	$ 254,300	$	$ 1,461,250	$ 180,950	$ [illegible]	$ [illegible]
	2008	546,692	—			2,049,371	648,986	93,738	3,338,787
	2007	474,231	—	370,500		2,288,853	391,782	146,412	3,671,778
Trpik[15]	2009	263,810	6,300	172,864	62,049	257,556	51,563	27,312	841,454
McDonald[16]	2009	309,262	—			421,841	1,629,697	[illegible]	3,304,037
	2008	336,038	—			789,747	304,534	144,201	1,574,520
	2007	310,600	100,000			887,688	225,879	74,566	1,598,733
Pramaggiore[17]	2009	391,269	24,900			776,342	89,876	33,774	1,316,161
	2008	348,500	20,295			817,247	49,083	127,421	1,362,546
	2007	290,154	150,000	326,560		347,222	36,593	43,225	1,193,754
Hooker[18]	2009	321,923	159,075			499,600	172,436	[illegible]	1,199,818
	2008	307,692	9,007			657,135	474,488	128,861	1,577,183
	2007	277,231	150,000	326,560		695,830	289,124	65,439	1,796,178
Donnelly[19]	2009	326,154	9,625			574,610	134,917	35,392	1,080,698
Mitchell[20]	2009	471,846	—			998,400	1,517,123	77,702	3,065,071
	2008	477,692	—			1,402,448	571,280	197,956	2,649,376
	2007	437,477	—	408,200		1,592,848	736,464	138,596	3,313,585

Notes to the Summary Compensation Tables

(1) John W. Rowe, Chairman and CEO, Exelon; Chairman, Generation.

(2) Denis P. O'Brien, Executive Vice President, Exelon; President and CEO, PECO.

(3) Matthew F. Hilzinger, Senior Vice President and Chief Financial Officer, Exelon and Generation.

(4) Phillip S. Barnett, Senior Vice President and Chief Financial Officer, PECO.

(5) Christopher M. Crane, President and Chief Operating Officer, Exelon and Generation.

(6) Ian P. McLean, Executive Vice President, Exelon; Chief Executive Officer, Exelon Transmission Company.

(7) Elizabeth A. Moler, Executive Vice President, Government Affairs and Public Policy, Exelon.

(8) Charles G. Pardee, Senior Vice President, Exelon; President and Chief Nuclear Officer, Exelon Nuclear (Generation).

(9) Kenneth W. Cornew, Senior Vice President, Exelon; President, Power Team (Generation).

(10) Craig L. Adams, Senior Vice President & Chief Operating Officer, PECO.

(11) Paul R. Bonney, Vice President, Regulatory Affairs and General Counsel, PECO.

(12) Jorge A. Acevedo, Vice President and Controller, PECO (from June 18, 2009).

(13) Matthew R. Galvanoni, Vice President, Accounting and Assistant Corporate Controller, Exelon; Chief Accounting Officer, Generation (Principal Accounting Officer).

(14) Frank M. Clark, Chairman and CEO, ComEd.

(15) Joseph R. Trpik, Jr., Senior Vice President, Chief Financial Officer and Treasurer, ComEd (from July 6, 2009).

(16) Robert K. McDonald, Senior Vice President and Chief Financial Officer, ComEd (through May 11, 2009).

(17) Anne R. Pramaggiore, President and Chief Operating Officer, ComEd.

(18) John T. Hooker, Senior Vice President, State Legislative and Governmental Affairs, ComEd.

(19) Terence R. Donnelly, Executive Vice President, Operations, ComEd.

(20) J. Barry Mitchell, President & COO, ComEd (through May 11, 2009)

(21) In recognition of their overall performance, certain NEOs received an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years.

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Exelon, Generation and PECO

Summary Compensation Table

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) See Note 21 (D)	Stock Awards ($) See Note 22 (E)	Option Awards ($) See Note 23 (F)	Non-Equity Incentive Plan Compensation ($) See Note 24 (G)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) See Note 25 (H)	All Other Compen-sation ($) See Note 26 (I)	Total ($) (J)
Rowe[1]	2009	$ 1,468,077	—	$ 6,341,383	$ 2,236,660	$ 1,573,825	$ 173,566	$ 416,947	$ 12,210,448
	2008	1,474,423	—	6,402,614	2,093,040	1,835,166	830,272	400,192	13,035,707
	2007	1,361,154	—	5,674,614	1,957,500	1,680,249	504,385	416,026	11,595,928
O'Brien[2]	2009	532,923	—	1,255,539	443,001	395,970	233,772	55,464	2,916,669
	2008	495,538	—	1,280,523	403,920	428,934	105,978	175,687	2,890,580
	2007	450,154	—	785,716	247,950	488,642	99,320	96,339	2,148,121
Hilzinger[3]	2009	442,769	13,079	609,573	215,007	261,579	85,891	31,725	1,659,623
	2008	408,627	—	992,836	201,960	318,750	57,492	143,916	2,123,581
Barnett[4]	2009	307,996	—	382,121	135,642	153,788	55,038	23,407	1,057,992
	2008	297,308	(16,498)	394,007	123,012	148,477	35,808	561,590	1,543,704
	2007	283,969	50,000	349,207	110,925	221,075	33,065	80,037	1,128,278
Crane[5]	2009	821,154	—	2,049,674	707,070	680,213	719,399	76,140	5,053,650
	2008	894,230	—	2,748,159	514,080	750,000	642,938	272,727	5,822,134
	2007	558,000	—	2,413,227	456,750	577,536	442,503	158,029	4,606,045
McLean[6]	2009	640,346	—	1,519,384	536,796	437,276	122,086	87,738	3,343,626
	2008	561,538	—	2,281,177	514,080	510,416	95,727	216,544	4,179,482
	2007	482,500	—	1,353,177	456,750	403,276	53,160	96,874	2,845,737
Moler[7]	2009	482,592	—	1,509,839	443,001	282,270	40,181	76,253	2,834,236
	2008	484,615	—	1,280,523	403,920	329,000	333,981	195,611	3,027,650
Pardee[8]	2009	568,615	16,903	1,028,086	363,636	338,052	221,082	33,192	2,569,566
	2008	525,289	44,000	1,788,668	346,840	484,000	213,293	164,619	3,568,709
	2007	426,308	—	785,716	247,950	350,277	110,591	69,591	1,990,433
Cornew[9]	2009	391,306	11,172	609,573	215,007	223,447	99,877	17,175	1,567,559
Adams[10]	2009	330,339	16,515	482,200	168,831	165,152	190,121	4,100	1,357,258
	2008	320,000	—	794,269	152,388	175,973	72,722	86,772	1,602,124
	2007	305,008	—	349,207	110,925	222,621	74,219	10,602	1,072,582
Bonney[11]	2009	284,586	—	398,630	119,769	121,482	337,160	14,840	1,214,457
	2008	273,020	25,000	344,756	110,160	120,951	130,060	74,953	1,078,900
Acevedo[12]	2009	212,208	3,695	119,356		73,899	33,958	10,610	453,726
Galvanoni[13]	2009	220,828	3,934	172,864	62,049	78,689	37,458	11,520	587,342
	2008	214,462	(4,854)	172,378	62,424	92,213	23,908	66,284	626,815
	2007	199,603	—	386,493	52,200	119,096	20,969	12,707	791,068

vesting adds a retention element to the stock option program. All grants to the NEOs must be approved by the full board of directors, which acts after receiving a recommendation from the compensation committee, except grants to Mr. Rowe, which must be approved by the independent directors, who act after receiving recommendation from the compensation committee.

Non-equity incentive plan compensation includes the amounts earned under the annual incentive plan by the extent to which the applicable financial and operational goals were achieved. The amount of the annual incentive target opportunity is expressed as a percentage of the officer's or employee's base salary, and actual awards are determined using the base salary at the end of the year. Threshold, target and distinguished (i.e. maximum) achievement levels are established for each goal. Threshold is set at the minimally acceptable level of performance, for a payout of 50% of target. Target is set consistent with the achievement of the business plan objectives. Distinguished is set at a level that significantly exceeds the business plan and has a low probability of payout, and is capped at 200% of target. Awards are interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Summary Compensation Table

The tables below summarize the total compensation paid or earned by each of the NEOs of Exelon, Generation, PECO (shown in one table because of the overlap in their named executive officers) and ComEd for the year ended December 31, 2009.

Salary amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Tables reflect actual amounts paid during the year including the effect of changes in salary rates. Changes to base salary generally take effect on March 1, and there may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier approved by the compensation committee and the board of directors or, in the case of Mr. Rowe, approved by the independent directors.

Stock awards and option awards show the grant date fair value calculated in accordance with FASB ASC Topic 718.

Stock awards consist primarily of performance share awards pursuant to the terms of the 2006 Long-Term Incentive Plan. The compensation committee established a performance share unit award program based on total shareholder return for Exelon as compared to the companies in the Standard & Poor's 500 Index and the Dow Jones Utility Index for a three-year period. The threshold, target and distinguished goals for performance unit share awards are established on the grant date (generally the date of the first compensation committee meeting in the fiscal year). The actual performance against the goals and the number of performance unit share awards are established on the award date (generally the date of the first compensation committee meeting after the completion of the fiscal year). Upon retirement or involuntary termination without cause, earned but non-vested shares are eligible for accelerated vesting. The form of payment provides for payment in Exelon common stock to executives with lower levels of stock ownership, with increasing portions of the payments being made in cash as executives' stock ownership levels increase in excess of the ownership guidelines. If an executive achieves 125% or more of the applicable ownership target, performance shares will be paid half in cash and half in stock. If executive vice presidents and above achieve 200% or more of their applicable stock ownership target, their performance shares will be paid entirely in cash. In limited cases, the compensation committee has determined that it is necessary to grant restricted shares of Exelon common stock or restricted stock units to executives as a means to recruit and retain talent. They may be used for new hires to offset annual or long-term incentives that are forfeited from a previous employer. They are also used as a retention vehicle and are subject to forfeiture if the executive voluntarily terminates, and in some cases may incorporate performance criteria as well as time-based vesting. When awarded, restricted stock or stock units are earned by continuing employment for a pre-determined period of time or, in some instances, after certain performance requirements are met. In some cases, the award may vest ratably over a period; in other cases, it vests in full at one or more pre-determined dates. Amounts of restricted shares held by each NEO, if any, are shown in the footnotes to the Outstanding Equity Table.

All option awards are made pursuant to the terms of the 2006 Long-Term Incentive Plan. All options are granted at a strike price that is not less than the fair market value of a share of stock on the date of grant. Fair market value is defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange. Individuals receiving stock options are provided the right to buy a fixed number of shares of Exelon common stock at the closing price of such stock on the grant date. The target for the number of options awarded is determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the compensation committee using a lattice binomial ratio valuation formula. Options vest in equal annual installments over a four-year period and have a term of ten years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause. Time excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and are therefore deductible for Federal income tax purposes. However, because of the element of compensation committee and ComEd board of directors discretion in the 2007-2009 ComEd Long-Term Incentive Program, payments under that program are not eligible for Federal income tax deduction to the extent that, combined with an individual's base salary, payments exceed $1 million. Restricted stock and restricted stock units are not deductible by the company for Federal income tax purposes under the provisions of Section 162(m) if NEOs' compensation that is not "qualified performance-based compensation" is in excess of $1 million.

Under Section 4999 of the Internal Revenue Code, there is a steep excise tax if change in control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. This provision can have an arbitrary effect, due to the uneven effect of such items as relocation reimbursements and stock option exercises. In addition, the excise tax is imposed if compensation is only $1 greater than the threshold. Accordingly, Exelon had a policy of providing excise tax gross-ups, and avoiding gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold. In December 2007 the compensation committee reviewed this policy and concluded that it was reasonable. As discussed above, in April 2009 the compensation committee again reviewed this policy and adopted a new policy that no future employment or severance agreement that provides for benefits for NEOs on account of termination will include an excise tax gross-up.

Conclusion

The compensation committee is confident that Exelon's compensation programs are performance-based and consistent with sound executive compensation policy. They are designed to attract, retain and reward outstanding executives and to motivate and reward senior management for achieving high levels of business performance, customer satisfaction and outstanding financial results that build shareholder value.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the 2009 Annual Report on Form 10-K and the 2010 Proxy Statement.

February 4, 2010

The Compensation Committee
Rosemarie B. Greco, Chair
John A. Canning, Jr.
M. Walter D'Alessio
William C. Richardson
Stephen D. Steinour

Based on the formula and the exercise of discretion to cap the awards, 2009 ComEd Long-Term Incentive Awards for NEOs were as set forth in the following table. The first third of the award vests upon the award date, with the remaining thirds vesting on the date of the compensation committee's January meeting in the next two years.

ComEd	Value *	Form of Payment
Clark	$ 1,036,000	100% Cash
Trpik	131,556	100% Cash
McDonald	296,186	100% Cash
Pramaggiore	527,342	100% Cash
Hooker	316,000	100% Cash
Donnelly	382,110	100% Cash
Mitchell	714,000	100% Cash

* Based on 100% of target opportunity.

Performance-Based Restricted Stock Awards; Special Recognition Award

In July 2004, the compensation committee and the Exelon board of directors approved a restricted stock opportunity for Mr. Frank M. Clark and for Ms. Elizabeth Moler of up to 10,000 shares each, with up to 5,000 to be awarded in 2007 and up to 5,000 to be awarded in 2009, based on the qualitative assessment by the Chairman and CEO of their performance with respect to regulatory objectives and the compensation committee's and the board of directors' approval. The compensation committee and the board of directors considered these opportunities in July 2009. In recognition of Mr. Clark's success in obtaining legislative approval of a rider for uncollectible expenses, success in the distribution rate case and the Smart Grid Pilot rider, obtaining approval by the FERC of the transmission formula rate, a successful relationship with the IPA, and ongoing efforts to increase productivity and cost efficiencies and imposing financial discipline, the compensation committee recommended and the Exelon board of directors approved a grant of 5,000 shares. This award was settled in cash instead of stock. In recognition of Ms. Moler's efforts to defend competitive markets and advocate for climate change legislation, defend the Illinois procurement process, and leading the effort to obtain regulatory approval for the proposed NRG transaction, the compensation committee recommended and the Exelon board of directors approved a grant of 5,000 shares. In November 2009 the compensation committee recommended and the ComEd board approved a cash recognition award of $150,000 for Mr. John T. Hooker in recognition of his accomplishments in leading a team that worked successfully for passage of uncollectible rider legislation and for sponsoring a team that made significant progress on operational efficiency initiatives.

Tax Consequences

Under Section 162(m) of the Code, executive compensation in excess of $1 million paid to a CEO or other person among the four other highest compensated officers is generally not deductible for purposes of corporate Federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The compensation committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for Federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a Federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Rowe's base salary in

2007-2009 ComEd Long-Term Incentive Program

In 2007 the compensation committee recommended, and the ComEd board adopted, a long-term incentive program designed to align the incentive compensation program with ComEd's status as a fully regulated operating company. Accordingly, the program pays out in cash; there is no Exelon equity component to the program. The program for the 2007-2009 performance period is based on ComEd's executive's ability to avoid adverse legislation and maintain competitive power procurement with cost pass through as well as make appropriate progress in ComEd's 2007-2011 business plan. The measures are qualitative and quantitative and encompass financial (one-third), operational (one-third), and regulatory and legislative (one-third) goals for the three-year target. There is a subjective element to payouts under the program. Financial goals for the performance cycle are that by year-end 2009, ComEd's 2010 budget should reflect financial stability as evidenced by financial measures such as an industry median, adjusted (non-GAAP) operating return on equity, with the milestone for year-end 2009 being an adjusted (non-GAAP, e.g., excluding goodwill) return on equity at 8.3% with 55% debt; the threshold for this milestone is 7.2%, with distinguished at 8.8%. Operational goals are measured by ComEd CAIDI and ComEd SAIFI. The performance cycle goals are to achieve second quartile (or the level agreed to with the Illinois Commerce Commission) with targets of 1.15 and 92, respectively. The 2009 milestone is SAIFI of 1.03, with threshold at 1.13 and distinguished at 0.99, and CAIDI at 87, with threshold at 96 and distinguished at 84. The regulatory/legislative goals for the performance cycle are measured by ratemaking, preservation of the power procurement process, and avoidance of harmful legislation. The goals for the performance cycle are filing the next rate case using a future test year as base, if feasible; managing other regulatory proceedings in support of goals to improve cost recovery, the customer experience, and operations; minimize risks; promote retail competition, energy efficiency, and demand response; and exploring and implementing, where appropriate, new technologies such as AMI or Smart Grid, or processes to enhance the operation of the system or the customer experience. The goal also includes identifying more opportunities to operate cost efficiently and to support the transmission rate case updates; implementing the 2009 procurement process and supporting the IPA to develop policies and plans that reasonably align with ComEd's goals; and to continue to meet legislative energy efficiency, demand response and renewables requirements; and continuing to avoid legislation that would adversely impact the effective operations or that interferes with the business and support legislation that is helpful to cost recovery, ComEd's energy efficiency, technology development, retail choice, or environmental goals.

For the performance period of January 1, 2009 through December 31, 2009, ComEd achieved distinguished performance relative to CAIDI (outage duration) and distinguished performance relative to SAIFI (outage frequency). For the same time period, ComEd achieved an above target but below distinguished level of performance relative to 2009 operating return on equity. The Committee considered performance on the financial goal to have been above target. ComEd also achieved a distinguished level of performance relative to its regulatory and legislative goals. Based on their evaluation of this performance, and the desire to cap payouts to achieve a rough parity with long-term incentive payouts of the other Exelon operating companies, the compensation committee recommended and the ComEd board approved payouts to participants for 2009 that represented 100% of each participant's target opportunity.

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Exelon performance share unit awards

The 2009 Long-Term Performance Share Unit Award Program was based on two measures, Exelon's three-year Total Shareholder Return (TSR), compounded monthly, as compared to the TSR for the companies listed in the Dow Jones Utility Index (60% of the award), and Exelon's three-year TSR, as compared to the companies in the Standard and Poor's 500 Index (40% of the award). This structure was consistent with the structure used in the 2008 program.

Payouts are determined based on the following scale: the threshold TSR Position Ranking, for a 50% of target payout, was the 25th percentile; the target, for a 100% payout, was 50th percentile; and distinguished, for a 200% payout, was the 75th percentile, with payouts interpolated for performance falling between the threshold, target, and distinguished levels.

Exelon fell below target performance levels with respect to both TSR measures. For the performance period of January 1, 2007 through December 31, 2009, Exelon's relative ranking of TSR as compared to the Dow Jones Utility Index was at the 37.5 percentile ranking or 75% of target payout. For the same time period, the company's relative ranking of TSR in the S&P 500 Index was at the 49.5 percentile ranking or 99.1% of target payout. Overall performance against both measures combined resulted in a payout to participants for 2009 that represented 84.6% of each participant's target opportunity.

The amount of each NEO's target opportunity was based on the portion of the long-term incentive value for each NEO attributable to performance share units (75%) and the weighted average Exelon stock price for the fourth quarter of 2008.

Based on the formula, 2009 Performance Share Unit Awards for NEOs were as set forth in the following table. The first third of the awarded performance shares vests upon the award date, with the remaining thirds vesting on the date of the compensation committee's January meeting in the next two years.

Exelon, Generation, and PECO	Shares	Value *	Form of Payment **
Rowe	58,966	$ 2,717,743	100% Cash
O'Brien	11,675	538,101	100% Cash
Hilzinger	5,668	261,238	50% Cash /50% Stock
Barnett	3,553	163,758	50% Cash /50% Stock
Crane	19,137	882,024	100% Cash
McLean	14,128	651,160	100% Cash
Moler	11,675	538,101	100% Cash
Pardee	9,560	440,620	50% Cash /50% Stock
Comew	5,668	261,238	50% Cash /50% Stock
Adams	4,484	206,668	50% Cash /50% Stock
Bonney	3,130	144,262	50% Cash /50% Stock
Acevedo	850	39,177	100% Stock
Galvanoni	1,607	74,067	50% Cash /50% Stock
Trpik***	942	43,417	100% Cash

* Based on the Exelon closing stock price of $46.09 on January 25, 2010.

** Form of payment based on stock ownership level. Stock payment means amounts paid in shares of Exelon common stock. Refer to the Stock Ownership Guidelines section in Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

*** Mr. Trpik received a pro-rated performance share unit award for the period that he was an Exelon officer before becoming an officer of ComEd.

directors, as the case may be (or in the case of Mr. Rowe, the independent directors) approved the following awards for the NEOs:

Exelon, Generation, and PECO	Payout as a % of Target (pre-SPF)	Payout $ (pre-SPF)	SPF Reduction $	Payout as a % of Target (post-SPF & pre-IPM)	Payout $ (post-SPF & pre-IPM)	IPM %	Payout $ (post-SPF & post-IPM)
Rowe	97.0%	$ 1,573,825	$ —	97.0%	$ 1,573,825	100%	1,573,825
O'Brien	127.5	512,475	(116,505)	98.5	395,970	100	395,970
Hilzinger	122.8	328,479	(66,900)	97.8	261,579	105	274,658
Barnett	153.2	237,432	(83,644)	99.3	153,788	100	153,788
Crane	97.0	680,213	—	97.0	680,213	100	680,213
McLean	97.0	437,276	—	97.0	437,276	100	437,276
Moler	97.0	282,270	—	97.0	282,270	100	282,270
Pardee	110.7	380,033	(41,981)	98.5	338,052	105	354,955
Cornew	87.3	223,447	—	87.3	223,447	105	234,620
Adams	153.2	254,977	(89,825)	99.3	165,152	110	181,667
Bonney	153.2	187,555	(66,073)	99.3	121,482	100	121,482
Acevedo	122.8	92,799	(18,900)	97.8	73,899	105	77,594
Galvanoni	122.8	98,814	(20,125)	97.8	78,689	105	82,623

ComEd	Payout as a % of Target (pre-CEO Discretion)	Payout $ (pre-CEO Discretion)	CEO Discretion Reduction $	Payout as a % of Target (pre-IPM)	Payout $ (pre-IPM)	IPM %	Payout $ (post-IPM)
Clark	179.8%	$ 764,613	$ (339,363)	100%	$ 425,250	100%	425,250
Trpik	179.8	226,552	(100,552)	100	126,000	105	132,300
McDonald	179.8	225,931	(100,276)	100	125,655	100	125,655
Pramaggiore	179.8	447,710	(198,710)	100	249,000	110	273,900
Hooker	179.8	326,343	(144,843)	100	181,500	105	190,575
Donnelly	179.8	346,121	(153,621)	100	192,500	105	202,125
Mitchell	179.8	511,360	(226,960)	100	284,400	100	284,400

How long-term incentives were determined

The compensation committee reviewed the amount of long-term compensation paid in the peer group for positions comparable to the positions held by the NEOs and then applied a ratio of stock options to performance shares in order to determine the target long-term equity incentives for each NEO, using Black-Scholes valuation for stock options and a 90 day weighted-average price for the preceding quarter to value performance shares. Stock option grants for 2009 were all at the targeted amounts. The actual amounts of performance shares awarded to the NEOs depended on the extent to which the performance measures were achieved.

Stock option awards

The company granted non-qualified stock options to the Exelon Corporation senior officers, including the NEOs, but excluding the ComEd NEOs, on January 26, 2009. The stock option grants for 2009 were all at the targeted amounts. These options were awarded at an exercise price of $56.51, which was the closing price on the January 26, 2009 grant date. The number of the option awards granted in 2009 was larger than in 2008, reflecting the decrease in the price of Exelon's stock on the grant date in 2009 as compared to the price on the grant date in 2008.

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ComEd

2009 Goals	Threshold	Target	Distinguished	2009 Results	Payout as a Percentage of Target
Adjusted ComEd Net Income ($M)	$ 298.6	$ 345.0	$ 365.0	$ 355.6	152.95%
Adjusted ComEd Total Capital Expenditures ($M)	$ 762.2	$ 725.9	$ 704.1	$ 714.5	152.53%
Adjusted ComEd Total O&M Expense ($M)	$ 680.9	$ 648.4	$ 629.0	$ 602.7	200.00%
ComEd Reliability Measure—CAIDI (minutes per outage)	96	87	84	84	200.00%
ComEd Reliability Measure—SAIFI (outages per customer)	1.13	1.03	0.99	0.86	200.00%
ComEd Safety Measure—OSHA Recordable Rate	1.30	1.13	1.08	1.04	200.00%
ComEd Customer Satisfaction (weighted combined score of residential, small commercial & industrial and large commercial & industrial customers)	77	79	81	80.5	175.00%
ComEd Focused Initiatives	90%	100%	105%	113%	200.00%

The 2009 annual incentive program included the following shareholder protection features (SPF):

- If target earnings per share are not achieved, then operating company/business unit key performance indicator payments are limited to actual performance, not to exceed 100% of the target payout
- If earnings per share are greater than or equal to target, but less than 150% of target, then the operating company/business unit key performance indicator payments are limited to 150% of target payout
- If earnings per share are greater than or equal to 150% of target, operating company/business unit key performance indicators are based on actual performance.

As a result of 2009 earnings being at 97% of target, the operating company/business unit key performance indicators were limited to actual performance, not to exceed 100% of target. The effect of these SPF reductions is shown in the table below.

In making annual incentive awards, the compensation committee has the discretion to reduce or not pay awards even if the targets are met. The compensation committee recommended, and the ComEd board of directors approved, a capping of ComEd awards at target (100%) in order that the annual incentive compensation paid at Exelon's operating companies be roughly equal.

With respect to the NEOs in the table below, individual performance multipliers (IPM) other than 100% were approved and recommended by the compensation committee based upon assessments of NEO performance and input from the CEO. Under the terms of the Annual Incentive Program, the individual performance multiplier is used to adjust awards from minus 50% to plus 10% subject to the maximum 200% of target opportunity and the amounts available under the incentive pool. Increases in IPM shown below reflect exceptional performance.

Based on the performance against the goals shown in the tables above, and taking into account the reductions resulting from the shareholder protection features and the caps and adjustments discussed above, the compensation committee recommended and the Exelon or the ComEd board of

Name	Adjusted ComEd Net Income	Adjusted ComEd Total Capital Expenditures	Adjusted ComEd Total O&M Expense	ComEd Reliability, Safety, Customer Satisfaction Measures & Focused Initiatives
Clark	25%	12.5%	12.5%	50%
Trpik	25	12.5	12.5	50
McDonald	25	12.5	12.5	50
Pramaggiore	25	12.5	12.5	50
Hooker	25	12.5	12.5	50
Donnelly	25	12.5	12.5	50
Mitchell	25	12.5	12.5	50

The following table describes the performance scale and result for the 2009 goals:

Exelon, Generation, and PECO

2009 Goals	Threshold	Target	Distinguished	2009 Results	Payout as a Percentage of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 3.65	$ 4.15	$ 4.45	$ 4.12	97.00%
Adjusted Generation Net Income ($M)	$ 2,010	$ 2,160	$ 2,260	$ 2,092.5	77.50%
Adjusted PECO Net Income ($M)	$ 275	$ 334	$ 360	$ 350.63	163.95%
Exelon Nuclear Fleet-Wide Capacity Factor	91.1%	93.1%	93.8%	93.6%	171.43%
Adjusted PECO Total Cost ($M)	$ 912.03	$ 868.60	$ 842.55	$ 790.88	200.00%
Adjusted BSC Total Cost ($M)	$ 668.7	$ 636.9	$ 617.8	$ 576.4	200.00%
PECO Reliability Measure—Customer Average Interruption Duration Index (CAIDI) (minutes per outage)	96	90	87	90	100.00%
PECO Reliability Measure—System Average Interruption Frequency Index (SAIFI) (outages per customer)	1.08	0.85	0.76	0.80	155.56%
PECO Reliability Measure—Gas All-In Corrective Maintenance Backlog (year-end number of tasks)	500	475	450	422	200.00%
PECO Safety Measure—Occupational Safety and Health Administration (OSHA) Recordable Rate	1.68	1.05	0.95	1.45	68.25%
PECO Customer Satisfaction (weighted combined score of residential, small commercial & industrial and large commercial & industrial customers)	77	79	81	81.6	200.00%
PECO Focused Initiatives	90%	100%	105%	105%	200.00%

For executives with general corporate responsibilities, the goal was adjusted (non-GAAP) operating earnings per share so that they would focus their efforts on overall corporate performance. The earnings per share goal ranges were set to be like the forecast earnings ranges, with the annual incentive plan target the same as the financial plan target. In accordance with the design of the annual incentive program, the compensation committee reviewed 2009 earnings and decided not to include the effects of significant one-time charges or credits that are not normally associated with ongoing operations and mark-to-market adjustments from economic hedging activities in adjusting earnings for purposes of making awards under the annual incentive plan. The adjusted earnings are consistent with the adjusted (non-GAAP) operating earnings that Exelon reports in its quarterly earnings releases. For 2009, the adjustments included:

- the cost of Illinois rate relief associated with the legislative settlement and a settlement with the City of Chicago,
- unrealized gains and losses on mark-to-market adjustments,
- a reduction in estimated decommissioning costs,
- incremental costs associated with the proposed NRG transaction,
- certain non-cash income tax benefits,
- severance costs,
- costs of a debt tender and refinancing, and
- charges associated with the impairment or retirement of certain generating assets.

2009 annual incentive payments for other NEOs with specific business unit responsibilities were based upon a combination of adjusted (non-GAAP) operating earnings per share (so that they would focus on overall corporate performance) and business unit financial and/or operating measures, depending on the nature of their responsibilities (so they would focus on the performance of their business unit). Under the terms of the plan, the business unit financial measures are adjusted from GAAP measures. For ComEd executive officers, adjusted (non-GAAP) operating earnings of Exelon were not a goal, consistent with the continuing efforts to recognize ComEd's independence as described above. ComEd's goals included other financial and operational goals. PECO's financial measures were slightly adjusted, as compared to 2008, to better align them with ComEd's goals. The following table summarizes the goals and weights applicable to the NEOs for 2009:

Exelon, Generation and PECO

Name	Adjusted Operating Earnings Per Share	Adjusted Generation Net Income	Adjusted PECO Net Income	Exelon Nuclear Fleet-Wide Capacity Factor	Adjusted PECO Total Cost	Adjusted BSC Total Cost	PECO Reliability, Safety, Customer Satisfaction Measures & Focused Initiatives
Rowe	100%	—%	—%	—%	—%	—%	—%
O'Brien	50	—	20	—	—	—	30
Hilzinger	75	—	—	—	—	25	—
Barnett	25	—	20	—	25	—	30
Crane	100	—	—	—	—	—	—
McLean	100	—	—	—	—	—	—
Moler	100	—	—	—	—	—	—
Pardee	50	25	—	25	—	—	—
Cornew	50	50	—	—	—	—	—
Adams	25	—	20	—	25	—	30
Bonney	25	—	20	—	25	—	30
Acevedo	75	—	—	—	—	25	—
Galvanoni	75	—	—	—	—	25	—

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The amounts of base pay, percentages of increase, and effective dates of base salary increases are set forth in the following table.

Exelon, Generation and PECO

Name	Base Salary	Percent Increase	Effective Date
Rowe	$ 1,475,000	3.1%	3/1/2009
O'Brien	536,000	3.1	3/1/2009
Hilzinger	446,000	4.9	3/1/2009
Barnett	309,900	3.3	3/1/2009
Crane	825,000	3.1	3/1/2009
McLean	644,000	3.0	3/1/2009
Moler	485,000	3.2	3/1/2009
Pardee	572,000	4.0	3/1/2009
Cornew	394,000	3.7	3/1/2009
Adams	332,800	4.0	3/1/2009
Bonney	285,928	4.0	3/1/2009
Bonney	306,000	7.0	12/7/2009
Acevedo	211,926	4.5	3/1/2009
Acevedo	216,000	1.9	6/22/2009
Galvanoni	216,320	4.0	3/1/2009
Galvanoni	230,000	6.3	8/3/2009

ComEd

Name	Base Salary	Percent Increase	Effective Date
Clark	$ 567,000	3.1%	3/1/2009
Trpik	254,550	4.0	3/1/2009
Trpik	280,000	10.0	8/3/2009
McDonald	336,000	3.1	3/1/2009
Pramaggiore	353,200	4.5	3/1/2009
Pramaggiore	415,000	17.5	5/11/2009
Hooker	312,000	4.0	3/1/2009
Hooker	330,000	5.8	5/11/2009
Donnelly	286,000	4.0	3/1/2009
Donnelly	350,000	22.4	5/11/2009
Mitchell	474,000	3.0	3/1/2009

How 2009 annual incentives were determined

For 2009, the annual incentive payments to Mr. Rowe and each of nine other senior executives were funded by a notional incentive pool established by the Exelon compensation committee under the Annual Incentive Plan for Senior Executives, a shareholder-approved plan, which is intended to comply with Section 162(m). The incentive pool was funded with 1.5% of Exelon's 2009 operating income, the same percentage used in 2008 and 2007, but was not fully distributed to participants because the committee decided on substantially lesser awards.

Annual incentive payments for 2009 to Messrs. Rowe, O'Brien, Crane, McLean, Clark, Pardee, and Mitchell and Ms. Moler were made from the portion of the incentive pool available to fund awards for each of them based on the company's operating earnings per share, adjusted for non-operating charges and other unusual or non-recurring items.

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The Exelon board considered, in particular, strong operational results. Outage frequency and duration improved at the energy delivery companies, with ComEd's outage results being its best ever, and the average capacity factor of the nuclear generating plants was also high, with 2009 being the seventh consecutive year with capacity factor above 93%. While operating earnings declined as a result of the continued economic turmoil, lower demand, poor power prices, unfavorable weather, and higher pension and post-retirement benefit costs, the cost management initiative was clearly successful. The board also considered 2009 progress in advancing longer-term goals, including efforts to promote pragmatic strategies for addressing climate change, progress in the Exelon 2020 strategy, including outperforming on the carbon dioxide reduction commitment and being on track on all other 2020 initiatives, the launching of a less expensive and lower risk strategy to expand nuclear generation through uprating Exelon's existing nuclear plants, the initiation of two transmission initiatives, establishing Exelon Transmission Company and working to address transmission constraints that suppress prices for the output of the nuclear plants in the Midwest, and progress on smart grid initiatives at ComEd and PECO. The board also considered progress in talent development, diversity, and the corporate culture.

How base salary was determined

At its January 26, 2009 meeting, the compensation committee reviewed base salary data for the NEOs listed in the Summary Compensation Table as compared to compensation data at the 50th and 75th percentile of the peer group. Based on this review and their individual performance reviews, including the review of Mr. Rowe's performance by the corporate governance committee and the independent directors, the NEOs received base salary increases effective as of March 1, 2009 that ranged from 3% to 5%, with the overwhelming majority of the increases ranging from 3% to 4%, and only three exceeding 4%. These increases were consistent with the average 4% increase that the consultant reported was competitive.

In April 2009 Messrs. J. Barry Mitchell, ComEd's President and Chief Operating Officer, and Robert K. McDonald, ComEd's Senior Vice President and Chief Financial Officer, announced their planned retirements and the compensation committee recommended, and the ComEd board approved, compensation adjustments in connection with the additional responsibilities assumed by certain officers as a result of promotions under the reorganization of ComEd's management structure that ensued from the retirements. These adjustments took effect on May 11, 2009. Anne R. Pramaggiore was promoted to President and Chief Operating Officer. Terence R. Donnelly was promoted to Executive Vice President, Operations. John T. Hooker was promoted to Executive Vice President, Legislative and External Affairs.

In June 2009 Exelon's executive leadership organizational structure was reorganized. In July 2009, the compensation committee recommended, and the board of directors approved, compensation adjustments in connection with the additional responsibilities assumed by certain officers as a result of promotions under the reorganization. In addition, the compensation committee recommended, and the ComEd board approved, an increase in compensation for Mr. Joseph R. Trpik, Jr., who had been appointed interim Chief Financial Officer of ComEd in the May 2009 reorganization and was appointed Senior Vice President, Chief Financial Officer and Treasurer of ComEd effective July 6, 2009. These increases were based on the compensation committee's determination that the compensation for these officers in their new roles was not competitive, as evidenced by market comparisons with the peer group prepared by the compensation committee's consultant using the same methodology used for annual adjustments. These base salary adjustments were effective as of August 3, 2009.

Messrs. Acevedo, Galvanoni, and Bonney received base salary increases in June, August and December, 2009, respectively, in connection with their assuming additional responsibilities.

service under the SERP related to its cash balance pension plan to make the executive whole for retirement benefits lost from another employer by joining Exelon, provided such a grant is disclosed to shareholders. To date, Exelon has not made any such grant.

Perquisites

Exelon provides limited perquisites intended to serve specific business needs for the benefit of Exelon; however, it is understood that some may be used for personal reasons as well. When perquisites are utilized for personal reasons, the cost or value is imputed to the officer as income and the officer is responsible for all applicable taxes; however, in certain cases, the personal benefit is closely associated with the business purpose in which case the company may reimburse the officer for the taxes due on the imputed income. In 2005, the compensation consultant reviewed Exelon's perquisites program. Although specific data for Exelon's peer group was not available, the compensation consultant based its analysis on survey data for large energy and general industry companies. The compensation consultant found that Exelon's perquisite program was competitive. The compensation committee reviewed the costs of the perquisite program and determined the costs to be appropriate for a company of Exelon's size.

Anticipating an emerging trend among the peer group to curtail perquisite programs in the future, on January 22, 2007 the compensation committee approved the phase-out of many executive perquisites, effective January 1, 2008. The eliminated perquisites included: leased vehicles (existing leases allowed to expire), financial and estate planning, tax preparation and health and dining/airline club memberships.

How The Amount of 2009 Compensation Was Determined

This section describes how 2009 compensation was determined and awarded to the NEOs.

The independent directors of the Exelon board, on the recommendations of the Exelon corporate governance committee, conducted a thorough review of Mr. Rowe's performance in 2009. The review considered performance requirements in the areas of finance and operations, strategic planning and implementation, succession planning and organizational goals, communications and external relations, board relations, leadership, and shareholder relations. Mr. Rowe prepared a detailed self-assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company's vision and goals. The factors considered included:

- goals with respect to protecting the current value of the company, including:
  - delivering superior operating performance in terms of safety, reliability, efficiency, and the environment,
  - supporting competitive markets,
  - protecting the value of our generation assets, and
  - building healthy, self-sustaining delivery companies; as well as
- goals relating to growing long-term value, including:
  - organizational improvement,
  - advancing an environmental strategy that sets the industry standard for low carbon energy generation and delivery, and
  - rigorously evaluating new growth opportunities.

- Excise tax gross-up payments, but only if the compensation includable in determining whether excise taxes apply exceed 110% of the threshold amount; otherwise the NEO's benefits are reduced so that no excise tax is imposed; and

- Amounts that may be required by existing agreements that have not been materially modified, Exelon's indemnification obligations or the reasonable terms of a settlement agreement.

In April 2008, the compensation committee reviewed the level of non-change in control severance benefits provided to senior vice presidents. These benefits had varied over time as the corporate organization evolved within a range of 1.25 to 2 times annual salary and incentive. The compensation consultant reported that 1.5 times annual salary and incentive was more appropriate and consistent with competitive practices. The compensation committee determined that non-change in control severance benefits for senior vice presidents would be reset at 1.5 times annual salary and bonus, provided that those senior vice presidents with such benefits at 2 times annual salary and bonus would be grandfathered at that level. In December 2008, the individual change in control employment agreements provided to the NEOs (other than the CEO) and certain other executives were amended to comply with section 409A of the Internal Revenue Code, which requires that certain payments of deferred compensation be paid not earlier than six months following a termination of employment. In addition, the severance multiple available to executives who entered into such agreements prior to 2007 was reduced from 3.0 to 2.99 times base salary and annual incentive, consistent with the 2007 compensation committee policy described immediately above, and the board's recoupment policy was incorporated.

In April 2009, the compensation committee adopted a policy that no future employment or severance agreement that provides for benefits for NEOs on account of termination will include an excise tax gross-up. The policy applies to employment, change in control, severance and separation agreements entered into, adopted, or materially changed on or after April 2, 2009, other than agreements changed to comply with law or to reduce or eliminate rights, agreements assumed in a corporate transaction, and automatic extensions or renewals where other terms are not changed. The compensation committee has the sole and absolute power to interpret and apply the policy, and it can amend, waive or terminate it if in the best interest of the company, provided that prompt disclosure is made.

Retirement Benefit Plans

The compensation committee believes that retirement benefit plans are an important part of the NEO compensation program. These plans serve a critically important role in the retention of senior executives, as retirement benefits increase for each year that these executives remain employed. The plans thereby encourage our most senior executives to remain employed and continue their work on behalf of the shareholders. Exelon sponsors both qualified traditional defined benefit and cash balance defined benefit pension plans and related non-qualified supplemental pension plans (the SERPs).

Exelon previously granted additional years of credited service under the SERP to a few executives in order to recruit or retain them. As of January 1, 2004, Exelon ceased the practice of granting additional years of credited service to executives under the non-qualified pension plans that supplement the Exelon Corporation Retirement Program for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date. Service credits available under employment, change in control or severance

agreements or arrangements (or any successor arrangements) in effect as of January 1, 2004 were not affected by this policy. To attract a new executive, Exelon is permitted to grant additional years of recognize ComEd's Independence and the compensation committee's recommendation that ComEd officers participate in a separate cash-based long-term incentive program instead of receiving Exelon performance shares. For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Guidelines section in Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Exelon has adopted a policy requiring officers, executive vice presidents and above, who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Section 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information that could damage the reputation of the company. Many of the NEOs have such plans, and their exercises during 2009 are reflected in the "Option Exercises and Stock Vested" table below. Exelon's stock trading policy does not permit short sales or hedging.

Other Benefits

Other benefits offered by Exelon include such things as qualified and non-qualified deferred compensation programs, post-termination compensation, retirement benefit plans and perquisites. The company also provides other benefits such as medical and dental coverage and life insurance to each NEO to generally the same extent as such benefits are provided to other Exelon employees, except that executives pay a higher percentage of their total medical premium. These benefits are intended to make our executives more efficient and effective and provide for their health, well-being and retirement planning needs. The compensation committee reviews these other benefits to confirm that they are reasonable and competitive in light of the overall goal of designing the compensation program to attract and retain talent while maximizing the interests of our shareholders.

Change In Control and Severance Benefits

The compensation committee believes that change in control employment agreements and severance benefits are an important part of Exelon's compensation structure for NEOs. The compensation committee believes that these agreements will help to secure the continued employment and dedication of the NEOs to continue to work in the best interests of shareholders, notwithstanding any concern they might have regarding their own continued employment prior to or following a change in control. The compensation committee also believes that these agreements and the Exelon Corporation Senior Management Severance Plan are important as recruitment and retention devices, as all or nearly all of the companies with which Exelon competes for executive talent have similar protections in place for their senior leadership.

In 2007, the compensation committee adopted a policy limiting the amount of future severance benefits to be paid to NEOs under future arrangements without shareholder approval to 2.99 times salary plus annual incentive. This policy clarifies that severance benefits include cash severance payments and other post-employment benefits and perquisites, but do not include:

- Amounts earned in the ordinary course of employment rather than upon termination, such as pension benefits and retiree medical benefits;
- Amounts payable under plans approved by shareholders;
- Amounts available to one or more classes of employees other than the NEOs;

Base Salary

Exelon's compensation program for NEOs is designed so that approximately 18% to 51% of NEO total direct compensation is in the form of base salary, consistent with practices at the companies in the peer group.

Annual Incentives

Annual incentive compensation is designed to provide incentives for achieving short-term financial and operational goals for the company as a whole, and for subsidiaries, individual business units and operating groups, as appropriate. Under the annual incentive program, cash awards are made to NEOs and other employees if, and only to the extent that, performance conditions set by the compensation committee are met.

Long-term Incentives

Long-term incentives are made available to executives and key management employees who affect the long-term success of the company. The long-term incentive compensation programs are primarily equity based and designed to provide incentives and rewards closely related to the interests of Exelon's shareholders, generally as measured by the performance of Exelon's total shareholder return and stock price appreciation.

A portion of the long-term incentive compensation is in the form of performance share units that are awarded only to the extent that performance conditions established by the compensation committee are met. The balance of long-term incentive compensation is in the form of time-vested stock options that provide value only if, and to the extent that, the market price of Exelon's common stock increases following the grant. The use of both forms of long-term incentives is consistent with the practices in our peer group. The mix of long-term incentives depends on the compensation committee's assessment of competitive compensation practices of companies in the peer group.

Stock option repricing is prohibited by policy or the terms of the company's long-term incentive plans. Accordingly, no options have been repriced. Stock option awards are generally granted annually at the regularly scheduled January compensation committee meeting when the committee reviews results for the preceding year and establishes the compensation program for the coming year. Only two off-cycle grants of stock options were made in 2009, in each case to an officer beginning employment during the year.

In 2007, consistent with the continuing efforts to recognize ComEd's independence, the compensation committee recommended, and the ComEd board adopted, a separate long-term incentive program for ComEd's executives for the period 2007-2009. The goals under the ComEd long-term incentive program are the achievement of ComEd financial, operational, and regulatory/legislative goals. Payments under this plan are made in cash, and are awarded annually by the ComEd board based on the assessment of performance during the year. Other features of the program are similar to the Exelon performance share award program, including the payout of awards ranging from 0-200% of target and vesting over three years.

Executive stock ownership and trading requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock by the later of five years after their employment or promotion to their current position. However, in 2007 the compensation committee terminated the stock ownership requirements for ComEd officers in light of the continuing efforts to regulatory or nuclear matters. The delivery company presidents were evaluated as a blend of top energy delivery executives and freestanding CEOs, given the amount of independence they have. Mr. Rowe's target compensation was based on the same factors as the other NEOs, but his compensation reflected a greater degree of policy and decision-making authority and a higher level of responsibility with respect to strategic direction and financial and operating results of Exelon. His target compensation was assessed relative to other CEOs in the peer group. Mr. Rowe's compensation also reflects the fact that Exelon has the largest market capitalization in the industry and that Exelon has the largest nuclear fleet in the industry. It also reflects that Mr. Rowe is the senior CEO in the industry.

The role of individual performance in setting compensation

While the consideration of benchmarking data to assure that Exelon's compensation is competitive is a critical component of compensation decisions, individual performance is factored into the setting of compensation in three ways:

- First, base salary adjustments are based on an assessment of the individual's performance in the preceding year as well as a comparison with market data for comparable positions in the peer group.

- Second, annual incentive targets are based on the individual's role in the enterprise—the most senior officers with responsibilities that span specific business units or functions have a target based on earnings per share for the company as a whole, while individuals with specific functional or business unit responsibilities have a significant portion of their targets based on the performance of that functional or business unit.

- Third, consideration is given as to whether an individual performance multiplier would be appropriately applied to the individual's annual incentive plan award, based on the individual's performance. The individual performance multiplier can result in a decision not to make an award or to decrease the amount of the award or to increase the amount of the award by up to 10% so long as the adjusted award does not exceed the maximum amount that could be paid to the executive based on achievement of the objective performance criteria applicable under the plan.

Elements of Compensation

This section is an overview of our compensation program for NEOs. It describes the various elements and discusses matters relating to those items, including why the compensation committee chooses to include items in the compensation program. The next section describes how 2009 compensation was determined and awarded to the NEOs.

Exelon's executive compensation program is comprised of four elements: base salary; annual incentives; long-term incentives; and other benefits.

Cash compensation is comprised of base salary and annual incentives. Equity compensation is delivered through long-term incentives. Together, these elements are designed to balance short-term and longer-range business objectives and to align NEOs' financial rewards with shareholders' interests. For all NEOs other than those at ComEd, approximately 37% to 68% of NEOs' total target direct compensation is delivered in the form of cash and equity compensation accounts for approximately 32% to 63% of NEO total target direct compensation. For ComEd NEOs, all total target direct compensation is delivered in the form of cash and there is no equity component, consistent with continuing efforts to recognize ComEd's independence and to maximize recovery in rates. The range in the mix of cash and equity compensation is consistent with competitive compensation practices among companies in the peer group. The compensation committee believes that this mix of cash and equity compensation strikes the right balance of incentives to pursue specific short and long-term performance goals that drive shareholder value.

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The peer group criteria include having revenue similar to Exelon's $19 billion, market capitalization generally greater than $5 billion, and a balance of industry segments. The members of the peer group are reviewed each year to determine whether their inclusion continues to be appropriate. Generally the peer group is comprised of 24 companies: 12 general industry companies and 12 energy services companies. The companies were selected by the compensation committee from the Towers Perrin Energy Services Industry Executive Compensation Database and their Executive Compensation Database. The peer group was the same in 2009 as it was in 2008, except that for 2009 Energy Future Holdings, which is no longer publicly traded, was replaced by FPL Group because it met the criteria with revenues similar to Exelon's and is another energy services company. The peer group includes the following companies:

General Industry Companies	FY 2008 Revenue ($ Million)	FY 2008 Total Assets ($ Million)	October 2009 Market Cap ($ Million)
3M	$ 25,269	$ 25,547	$ 52,084
Abbott Laboratories	29,528	42,419	78,177
Caterpillar Inc.	51,324	67,782	34,287
General Mills Inc.	14,691	17,875	21,510
Hess Corporation	41,165	28,589	17,803
Honeywell International	36,556	35,490	27,386
International Paper	24,829	26,913	9,649
Johnson Controls Inc.	38,062	24,987	14,243
PepsiCo Inc.	43,251	35,994	94,397
PPG Industries, Inc.	15,849	14,698	9,423
Union Pacific Corp.	17,970	39,722	27,820
Weyerhaeuser Company	8,018	16,735	7,681
Energy Services Companies			
American Electric Power	$ 14,440	$ 45,155	$ 14,427
Centerpoint Energy	11,322	19,676	4,918
Dominion Resources, Inc.	16,290	42,053	20,360
Duke Energy Corp.	13,207	53,077	20,613
Edison International	14,112	44,615	10,367
Entergy Corp.	13,094	36,617	14,492
FirstEnergy Corp.	13,580	33,521	13,193
FPL Group	16,410	44,821	20,203
PG&E Corp.	14,628	40,860	15,165
Public Service Enterprise Group	13,807	29,049	15,078
Southern Co.	17,127	48,347	24,829
Xcel Energy, Inc.	11,203	24,958	8,605
Exelon	**$ 18,859**	**$ 47,817**	**$ 30,947**

The compensation committee generally applies the same policies with respect to the compensation of each of the individual NEOs. The compensation committee carefully considers the roles and responsibilities of each of the NEOs relative to the peer group, as well as the individual's performance and contribution to the performance of the business in establishing the compensation opportunity for each NEO. The differences in the amounts of compensation awarded to the NEOs reflect primarily two factors, the differences in the compensation paid to officers in comparable positions in the peer group and differences in the individual responsibility and experience of the Exelon officers. Time in position affects where individuals are relative to market percentiles, with cash compensation generally at the median and incentive compensation slightly above the median. The nuclear organization's pay is generally closer to the 75th percentile given the size and quality of Exelon's nuclear fleet, and certain positions are at the 75th percentile because of unusual expertise in

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2. A substantial portion of compensation should be granted as equity-based awards.

The compensation committee believes that a substantial portion of compensation should be in the form of equity-based awards in order to align the interests of the NEOs with Exelon's shareholders. The objective is to make the NEOs think and act like owners. Equity-based compensation is in the form of performance share units, stock options, and restricted stock units that are valued in relation to Exelon's common stock, and they gain value in relation to the market price of Exelon's stock or Exelon's total shareholder return in comparison to other energy services companies and/or general industry. Conversely, when the market price of Exelon's stock decreases, the value of the equity compensation decreases.

3. Exelon's compensation program should enable the company to compete for and retain outstanding executive talent.

Exelon's shareholders are best served when we can successfully recruit and retain talented executives with compensation that is competitive and fair. The compensation committee strives to deliver total direct compensation generally at the median (the 50th percentile), which is deemed to be the competitive level of pay of executives in comparable positions at certain peer companies with which we compete for executive talent. If Exelon's performance is at target, the compensation will be targeted at the 50th percentile; if Exelon's performance is above target, the compensation will be targeted above the 50th percentile, and if performance is below target, the compensation will be targeted below the 50th percentile. This concept reinforces the pay-for-performance philosophy.

Each year the compensation committee commissions its consultant to prepare a study to benchmark total direct compensation against a peer group of companies. The study includes an assessment of competitive compensation levels at high-performing energy services companies and other large, capital asset-intensive companies in general industry, since the company competes for executive talent with companies in both groups. All competitive data was aged to January 2009 using a 3.70% annual update factor. The study indicated that a steady state was appropriate, with an average of 4% increases to base salaries and relatively unchanged targets for annual and long-term incentives, and that no changes were needed for the long-term incentive mix and design. The consultant considered Exelon's organizational changes to determine how Exelon's positions compared with positions at its peers by establishing a benchmark match for each Exelon executive in the competitive market, where available, and reviewed each element of compensation as well as total direct compensation.

Elimination of Future Excise Tax Gross-ups on Termination Payments

In 2009 there were no significant changes to the design of Exelon's executive compensation program, except that in April 2009 the compensation committee adopted a policy that future employment or severance agreements that provide for benefits for NEOs on account of termination will not include an excise tax gross-up. The policy is more fully described below under Other Benefits—*Change In Control and Severance Benefits*. On October 27, 2009, the board of directors approved the Third Amended and Restated Employment Agreement with Mr. Rowe. In the agreement, Mr. Rowe's previous excise tax gross-up benefit was eliminated consistent with the policy. The agreement is more fully described below under Potential Payments upon Termination or Change in Control—Employment Agreement with Mr. Rowe.

Objectives of the Compensation Program

The compensation committee has designed Exelon's executive compensation program to attract and retain outstanding executives. The compensation programs are designed to motivate and reward senior management for achieving financial, operational and strategic success consistent with Exelon's vision of being the best group of electric generation and electric and gas delivery companies in the United States, providing superior value for Exelon's customers, employees, investors and the communities Exelon serves. Exelon's compensation program has three principles, as described below:

1. A substantial portion of compensation should be performance-based.

The compensation committee has adopted a pay-for-performance philosophy, which places an emphasis on pay-at-risk. Exelon's compensation program is designed to reward superior performance, that is, meeting or exceeding financial and operational goals set by the compensation committee. When excellent performance is achieved, pay will increase. Failure to achieve the target goals established by the compensation committee will result in lower pay. There are pay-for-performance features in both cash and equity-based compensation. The named executive officers (NEOs) listed in the Summary Compensation Table participate in an annual incentive plan that provides cash compensation based on the achievement of performance goals established each year by the compensation committee. A substantial portion of each NEO's equity-based compensation is in the form of performance share units that are paid to the extent that longer-range performance goals set by the compensation committee are met, with the balance delivered in stock options that have value only to the extent that Exelon's stock price increases following the option grant date. As a result of the performance-based features of his cash and equity-based compensation, 82% of Mr. Rowe's 2009 target total direct compensation (base salary plus annual and long-term incentive compensation) was at-risk. Similarly, of the other NEOs' 2009 target total direct compensation, approximately 49% to 75% was at-risk.

Recoupment Policy

Consistent with the pay-for-performance policy, in May 2007 the board of directors adopted a recoupment policy as part of Exelon's corporate governance principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

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As an example of the results of these actions, Mr. Rowe's 2010 long term equity incentive compensation has been reduced relative to 2009. Mr. Rowe received the following stock option grants and performance share grants and awards for 2009 and 2010:

Stock Options

Shares Granted	Value	Based on:
2009 155,000 @ strike price of $56.51	$ 2,236,650	Grant Date Fair Value
2010 138,000 @ strike price of $46.09	1,115,040	Estimated Grant Date Fair Value
Change in Grant Value from 2009 to 2010 =	$ (1,121,610)	

Performance Shares

Shares Granted	Value	Based on:
2009 69,700 (upon Grant)	$ 6,341,383	Grant Date Fair Value
58,966 (upon Award)	2,717,743	Actual Value on Award Date
2010 54,000 (upon Grant)	1,070,210	Estimated Grant Date Fair Value
Change in Grant Value from 2009 to 2010 =	$ (5,271,173)	

Reduced Value of Accumulated Wealth from Incentive Compensation Programs

Exelon's executive compensation program links the wealth that the named executive officers accumulate from their Exelon compensation to the company's future financial performance by paying a substantial portion of incentive compensation in the form of Exelon equity. As a result of this policy, in addition to the reductions in their compensation that have resulted from Exelon's lower financial performance, Exelon's NEOs have experienced significant reductions in their accumulated wealth because the value of Exelon's equity has declined since the price of Exelon's common stock peaked at $91.64 on July 10, 2008. The following table shows the value of Mr. Rowe's holdings of Exelon equity at December 31 2007, 2008 and 2009; the other NEOs have experienced proportional reductions in the value of their Exelon equity:

Name	Date: December 31,	Number of Vested Shares of Exelon Common Stock Note (1)	Value of Vested Shares of Exelon Common Stock	Number of Vested and Unvested Stock Options Note (2)	Value of Vested and Unvested Stock Options	Number of Unvested Performance Share Awards and Unvested Restricted Stock Awards	Value of Unvested Portion of Performance Share Awards and Unvested Restricted Stock Awards	Total Value
Rowe	2009	311,368	$ 15,216,554	648,000	$ 1,378,590	115,429	$ [illegible]	$ 22,236,149
	2008	309,985	17,238,266	493,000	2,922,040	127,338	7,081,266	27,241,572
	2007	337,514	27,554,643	379,000	12,134,910	116,753	9,529,266	49,218,819

(1) Vested shares held include shares held directly and through the Employee Stock Purchase Plan, the 401(k) plan, and share equivalents held in the deferred compensation plan. During 2008, Mr. Rowe's holdings increased by 51,317 shares as the result of options exercised through Rule 10b5-1 Sales Plans entered into in August 2006 and September 2007, offset by his donation of 80,000 shares to a charitable trust in November 2008 pursuant to another Rule 10b5-1 Sales Plan entered into in May 2008.

(2) During 2008, Mr. Rowe exercised 550,000 options pursuant to Rule 10b5-1 Sales Plans as described in the note above. These options have been omitted from the 2007 balance that is shown.

ComEd

Compensation Actually Paid to NEOs
(Equity Valued at Actual Value on Award Date Instead of Grant Date Fair Value)

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) (D)	Stock Awards Valued at Award Date ($) (E)	Value of In the Money Stock Options at 1/25/2010 ($) (F)	Non-Equity Incentive Plan Compensation ($) (G)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (H)	All Other Compensation ($) (I)	Total ($) (J)
Clark	2009	$ 564,385	—	$ 254,300	$	$ 1,461,250	$ 180,958	$ 85,880	$ 2,546,773
	2008	546,692	—			2,049,371	548,986	193,738	3,338,787
	2007	474,231	—	370,500		2,288,853	391,782	146,412	3,671,778
Trpik	2009	263,810	6,300	43,417	—	257,556	51,563	27,312	649,958
McDonald	2009	309,262	—			421,841	1,628,897	944,037	3,304,037
	2008	336,038	—			789,747	304,534	144,201	1,574,520
	2007	310,600	100,000			887,688	225,879	74,566	1,598,733
Pramaggiore	2009	391,269	24,900			776,342	89,876	33,774	1,316,161
	2008	348,500	20,295			817,247	49,083	127,421	1,362,546
	2007	290,154	150,000	326,560		347,222	36,593	43,225	1,193,754
Hooker	2009	321,923	159,075			499,500	172,435	46,885	1,199,818
	2008	307,692	9,007			667,135	474,468	128,861	1,577,183
	2007	277,231	150,000	326,560		696,830	283,124	65,433	1,798,178
Donnelly	2009	326,154	9,625			574,610	134,917	35,392	1,080,698
Mitchell	2009	471,846	—			998,400	1,517,123	77,702	3,065,071
	2008	477,692	—			1,402,448	571,280	197,955	2,649,375
	2007	437,477	—	408,200		1,592,848	736,464	138,596	3,313,585

Reductions in Compensation for 2010

Because of the earnings challenges Exelon faces in 2010, the compensation committee and the Exelon and ComEd boards of directors have taken the following actions to reduce compensation in 2010 and achieve approximately $150 million in savings:

- Freezing salaries for executives;

- Recalibrating the annual incentive program payout scale to reduce the threshold payout from 50% to 25% and reduce the target payout from 100% to 50%, while leaving distinguished payout at 200% (this is expected to result in approximately $100 million of the savings);

- Enhancing shareholder protection features in the annual incentive plan by limiting key performance indicator payouts to no more than 10% above the earnings payout percentage;

- Reducing the target values for long-term incentives by about 33%; and

- Reducing the company fixed match on 401(k) contributions from 5% to 3% of base salary, with the potential for a formula-based profit sharing contribution of up to an additional 3% of base salary.

Exelon, Generation and PECO

Compensation Actually Paid to NEOs
(Equity Valued at Actual Value on Award Date Instead of Grant Date Fair Value)

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) (D)	Stock Awards Valued at Award Date ($) (E)	Value of In the Money Stock Options at 1/25/2010 ($) (F)	Non-Equity Incentive Plan Compensation ($) (G)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (H)	All Other Compensation ($) (I)	Total ($) (J)
Rowe	2009	$ 1,468,077	—	$ 2,717,743	$ —	$ 1,573,825	$ [illegible]	$ [illegible]	$ [illegible]
	2008	1,474,423	—	5,877,040	—	1,835,166	830,272	400,192	10,417,093
	2007	1,361,154	—	8,808,359	—	1,680,249	504,385	418,026	12,772,173
O'Brien	2009	532,923	—	538,101	—	395,970	233,772	55,464	1,756,230
	2008	495,538	—	1,175,408	—	428,934	105,978	175,687	2,381,545
	2007	450,154	—	1,219,619	—	468,642	99,320	96,339	2,334,074
Hilzinger	2009	442,769	13,079	261,238	—	261,579	85,891	31,725	1,096,281
	2008	408,627	—	942,300	—	318,750	57,492	143,916	1,871,085
Barnett	2009	307,996	—	163,758	—	153,788	55,038	23,407	703,987
	2008	297,308	(16,498)	361,664	—	148,477	35,808	561,590	1,388,349
	2007	283,969	50,000	542,053	—	221,075	33,065	80,037	1,210,199
Crane	2009	821,154	—	882,024	—	680,213	719,389	[illegible]	[illegible]
	2008	694,230	—	2,613,292	—	750,000	642,938	272,727	4,973,187
	2007	558,000	—	3,160,541	—	577,536	442,503	158,029	4,896,609
McLean	2009	640,346	—	651,160	—	437,276	122,086	87,738	1,938,606
	2008	561,538	—	2,155,848	—	510,416	95,727	216,544	3,540,073
	2007	482,500	—	2,100,491	—	403,276	53,160	96,874	3,136,301
Moler	2009	482,692	—	792,401	—	282,279	40,161	[illegible]	1,673,797
	2008	484,615	—	1,175,408	—	329,000	333,981	195,511	2,518,615
Pardee	2009	568,615	16,903	440,620	—	338,052	221,082	33,192	1,618,464
	2008	525,289	44,000	1,703,768	—	484,000	213,293	164,619	3,134,969
	2007	426,308	—	1,219,619	—	350,277	110,591	69,591	2,176,386
Cornew	2009	391,308	11,172	261,238	—	223,447	99,877	[illegible]	1,004,217
Adams	2009	330,339	16,515	206,668	—	165,152	190,121	4,100	912,895
	2008	320,000	—	753,840	—	175,973	72,722	86,772	1,409,307
	2007	305,008	—	542,053	—	222,621	74,219	10,602	1,154,503
Bonney	2009	284,586	—	144,262	—	121,482	337,150	[illegible]	902,320
	2008	273,020	25,000	316,456	—	120,961	130,060	74,953	940,440
Acevedo	2009	212,208	3,695	84,385	—	73,899	33,958	10,610	418,755
Galvanoni	2009	220,828	3,934	74,067	—	78,689	37,458	11,520	426,496
	2008	214,462	(4,854)	158,228	—	92,213	23,908	66,284	550,241
	2007	199,603	—	473,259	—	119,096	20,969	12,707	825,634

Value of Compensation Actually Paid to Named Executive Officers

The valuation methods specified by the SEC rules for equity compensation reported in the Summary Compensation Table overstate the value of equity compensation in Exelon's situation, where 2009 grant date fair value for performance share units for the 2007-2009 performance period is based in part on historical data for the previous two plan years, which resulted in a high valuation due to strong performance in the 2005-2007 and 2006-2008 performance periods (when Exelon's performance share program paid out at 184.9% of target and 200% of target, respectively, resulting in a valuation at 161% of target for the 2007-2009 performance period). The actual value of the 2007-2009 performance shares granted in January 2009 and awarded in January 2010 is significantly lower, reflecting both the actual performance at the award date and the decline in the stock price between the grant date and the award date. Similarly, the target number of performance shares for the 2006-2008 performance period was based on the January 2008 stock price of approximately $73, while the shares awarded in January 2009 were worth approximately $57. As a result, while Exelon's total shareholder return performance was at 200% of target, as described below, the value of the shares paid out was only about 153% of the target value. In addition, valuation of stock options in the Summary Compensation Table is overstated to the extent that the strike price of stock options is higher than the current price of Exelon's stock. None of the stock options granted since January 2006 is in the money; the 2006 strike price was $58.55; 2007, $59.96; 2008, $73.29; and 2009, $56.51, while the price of Exelon's common stock on January 25, 2010 was $46.09. The following table presents the compensation actually paid to Exelon's named executive officers (NEOs). Values for non-equity compensation are the same as in the Summary Compensation Table. Equity compensation is valued using the actual number of performance shares awarded at the end of the performance period multiplied by the stock price on the award date and no value for stock options that are not in the money, instead of grant date fair values.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

Effect of Financial Performance on Incentive Compensation

Exelon's executive compensation programs are designed to motivate and reward senior management to achieve Exelon's vision of being the best group of electric generation and electric and gas delivery companies in the United States, providing superior value for Exelon's customers, employees, investors and the communities Exelon serves. Exelon's results for 2009 as compared to 2007 and 2008 demonstrate that Exelon's incentive compensation is consistent with Exelon's performance. Exelon's annual incentive program ("AIP") is based to a significant extent on adjusted (non-GAAP) operating earnings per share, and its performance share award program is based on the relative total shareholder return for Exelon as compared to the Dow Jones Utility Index (60%) and the Standard & Poor's 500 Index (40%). Exelon had strong results in 2007 and 2008, when Exelon's adjusted (non-GAAP) operating earnings per share were $4.32 and $4.20, respectively. Total shareholder return for the 2005-2007 performance period was at the 68.7th percentile of the Dow Jones Utility Index and the 89th percentile of the Standard & Poor's 500 Index, while for the 2006-2008 performance period it was at the 75th percentile of the Dow Jones Utility Index and the 85.6th percentile of the Standard & Poor's 500 Index. This performance resulted in high incentive compensation payouts for 2007 and 2008. However, as a result of decreasing electricity sales, lower power prices, unfavorable weather, and increased pension and post-retirement benefits costs, partially offset by cost savings initiatives, Exelon's results in 2009 declined. Exelon's 2009 adjusted (non-GAAP) operating earnings per share were $4.12 and its total shareholder return for the 2007-2009 performance period was at the 37.5 percentile of the Dow Jones Utility Index and the 49.5 percentile of the Standard & Poor's 500 Index. Exelon's incentive compensation programs worked as designed to pay for performance, resulting in significantly lower incentive compensation payouts for 2009 as compared to the two prior years. Because earnings were below 150% of target in 2008 and below target in 2009, the shareholder protection features in the annual incentive plan took effect and limited the annual incentive payouts on operating company/business unit key performance indicator goals. The following table shows the correlation between levels of financial performance and incentive compensation in 2007, 2008 and 2009:

Year	Adjusted (non-GAAP) Earnings Per Share	% of Target For Earnings Goals in Annual Incentive Plan (AIP) (a)	Limit on % of Payout for Other Goals in AIP based on Earnings	Total Shareholder Return %ile as compared to Dow Jones Utility Index	% of Target	Total Shareholder Return %ile as compared to S&P 500 Index	% of Target	Performance Share Unit Payout as % of Target (60% DJUI performance 40% S&P 500 performance)
2007	$ 4.32	156.67%*	200%	68.7%	174.85%	89.0%	[illegible]	[illegible]
2008	4.20	116.67	150	75.0	200.00	85.6	200.0	200.0
2009	4.12	97.00	100	37.5	75.00	49.5	[illegible]	84.6

* Percentage for payout of AIP was reduced by 2.5% to 152.7% because of performance on a customer satisfaction measure.

For additional information about Exelon's financial results for 2008 and 2009, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations.

Denis P. O'Brien. Age 49. Class III director. Director since June 30, 2003. Executive Vice President of Exelon; President and Chief Executive Officer of PECO since August 2007. President of PECO from 2003 to 2007. Mr. O'Brien has spent his entire career in PECO's operations and has extensive knowledge of PECO's business and regulatory matters.

Thomas J. Ridge. Age 64. Class III director. Director since July 23, 2007. President, Ridge Global LLC and strategic limited partner in Doheny Global Group, a U.S.-based international developer of energy facilities. Secretary of the United States Department of Homeland Security from January 2003 through January 2005, and the Assistant to the President for Homeland Security (an Executive Office created by President Bush) from October 2001 through December 2002. He served as Governor of the Commonwealth of Pennsylvania from 1994 through October 2001. He is also a director of Exelon, The Hershey Company (chocolate and sugar confectionary) since 2007 and Vonage Holdings Corp. (software technology for voice and messaging services) since 2005, and Brightpoint, Inc. since 2009. He previously served as a director of Home Depot Corporation (home improvement specialty retailer) from 2005-2007. Governor Ridge's governmental service at the Federal level and in Pennsylvania is valued by the board. His Department of Homeland Security experience provides valuable insight into issues relating to the security of PECO's transmission and distribution facilities. His service as a director of other companies brings additional perspective to the PECO board, which benefits greatly from Governor Ridge's insights from his experience in state government and his expertise on matters relating to the security of critical infrastructure.

Ronald Rubin. Age 79. Class III director. Director since July 23, 2007. Chairman and Chief Executive Officer of the Pennsylvania Real Estate Investment Trust (a real estate management and development company). Mr. Rubin was a director of PECO from 1988 through 2000 and a director of Exelon from 2000 through 2007. He previously served as a director of Continental Bank and Midlantic Bank. Mr. Rubin is active in the Philadelphia business community and has knowledge of the greater Philadelphia metropolitan area and economic trends in the region, particularly with respect to real estate development. Mr. Rubin contributes to the PECO board through his long history as a business leader and as a director of other business organizations.

Audit Committee

PECO is a controlled subsidiary of Exelon and does not have a separate audit committee. Instead, that function is fulfilled by the audit committee of the Exelon board of directors. See discussion of Exelon's audit committee to be incorporated by reference to the 2010 Exelon Proxy Statement.

Code of Ethics

Exelon's Code of Business Conduct is the code of ethics that applies to PECO's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. See discussion of Exelon's Code of Ethics above.

If any substantive amendments to Exelon's Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of Exelon's Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, PECO will disclose the nature of such amendment or waiver on Exelon's website, *www.exeloncorp.com*, or in a report on Form 8-K.

M. Walter D'Alessio. Age 76. Class II director. Director since July 23, 2007. Vice Chairman of NorthMarq Capital (a real estate investment banking firm) and Senior Managing Director of NorthMarq Advisors, LLC (a real estate consulting group), positions that he has held since July 2003. Chairman and CEO of Legg Mason Real Estate Services, Inc. from 1982 through July 2003. Also Chairman of the Board of Directors of Brandywine Real Estate Investment Trust, where he has been a trustee since 1996, and chair of Independence Blue Cross, where he has been a director since 1991, a director of the Federal Home Loan Bank Board of Pittsburgh since 2008, and a director of the Pennsylvania Real Estate Investment Trust since 2005. He is also a director of Exelon. Mr. D'Alessio is a leader in the Philadelphia business community and has knowledge of the greater Philadelphia metropolitan area and economic trends in the region, particularly with respect to real estate development. Mr. D'Alessio contributes to the PECO board through his long history as a business leader and as a director of other business organizations.

Nelson A Diaz. Age 62. Class II director. Director since July 23, 2007. Of Counsel to Cozen O'Connor, a Philadelphia-based law firm since May 2007. Previously he was a partner of the law firm Blank Rome LLP from March 2004 through May 2007 and from February 1997 through December 2001. He also served as City Solicitor of the City of Philadelphia from December 2001 through January 2004 and as General Counsel, United States Department of Housing and Urban Affairs, from 1993 to 1997. He is also a director of Exelon. Judge Diaz's legal and governmental experience at the Federal level and in a city and state where PECO's business is conducted has enabled him to contribute to the board on matters related to Federal, state and local regulation and public policy. In addition, Judge Diaz's Puerto Rican heritage adds diversity to the PECO board. He serves on the boards of the National Association for Hispanic Elderly, the U.S. Hispanic Leadership Institute and the United States Hispanic Advocacy Association. He is active in Philadelphia government and community affairs and neighborhood development and has made contributions to PECO's outreach to diverse groups within Philadelphia and neighboring communities.

Rosemarie B. Greco. Age 63. Class I director. Director since July 23, 2007. Senior Adviser to the Governor of Pennsylvania-Health Care Reform. She served as the director of the Governor's Office of Health Care Reform for the Commonwealth of Pennsylvania from January 2003 through December 2008. Founding principal of GRECOVentures Ltd. (a private management consulting firm). Formerly President of CoreStates Financial Corporation and Former Director, President and CEO of CoreStates Bank, N.A. She is also a director of Sunoco, Inc. since 1998, a trustee of Pennsylvania Real Estate Investment Trust since 1997 and a trustee of SEI I Mutual Funds, a subsidiary of SEI Investments, Co. since 1999. She is also a director of Exelon. Her experience in the banking industry in Philadelphia has given her insight into the needs of the bank's clients, who are also customers of PECO. Ms. Greco's role as a female executive has brought diversity to PECO's board, and she has contributed to PECO's diversity initiatives. Her experience as a CEO with responsibility for overseeing the quality of operations is a useful background for her work on operational issues at PECO. Ms. Greco's experience as a CEO, a management consultant, and a member of a number of corporate boards contribute to her effectiveness as a member of the PECO board.

Charisse R. Lillie. Age 57. Class II director. Director since January 1, 2010. Vice President of Community Investment for Comcast Corporation and Executive Vice President of the Comcast Foundation since 2008. She served as Vice President of Human Resources for Comcast Corporation and Senior Vice President of Human Resources for Comcast Cable from 2005 to 2008. She was a partner in the law firm of Ballard, Spahr, Andrews & Ingersoll, LLP from January 1992 to February 2005. She also serves on the boards of Howard University, The Franklin Institute Science Museum, the American Arbitration Association, the Penn Mutual Life Insurance Company, the United Way of Southeastern Pennsylvania, and the Pyramid Club. Ms. Lillie's legal and regulatory experience and experience on the boards of other businesses and organizations enable her to contribute to the PECO board. She brings diversity to the PECO board and will contribute to PECO's diversity initiatives.

1995 through May 1996 and the First Chicago Corporation from January 1992 through December 1996. Served as a director of Exelon from 2000 through 2007, and also previously as a director of Sara Lee Corporation (consumer goods), PMI Group, Inc., IMC Global Inc, and The SABRE Group Holdings, Inc. Mr. Thomas was a director of ComEd from 1998 through 2000 and a director of Exelon from 2000 through 2007. Mr. Thomas is a recognized leader in the Chicago business community with knowledge of the markets that ComEd serves. His experience as a CEO and his experience as a director of other companies enable him to contribute to the ComEd board. His experience as a banker and knowledge of the credit and capital markets are valuable to the ComEd board.

Audit Committee

The ComEd audit committee consists of Sue L. Gin, Edgar D. Jannotta and Richard L. Thomas. Although ComEd is a controlled subsidiary of Exelon and is accordingly not required to have an audit committee, the ComEd board established an audit committee for the limited purpose of reviewing financial disclosures. The other ordinary functions of an audit committee, including oversight of the independent accountant, are carried out by the audit committee of the Exelon board of directors.

Code of Ethics

Exelon's Code of Business Conduct is the code of ethics that applies to ComEd's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. See discussion of Exelon's Code of Ethics above.

If any substantive amendments to Exelon's Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of Exelon's Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, ComEd will disclose the nature of such amendment or waiver on Exelon's website, *www.exeloncorp.com*, or in a report on Form 8-K.

PECO

Executive Officers

The information required by ITEM 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at February 5, 2010.

Directors

The board is classified into three classes, with two directors in Class I, three directors in Class II and three directors in Class III.

John W. Rowe. Age 64. Class I director. Mr. Rowe has served as Chairman and Chief Executive Officer of Exelon since April of 2002 and he has been a Director of Exelon since its formation in 2000. At various times since 2000 he has also held the title of President of Exelon and from 2000 through April 2002 he was also Co-Chief Executive Officer of Exelon. Mr. Rowe is also a director of ComEd, The Northern Trust Company and Sunoco, Inc. and formerly served as a director of UnumProvident Corporation, from 1999 (upon the merger of Unum Corporation into Provident Companies, Inc.) to 2005; he had previously served on Unum Corporation Board from 1988, Fleet Boston Financial Corporation (bank) from 1999 (when BankBoston was acquired by Fleet Boston) to 2002 and Wisconsin Central Transportation Corporation from 1998 to 2001 (when it was acquired by Canadian National Railway). Mr. Rowe has an aggregate of over 25 years' experience as the CEO of Exelon and other utilities.

Mr. Jannotta was a director of ComEd from 1994 to 2000 and a director of Exelon from 2000 through 2007. He is a leader in the Chicago business community and has extensive financial and investment banking experience that gives him knowledge of credit and capital markets and the needs of Chicago businesses served by ComEd.

Edward J. Mooney. Age 68. Director of ComEd since October 16, 2006. From March 2000 to March 2001, was Delegue General-North America of Suez Lyonnaise. Since March 2000 Mr. Mooney was chairman and chief executive officer of Nalco Chemical Company from 1994 until March 2000. He is also a director of Northern Trust Corporation, FMC Corporation, FMC Technologies, Inc., Cabot Microelectronics Corporation and Polyone Corporation. Mr. Mooney's experience as a CEO and as a director of other corporations, as well as his involvement in the Chicago business community, make him a valuable member of the ComEd board.

Michael H. Moskow. Age 72. Director of ComEd since January 28, 2008. Vice Chairman and a Senior Fellow at the Chicago Council on Global Affairs. President and Chief Executive Officer (CEO) of the Federal Reserve Bank of Chicago from 1994 to 2007. He is also director of Discover Financial Services, Diamond Management and Technology Consultants, Inc., Northern Trust Mutual Funds and Taylor Capital Group. Mr. Moskow is a recognized leader in the Chicago business community with knowledge of the economy of the Midwestern United States and the northern Illinois communities ComEd serves. His business experience and service on the boards of other companies and organizations enable him to contribute to the work of the ComEd board.

John W. Rogers, Jr. Age 51. Director of ComEd since November 28, 2005. Founder, Chairman and CEO of Ariel Investments (an institutional money management firm). He is also a director of Exelon, Aon Corporation and McDonald's Corporation. He previously served as a director of GATX Corporation (rail, marine and industrial equipment leasing) from 1998-2004, Bank One Corporation from 1998-2004, and Bally Total Fitness (fitness and health clubs) from 2003-2006. Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to ComEd's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to ComEd.

John W. Rowe. Age 64. Director of ComEd since April 27, 2009. Mr. Rowe has served as Chairman and Chief Executive Officer of Exelon since April of 2002 and he has been a Director of Exelon since its formation in 2000. At various times since 2000 he has also held the title of President of Exelon and from 2000 through April 2002 he was also Co-Chief Executive Officer of Exelon. Mr. Rowe is also a director of PECO, The Northern Trust Company and Sunoco, Inc. and formerly served as a director of UnumProvident Corporation from 1999 (upon the merger of Unum Corporation into Provident Companies, Inc.) to 2005; he had previously served on Unum Corporation Board from 1988, Fleet Boston Financial Corporation (bank) from 1999 (when BankBoston was acquired by Fleet Boston) to 2002 and Wisconsin Central Transportation Corporation from 1998 to 2001 (when it was acquired by Canadian National Railway). Mr. Rowe has an aggregate of over 25 years experience as the CEO of Exelon and other utilities.

Jesse H. Ruiz. Age 44. Director of ComEd since October 16, 2006. Partner at the law firm Drinker, Biddle & Reath LLP; Chairman of the Illinois State Board of Education. Mr. Ruiz's legal and governmental experience in the city and state where ComEd's business is conducted has enabled him to contribute to the ComEd board. Mr. Ruiz contributes to ComEd's outreach to diverse groups.

Richard L. Thomas. Age 79. Director of ComEd since November 28, 2005. Member of the audit committee. Chairman of First Chicago NBD Corporation (banking and financial services) from December

Audit Committee

Generation is a controlled subsidiary of Exelon and does not have a separate audit committee. Instead, that function is fulfilled by the audit committee of the Exelon board of directors. See discussion of Exelon's audit committee to be incorporated by reference to the 2010 Exelon Proxy Statement.

Code of Ethics

The Exelon Code of Business Conduct is the code of ethics that applies to all officers and employees of Generation. See discussion of Exelon's Code of Ethics above.

ComEd

Executive Officers

The information required by ITEM 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at February 5, 2010.

Directors

Frank M. Clark. Age 64. Chairman and Chief Executive Officer since November 28, 2005. Previously Executive Vice President and Chief of Staff of Exelon and President of ComEd from 2004 to 2005; Senior Vice President, Exelon, and Executive Vice President of Exelon Energy Delivery and President of ComEd from 2003 to 2004. He is a director of Aetna, Inc. (insurance) and Waste Management, Inc. (environmental services). Mr. Clark has worked for ComEd for over forty years and has extensive knowledge of ComEd's business and regulatory matters.

James W. Compton. Age 71. Director of ComEd since September 18, 2006. President and Chief Executive Officer of Chicago Urban League from 1978 through 2006; President and Chief Executive Officer of the Chicago Urban League Development Corporation from 1980 through 2006. Mr. Compton has extensive knowledge of ComEd and its business, having previously served as a director of ComEd from 1989-2000 and having served as a director of a community-based bank. In addition, he is very familiar with ComEd's customers and contributes to ComEd's outreach to diverse groups in Chicago.

Peter V. Fazio, Jr. Age 70. Director of ComEd since October 29, 2007. A partner of the law firm of Schiff Hardin, LLP. A past Chairman, Executive Committee Member and Managing Partner of Schiff Hardin. In addition to his general legal expertise, Mr. Fazio previously served as general counsel of another electric and gas utility and brings the ComEd board knowledge of utility regulatory and legal issues.

Sue L. Gin. Age 67. Director of ComEd since November 28, 2005. Member of the audit committee. Founder, Owner, Chairman and Chief Executive Officer of Flying Food Group, LLC (in-flight catering company). She is also a director of Exelon and of Centerplate, Inc. and was a director of Briazz, Inc. (restaurants and catering) from 2003-2004. As a leader in the Chicago business community and as the chief executive of a privately–held Chicago-based business, Ms. Gin is familiar with the Chicago economy and the needs of Chicago businesses served by ComEd. As a female member of the Asian-American community, Ms. Gin also brings diversity to the board and contributes to ComEd's diversity initiatives and community outreach.

Edgar D. Jannotta. Age 78. Director of ComEd since November 28, 2005. Member of the audit committee. Chairman of William Blair & Company, L.L.C. (investment banking and brokerage company) since March 2001. He is also a director of Aon Corporation (insurance) and Molex, Inc. (automobile parts) and formerly served as a director of AAR Corporation and Bandag, Incorporated.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Exelon

Executive Officers

The information required by ITEM 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at February 5, 2010.

Directors, Director Nomination Process, and Audit Committee

The information required under ITEM 10 concerning directors and nominees for election as directors at Exelon's annual meeting of shareholders (Item 401 of Regulation S-K), the director nomination process (Item 407(c)(3)) and the audit committee (Item 407(d)(4) and (d)(5)) is incorporated herein by reference to information to be contained in Exelon's definitive 2010 proxy statement (2010 Exelon Proxy Statement) to be filed with the SEC before April 30, 2010 pursuant to Regulation 14A under the Securities Exchange Act of 1934.

Code of Ethics

Exelon's Code of Business Conduct is the code of ethics that applies to Exelon's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Code of Business Conduct is filed as Exhibit 14 to this report and is available on Exelon's website at *www.exeloncorp.com*. The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Bruce G. Wilson, Senior Vice President, Deputy General Counsel, and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

If any substantive amendments to the Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, Exelon will disclose the nature of such amendment or waiver on Exelon's website, *www.exeloncorp.com*, or in a report on Form 8-K.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2009.

Generation

Executive Officers

The information required by ITEM 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at February 5, 2010.

Directors

Generation operates as a limited liability company and has no board of directors.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Exelon, Generation, ComEd, and PECO

None.

ITEM 9A. CONTROLS AND PROCEDURES

Exelon, Generation, ComEd and PECO

During the fourth quarter of 2009, each registrant's management, including its principal executive officer and principal financial officer, evaluated that registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in that registrant's periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each registrant to ensure that (a) information relating to that registrant, including its consolidated subsidiaries, that is required to be included in filings under the Securities Exchange Act of 1934, is accumulated and made known to that registrant's management, including its principal executive officer and principal financial officer, by other employees of that registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of December 31, 2009, the principal executive officer and principal financial officer of each registrant concluded that such registrant's disclosure controls and procedures were effective to accomplish their objectives. Each registrant continually strives to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. However, there have been no changes in internal control over financial reporting that occurred during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, Exelon's internal control over financial reporting.

Exelon, Generation, ComEd and PECO

Management is required to assess and report on the effectiveness of its internal control over financial reporting as of December 31, 2009. As a result of that assessment, management determined that there were no material weaknesses as of December 31, 2009 and, therefore, concluded that each registrant's internal control over financial reporting was effective. Management's Report on Internal Control Over Financial Reporting is included in ITEM 8. Financial Statements and Supplementary Data.

ITEM 9B. OTHER INFORMATION

Exelon, Generation, ComEd and PECO

None.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Generation

The data shown below includes all adjustments that Generation considers necessary for a fair presentation of such amounts:

	Operating Revenues		Operating Income		Net Income	
	2009	2008	2009	2008	2009	2008
Quarter ended:						
March 31	$ 2,601	$ 2,482	$ 862	$ 739	$ 528	$ 438
June 30	2,378	2,756	676	1,138	512	653
September 30	2,445	3,073	1,046	1,140	657	635
December 31	2,278	2,443	711	976	425	553

ComEd

The data shown below includes all adjustments that ComEd considers necessary for a fair presentation of such amounts:

	Operating Revenues		Operating Income		Net Income	
	2009	2008	2009	2008	2009	2008
Quarter ended:						
March 31	$ 1,553	$ 1,440	$ 206	$ 170	$ 114	$ 41
June 30	1,389	1,425	209	141	116	35
September 30	1,475	1,729	203	138	46	33
December 31	1,357	1,542	224	217	98	91

PECO

The data shown below includes all adjustments that PECO considers necessary for a fair presentation of such amounts:

	Operating Revenues		Operating Income		Net Income on Common Stock	
	2009	2008	2009	2008	2009	2008
Quarter ended:						
March 31	$ 1,514	$ 1,476	$ 210	$ 198	$ 112	$ 96
June 30	1,204	1,277	154	138	70	57
September 30	1,327	1,441	172	190	91	89
December 31	1,266	1,372	160	174	77	79

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

22. Quarterly Data (Unaudited) (Exelon, Generation, ComEd and PECO)

Exelon

The data shown below includes all adjustments which Exelon considers necessary for a fair presentation of such amounts:

	Operating Revenues		Operating Income		Net Income	
	2009	2008	2009	2008	2009	2008
Quarter ended:						
March 31	$ 4,722	$ 4,517	$ 1,254	$ 1,123	$ 712	$ 581
June 30	4,141	4,622	1,017	1,430	657	748
September 30	4,339	5,228	1,403	1,413	757	700
December 31	4,116	4,493	1,076	1,333	581	707

	Average Basic Shares Outstanding (in millions)		Net Income per Basic Share	
	2009	2008	2009	2008
Quarter ended:				
March 31	659	659	$ 1.08	$ 0.88
June 30	659	657	1.00	1.14
September 30	660	658	1.15	1.06
December 31	660	656	0.88	1.07

	Average Diluted Shares Outstanding (in millions)		Net Income per Diluted Share	
	2009	2008	2009	2008
Quarter ended:				
March 31	661	664	$ 1.08	$ 0.88
June 30	661	662	0.99	1.13
September 30	662	662	1.14	1.06
December 31	662	661	0.88	1.07

The following table presents the New York Stock Exchange—Composite Common Stock Prices and dividends by quarter on a per share basis:

	2009				2008			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
High price	$ 51.98	$ 54.47	$ 51.46	$ 58.98	$ 63.84	$ 92.13	$ 91.84	$ 87.25
Low price	45.90	47.30	44.24	38.41	41.23	60.00	81.00	70.00
Close	48.87	49.62	50.12	45.39	55.61	62.62	89.96	81.27
Dividends	0.525	0.525	0.525	0.525	0.525	0.500	0.500	0.500

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	As of December 31, 2009	As of December 31, 2008
Prepaid voluntary employee beneficiary association trust [(e)]	$ 1	$ 2
Investments in affiliates		
PETT	$ 5	$ 30
PECO Energy Capital Corporation	4	4
PECO Trust IV	4	5
Total investments in affiliates	$ 13	$ 39
Receivable from affiliate (noncurrent) [(f)]		
Generation decommissioning	$ 311	$ 47
Mark-to-market derivative liability with affiliate (noncurrent) [(h)]		
Generation	$ 2	$ —
Payables to affiliates (current) [(i)]		
Generation	$ 174	$ 126
BSC [(d)]	13	16
Exelon	1	1
PECO Trust III	1	1
Total payables to affiliates (current)	$ 189	$ 144
Long-term debt to PETT and other financing trusts (including due within one year)		
PETT	$ 415	$ 1,124
PECO Trust III	81	81
PECO Trust IV	103	103
Total long-term debt to financing trusts	$ 599	$ 1,308
Shareholders' equity—receivable from parent [(g)]	$ 180	$ 500

(a) PECO provides energy to Generation for Generation's own use.

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

(c) PECO obtains all of its electric supply from Generation through 2010 under a PPA.

(d) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.

(e) The voluntary employee beneficiary association trusts covering active employees are included in corporate operations and are funded by the operating segments. A prepayment to the active welfare plans has accumulated due to actuarially determined contribution rates, which are the basis for PECO's contributions to the plans, being higher than actual claim expense incurred by the plans over time.

(f) PECO has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct, whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO at the end of decommissioning, such amounts are due back to PECO for payment to PECO's customers.

(g) PECO has a non-interest bearing receivable from Exelon related to the 2001 corporate restructuring. The receivable is expected to be settled by December 31, 2010.

(h) PECO entered into block contracts with Generation to procure electric generation for its residential procurement class beginning January 1, 2011 in accordance with its PAPUC-approved DSP Program.

(i) PECO obtains all of its electric supply from Generation through 2010 under a PPA. In addition, PECO has a five-year agreement with Generation to purchase AECs. See Note 2—Regulatory Issues for additional information on AECs.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

PECO

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

	For the Years Ended December 31, 2009	2008	2007
Operating revenues from affiliates[a]			
Generation	$ 6	$ 10	$ 11
PETT[b]	3	4	6
Total operating revenues from affiliates	$ 9	$ 14	$ 17
Purchased power from affiliate[c]			
Generation	$ 2,005	$ 2,083	$ 2,059
Operating and maintenance from affiliates[d]			
BSC	$ 94	$ 92	$ 115
Generation	1	(2)	2
Total operating and maintenance from affiliates	$ 95	$ 90	$ 117
Interest expense to affiliates, net			
PETT	$ 51	$ 101	$ 139
PECO Trust III	6	6	6
PECO Trust IV	6	6	6
Other	—	1	3
Total interest expense to affiliates, net	$ 63	$ 114	$ 154
Equity in losses of unconsolidated affiliates			
PETT	$ (24)	$ (16)	$ (7)
Capitalized costs[e]			
BSC	$ 24	$ 21	$ 30
Cash dividends paid to parent	$ 312	$ 480	$ 562
Repayment of receivable from parent	$ 320	$ 284	$ 306
Contribution from parent	$ 27	$ 36	$ 32

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	As of December 31, 2009	As of December 31, 2008
Prepaid voluntary employee beneficiary association trust [(d)]	$ 7	$ 9
Investment in affiliate [(e)]		
ComEd Financing III	6	6
Receivable from affiliates (noncurrent) [(g)]		
Generation	$ 1,917	$ 1,289
Other	3	2
Total receivable from affiliates (noncurrent)	$ 1,920	$ 1,291
Payables to affiliates (current) [(b)(h)(i)]		
Generation	$ 123	$ 151
BSC [(c)]	48	22
ComEd Financing III	4	4
Other	2	2
Total payables to affiliates (current)	$ 177	$ 179
Mark-to-market derivative liability with affiliate (current) [(f)]		
Generation	$ 302	$ 111
Mark-to-market derivative liability with affiliate (noncurrent) [(f)]		
Generation	$ 669	$ 345
Long-term debt to ComEd financing trust		
ComEd Financing III	$ 206	$ 206

(a) During 2008, ComEd fully paid its long-term debt obligations to CTFT and received its current receivable from the CTFT. ComEd Funding liquidated its investment in CTFT and ComEd liquidated its investment in ComEd Funding. This resulted in the elimination of operating revenues and interest expense applicable to CTFT, and equity in losses of the unconsolidated affiliate, ComEd Funding. In addition, ComEd Financing II was liquidated and dissolved upon repayment of the debt during 2008.

(b) ComEd procures a portion of its electricity supply requirements from Generation under a SFC and an ICC-approved RFP contract. ComEd also purchases RECs from Generation. In addition, purchased power expense includes the settled portion of the financial swap contract with Generation established as part of the Illinois Settlement. See Note 2—Regulatory Issues and Note 8—Derivative Financial Instruments for additional information.

(c) ComEd receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.

(d) The voluntary employee benefit association trusts covering active employees are included in corporate operations and are funded by the operating segments. A prepayment to the active welfare plans has accumulated due to actuarially determined contribution rates, which are the basis for ComEd's contributions to the plans, being higher than actual claim expense incurred by the plans over time. The prepayment is included in other current assets.

(e) Investments in affiliates are included in other noncurrent assets.

(f) To fulfill a requirement of the Illinois Settlement, ComEd entered into a five-year financial swap with Generation.

(g) ComEd has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct for generating facilities previously owned by ComEd. To the extent the assets associated with decommissioning are greater than the applicable ARO at the end of decommissioning; such amounts are due back to ComEd for payment to ComEd's customers.

(h) As of December 31, 2009, ComEd had a $24 million payable to Generation associated with the completed portion of the financial swap contract entered into as part of the Illinois Settlement. See Note 2—Regulatory Issues and Note8— Derivative Financial Information for additional information.

(i) Under the Illinois Settlement Legislation, Generation is responsible to contribute to rate relief programs for ComEd customers, which are issued through ComEd. As of December 31, 2009 and 2008, ComEd had a $0 million and $10 million receivable, respectively, which is netted against the payable to Generation. See Note 2—Regulatory Issues for additional information.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(k) Generation has long-term payables to ComEd and PECO as a result of the nuclear decommissioning contractual construct whereby, to the extent NDT funds are greater than the underlying ARO at the end of decommissioning, such amounts are due back to ComEd and PECO, as applicable, for payment to their respective customers. See Note 11—Asset Retirement Obligations.

(l) Represents the fair value of Generation's block contracts with PECO.

ComEd

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

	For the Years Ended December 31,		
	2009	2008	2007
Operating revenues from affiliates			
Generation [a]	$ 2	$ 4	$ 2
CTFT	—	3	3
Total operating revenues from affiliates	$ 2	$ 7	$ 5
Purchased power from affiliate [b]			
Generation	$ 1,456	$ 1,505	$ 1,477
Operating and maintenance from affiliate [c]			
BSC	$ 165	$ 168	$ 196
Interest expense to affiliates, net [a]			
CTFT	$ —	$ 6	$ 27
ComEd Financing II [a]	—	2	13
ComEd Financing III	13	13	13
Total interest expense to affiliates, net	$ 13	$ 21	$ 53
Equity in losses of unconsolidated affiliate [a]			
ComEd Funding	$ —	$ (8)	$ (7)
Capitalized costs [c]			
BSC	$ 72	$ 56	$ 72
Cash dividends paid to parent	$ 240	$ —	$ —
Contribution from parent	$ 8	$ 14	$ 28

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	As of December 31, 2009	As of December 31, 2008
Market-to-market derivative assets with affiliate (current)		
ComEd [f]	$ 302	$ 111
Receivables from affiliates (current)		
ComEd [a][g][h]	123	151
PECO [b]	174	126
Total receivables from affiliates (current)	$ 297	$ 277
Receivable from affiliate (noncurrent)		
Exelon [i]	$ 1	$ 1
Market-to-market derivative assets with affiliate (noncurrent)		
ComEd [f]	$ 669	$ 345
PECO [l]	2	—
Prepaid voluntary employee beneficiary association trust		
Generation [j]	$ —	$ 2
Payables to affiliates (current)		
Exelon [i]	$ 7	$ 44
BSC [d]	73	34
Total payables to affiliates (current)	$ 80	$ 78
Payables to affiliates (noncurrent)		
ComEd decommissioning [k]	$ 1,917	$ 1,289
PECO decommissioning [k]	311	47
Total payables to affiliates (noncurrent)	$ 2,228	$ 1,336

(a) Generation has a SFC and an ICC-approved RFP contract with ComEd to provide a portion of ComEd's electricity supply requirements. Generation also sells RECs to ComEd. In addition, Generation had revenue from ComEd associated with the settled portion of the financial swap contract established as part of the Illinois Settlement. See Note 2—Regulatory Issues for additional information.

(b) Generation has a PPA with PECO, as amended, to provide the full energy requirements to PECO through 2010. See Note 18—Commitments and Contingencies for more information regarding the PPA. Generation has a five-year agreement with PECO to sell AECs. See Note 2—Regulatory Issues for additional information.

(c) Generation requires electricity for its own use at its generating stations. Generation purchases electricity and distribution and transmission services from PECO and only distribution and transmission services from ComEd for the delivery of electricity to its generating stations.

(d) Generation receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.

(e) Generation's ownership interest in TEG and TEP was sold in 2007.

(f) Represents the fair value of Generation's five-year financial swap contract with ComEd.

(g) Under the Illinois Settlement Legislation, Generation is responsible to contribute to rate relief programs for ComEd customers, which are issued through ComEd. As of December 31, 2009 and 2008, Generation had a $0 million and $10 million payable, respectively, which is netted against the receivable from ComEd. See Note 2—Regulatory Issues for additional information.

(h) As of December 31, 2009, Generation had a $24 million receivable from ComEd associated with the completed portion of the financial swap contract entered into as part of the Illinois Settlement. See Note 2—Regulatory Issues and Note 8—Derivative Financial Instruments for additional information.

(i) In order to facilitate payment processing, Exelon processes certain invoice payments on behalf of Generation.

(j) The voluntary employee beneficiary association trusts covering active employees are included in corporate operations and are funded by the operating segments. A prepayment to the active welfare plans accumulated at December 31, 2008 due to actuarially determined contribution rates, which are the basis for Generation's contributions to the plans, being higher than actual claim expense incurred by the plans over time.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Transactions involving Generation, ComEd, and PECO are further described in the tables below.

Generation

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

	For the Years Ended December 31,		
	2009	2008	2007
Operating revenues from affiliates [a]			
ComEd	$ 1,456	$ 1,505	$ 1,477
PECO [b]	2,016	2,081	2,061
Total operating revenues from affiliates	$ 3,472	$ 3,586	$ 3,538
Fuel expense from related parties			
PECO	$ 1	$ 1	$ 3
ComEd	—	3	—
Keystone Fuels, LLC	56	73	46
Conemaugh Fuels, LLC	69	54	46
Total fuel purchases from related parties	$ 126	$ 131	$ 95
Operating and maintenance from affiliates [c]			
ComEd	$ 2	$ 1	$ 2
PECO [c]	6	9	8
BSC [d]	298	275	254
Total operating and maintenance from affiliates	$ 306	$ 285	$ 264
Equity in earnings (losses) of investments [e]			
TEG and TEP	$ —	$ —	$ 3
NuStart Energy Development, LLC	(3)	(1)	(2)
Total equity in earnings (losses) of investments	$ (3)	$ (1)	$ 1
Cash distribution paid to member	$ 2,276	$ 1,545	$ 2,357
Contribution from member	$ 57	$ 86	$ 54

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	As of December 31, 2009	As of December 31, 2008
Investments in affiliates		
ComEd Financing III	$ 7	$ 6
PETT	5	30
PECO Energy Capital Corporation	4	4
PECO Trust IV	4	5
Total investments in affiliates	$ 20	$ 45
Payables to affiliates (current)		
ComEd Financing III	$ 4	$ 4
PECO Trust III	1	1
Total payables to affiliates (current)	$ 5	$ 5
Long-term debt to PETT and other financing trusts (including due within one year)		
ComEd Financing III	$ 206	$ 206
PETT	415	1,124
PECO Trust III	81	81
PECO Trust IV	103	103
Total long-term debt due to financing trusts	$ 805	$ 1,514

(a) During 2008, ComEd fully paid its long-term debt obligations to CTFT and received its current receivable from CTFT. ComEd Funding liquidated its investment in CTFT and ComEd liquidated its investment in ComEd Funding. This resulted in the elimination of operating revenues and interest expense applicable to CTFT, and equity in losses of the unconsolidated affiliate, ComEd Funding.

(b) The intersegment profit associated with Generation's sale of AECs to PECO is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. See Note 2—Regulatory Issues for additional information.

(c) ComEd Financing II was liquidated and dissolved upon repayment of the debt in 2008.

(d) Exelon Foundation is a nonconsolidated not-for-profit Illinois corporation. The Exelon Foundation was established in 2007 to serve educational and environmental philanthropic purposes and does not serve a direct business or political purpose of Exelon.

(e) Generation's ownership interest in TEG and TEP was sold in 2007.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

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

Exelon

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

	For the Years Ended December 31, 2009	2008	2007
Operating revenues from affiliates			
CTFT [a]	$ —	$ 3	$ 3
PETT [b]	3	5	6
PECO [b]	9	—	—
Other	—	—	1
Total operating revenues from affiliates	$ 12	$ 8	$ 10
Fuel purchases from related parties			
Keystone Fuels, LLC	$ 56	$ 73	$ 46
Conemaugh Fuels, LLC	69	54	46
Total fuel purchases from related parties	$ 125	$ 127	$ 92
Charitable contribution to Exelon Foundation [d]	$ 10	$ —	$ 50
Interest expense to affiliates, net			
CTFT [a]	$ —	$ 6	$ 27
ComEd Financing II [c]	—	2	13
ComEd Financing III	13	13	13
PETT	51	101	139
PECO Trust III	6	6	6
PECO Trust IV	6	6	6
Other	1	(1)	(1)
Total interest expense to affiliates, net	$ 77	$ 133	$ 203
Equity in earnings (losses) of unconsolidated affiliates and investments			
ComEd Funding	$ —	$ (8)	$ (7)
PETT	(24)	(16)	(7)
NuStart Energy Development, LLC [e]	(3)	—	—
TEG and TEP	—	—	3
Investment in synthetic fuel-producing facilities	—	—	(93)
Other	—	(2)	(2)
Total equity in losses of unconsolidated affiliates and investments	$ (27)	$ (26)	$ (106)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	Generation	ComEd	PECO	Other	Intersegment Eliminations	Consolidated
Income (loss) from continuing operations:						
2009	$ 2,122	$ 374	$ 353	$ (134)	$ (9)	$ 2,706
2008	2,258	201	325	(67)	—	2,717
2007	2,025	165	507	29	—	2,726
Income (loss) from discontinued operations:						
2009	$ —	$ —	$ —	$ 1	$ —	$ 1
2008	20	—	—	—	—	20
2007	4	—	—	6	—	10
Net income (loss):						
2009	$ 2,122	$ 374	$ 353	$ (133)	$ (9)	$ 2,707
2008	2,278	201	325	(67)	—	2,737
2007	2,029	165	507	35	—	2,736
Capital expenditures:						
2009	$ 1,977	$ 854	$ 388	$ 54	$ —	$ 3,273
2008	1,699	953	392	73	—	3,117
2007	1,269	1,040	339	26	—	2,674
Total assets:						
2009	$ 22,406	$ 20,697	$ 9,019	$ 6,088	$ (9,030)	$ 49,180
2008	20,084	19,237	9,169	5,992	(6,936)	47,546

(a) For the years ended December 31, 2009, 2008 and 2007, utility taxes of $232 million, $236 million, and $258 million, respectively, are included in revenues and expenses for ComEd. For the years ended December 31, 2009, 2008 and 2007, utility taxes of $249 million, $271 million and $269 million, respectively, are included in revenues and expenses for PECO.

(b) The intersegment profit associated with Generation's sale of AECs to PECO is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. See Note 2—Regulatory Issues for additional information on AECs. For Exelon, these amounts are included in operating revenues in the Consolidated Statements of Operations.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

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

Exelon has three operating segments: Generation, ComEd and PECO. Exelon evaluates the performance of its business segments based on net income. Generation, ComEd and PECO each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. PECO has two operating segments, electric and gas delivery, which are aggregated into one reportable segment primarily due to their similar economic characteristics and the regulatory environments in which they operate. An analysis and reconciliation of Exelon's operating segment information to the respective information in the consolidated financial statements are as follows:

	Generation	ComEd	PECO	Other	Intersegment Eliminations	Consolidated
Total revenues [a]:						
2009	$ 9,703	$ 5,774	$ 5,311	$ 757	$ (4,227)	$ 17,318
2008	10,754	6,136	5,567	697	(4,295)	18,859
2007	10,749	6,104	5,613	741	(4,291)	18,916
Intersegment revenues [b]:						
2009	$ 3,472	$ 2	$ 6	$ 756	$ (4,227)	$ 9
2008	3,586	4	10	695	(4,295)	—
2007	3,538	2	11	740	(4,291)	—
Depreciation and amortization						
2009	$ 333	$ 494	$ 952	$ 55	$ —	$ 1,834
2008	274	464	854	42	—	1,634
2007	267	440	773	40	—	1,520
Operating expenses [a]:						
2009	$ 6,408	$ 4,931	$ 4,614	$ 840	$ (4,225)	$ 12,568
2008	6,760	5,469	4,868	758	(4,295)	13,560
2007	7,357	5,592	4,666	924	(4,291)	14,248
Interest expense, net:						
2009	$ 113	$ 319	$ 187	$ 112	$ —	$ 731
2008	136	348	226	132	(10)	832
2007	161	318	248	124	(1)	850
Income (loss) from continuing operations before income taxes:						
2009	$ 3,555	$ 603	$ 499	$ (236)	$ (3)	$ 4,418
2008	3,388	329	475	(158)	—	4,034
2007	3,387	245	737	(197)	—	4,172
Income taxes:						
2009	$ 1,433	$ 229	$ 146	$ (102)	$ 6	$ 1,712
2008	1,130	128	150	(91)	—	1,317
2007	1,362	80	230	(226)	—	1,446

Nuclear decommissioning. These amounts represent future nuclear decommissioning costs that exceed (regulatory asset) or are less than (regulatory liability) the associated decommissioning trust fund assets. Exelon believes the trust fund assets, including prospective earnings thereon and any future collections from customers, will equal the associated future decommissioning costs at the time of decommissioning. See Note 11—Asset Retirement Obligations for additional information.

Removal costs. These amounts represent funds received from customers to cover the future removal of property, plant and equipment which reduces rate base for ratemaking purposes.

Financial swap with Generation. To fulfill a requirement of the Illinois Settlement, ComEd entered into a five-year financial swap contract with Generation. Since the swap contract was deemed prudent by the Illinois Settlement Legislation, ensuring ComEd of full recovery in rates, the changes in fair value each period are recorded by ComEd as well as an offsetting regulatory asset or liability. ComEd recorded a regulatory asset related to its mark-to-market derivative liability position as of December 31, 2009 and 2008. The basis for the mark-to-market derivative position is based on the difference between the ComEd's cost to purchase energy on the spot market and the contracted price. In Exelon's consolidated financial statements, the fair value of the intercompany swap recorded by Generation and ComEd is eliminated. See Note 2—Regulatory Issues for additional information.

Deferred (over-recovered) energy costs current asset (liability). Starting in 2007, the ComEd costs are recoverable (refundable) under ComEd's ICC and/or FERC-approved rates. ComEd's deferred energy costs are earning (paying) a rate of return. The PECO costs represent gas supply related costs recoverable (refundable) under PECO's PAPUC-approved rates. PECO's deferred energy costs earn a rate of return. A return on over-recovered energy costs is paid to customers in addition to the over-recovered energy costs.

The regulatory assets related to pension and other postretirement benefits, deferred income taxes, MGP remediation costs, severance, financial swap with Generation, DSP Program and rate case costs are not earning a rate of return. Recovery of the regulatory assets for CTC, AROs, debt costs, RTO start-up costs, under-recovered universal service fund costs and deferred energy costs are earning a rate of return.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Pension and other postretirement benefits. As of December 31, 2009, $2,615 million represents regulatory assets related to the recognition of ComEd's and PECO's respective shares of the underfunded status of Exelon's defined benefit postretirement plans as a liability on Exelon's balance sheet. The regulatory asset is amortized in proportion to the recognition of prior service costs (gains), transition obligations and actuarial losses attributable to ComEd's pension plan and ComEd's and PECO's other postretirement benefit plans determined by the cost recognition provisions of the authoritative guidance for pensions and postretirement benefits. Exelon believes it is probable that these items will be recovered through rates by ComEd and PECO in future periods. See Note 13—Retirement Benefits for additional detail. In addition, $19 million is the result of PECO transitioning to the current authoritative guidance in 1993, which is recoverable in rates through 2012.

Deferred income taxes. These costs represent the difference between the method by which the regulator allows for the recovery of income taxes and how income taxes would be recorded by unregulated entities. Regulatory assets and liabilities associated with deferred income taxes, recorded in compliance with the authoritative guidance for accounting for certain types of regulation and income taxes, include the deferred tax effects associated principally with liberalized depreciation accounted for in accordance with the ratemaking policies of the ICC and PAPUC, as well as the revenue impacts thereon, and assume continued recovery of these costs in future rates. See Note 10—Income Taxes for additional information.

Debt costs. The reacquired debt costs represent premiums paid for the early extinguishment and refinancing of long-term debt, which are amortized over the life of the new debt issued to finance the debt redemption. Interest-rate swap settlements are deferred and amortized over the period that the related debt is outstanding.

Severance. These costs represent previously incurred severance costs that ComEd was granted recovery of in the December 20, 2006 ICC rehearing order. Recovery is over 7.5 years.

Asset retirement obligations. These costs represent future removal costs associated with retirement obligations which will be collected over the remaining lives of the underlying assets. See Note 11—Asset Retirement Obligations for additional information.

MGP remediation costs. Recovery of these items was granted to ComEd in the July 26, 2006 ICC rate order. For PECO, these costs represent estimated MGP-related environmental remediation costs which are recoverable through rates as prescribed in the 2008 joint settlement of the gas distribution rate case. The period of recovery for both ComEd and PECO will depend on the timing of the actual expenditures.

Rate case costs. The ICC generally allows ComEd to receive recovery of rate case costs over three years. The ICC has issued orders allowing recovery of these costs on July 26, 2006 and September 10, 2008. Pursuant to the joint settlement of the 2008 gas distribution rate case, PECO is allowed recovery of rate case costs over two years.

DSP Program electric procurement contracts. These amounts represent an offset to the mark-to-market liability position of PECO's procurement contracts for electric supply following the expiration of its generation rate caps on December 31, 2010. Recovery of electric procurement costs was granted to PECO in the PAPUC approval of their DSP Program and will occur in 2011 when the transactions under the contract are executed.

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

(d) The ComEd under-recovered or over-recovered energy and transmission costs represent purchased power related costs recoverable or refundable to customers under ComEd's regulatory approved rates. In addition, PECO's over-recovered energy costs represent gas supply related costs refundable to customers under PECO's PAPUC PGC. Over-recovered costs are included in other current liabilities in Exelon's, ComEd's and PECO's Consolidated Balance Sheets. ComEd and PECO pay a rate of return on over-recovered energy costs. See Note 2—Regulatory Issues for additional information.

December 31, 2008	Exelon	ComEd	PECO
Regulatory assets			
Competitive transition charge	$ 1,666	$ —	$ 1,666
Pension and other postretirement benefits	2,855	—	26
Deferred income taxes	826	16	810
Debt costs	169	146	23
Severance	116	116	—
Asset retirement obligations	128	112	16
MGP remediation costs	121	80	41
Rate case costs	15	14	1
RTO start-up costs	14	14	—
Financial swap with Generation—noncurrent	—	345	—
Other	30	15	14
Noncurrent regulatory assets	5,940	858	2,597
Financial swap with Generation—current	—	111	—
Under-recovered energy costs current asset (a)	58	58	—
Total regulatory assets	$ 5,998	$ 1,027	$ 2,597
Regulatory liabilities			
Nuclear decommissioning	$ 1,336	$ 1,289	$ 47
Removal costs	1,145	1,145	—
Refund of PURTA taxes (b)	2	—	2
Deferred taxes	30	—	—
Energy efficiency and demand response programs	7	6	—
Noncurrent regulatory liabilities	2,520	2,440	49
Over-recovered energy costs current liability (a)	13	1	12
Total regulatory liabilities	$ 2,533	$ 2,441	$ 61

(a) The ComEd under-recovered or over-recovered energy and transmission costs represent purchased power related costs recoverable or refundable to customers under ComEd's regulatory approved rates. In addition, PECO's over-recovered energy costs represent gas supply related costs refundable to customers under PECO's PAPUC PGC. Over-recovered costs are included in other current liabilities in Exelon's, ComEd's and PECO's Consolidated Balance Sheets. ComEd and PECO pay a rate of return on over-recovered energy costs. See Note 2—Regulatory Issues for additional information.

(b) In March 2007, PECO prevailed in a Pennsylvania Supreme Court case in which PECO had contested the assessment of PURTA taxes applicable to 1997. As a result, PECO received approximately $38 million of real estate taxes previously remitted. This refund was recorded as a regulatory liability. PECO began amortizing this regulatory liability and refunding the amount to customers in January 2008. The regulatory liability associated with the PURTA settlement was fully amortized in January 2009.

Competitive Transition Charges. These charges represent PECO's stranded costs that the PAPUC determined would be recoverable through regulated rates. These costs are related to the deregulation of the generation portion of the electric utility business in Pennsylvania. The CTCs include intangible transition property sold to PETT, an unconsolidated subsidiary of PECO, in connection with the securitization of PECO's stranded cost recovery. These charges are being amortized through December 31, 2010 with a return on the unamortized balance of 10.75%.

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The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd and PECO as of December 31, 2009 and 2008.

December 31, 2009	Exelon	ComEd	PECO
Regulatory assets			
Competitive transition charge	$ 883	$ —	$ 883
Pension and other postretirement benefits	2,634	—	19
Deferred income taxes	842	20	822
Debt costs	144	125	19
Severance	95	95	—
Asset retirement obligations	65	49	16
MGP remediation costs	143	103	40
Rate case costs	8	7	1
RTO start-up costs	12	12	—
Financial swap with Generation—noncurrent (a)	—	669	—
Under-recovered universal service fund costs (b)	2	—	2
DSP Program electric procurement contracts	2	—	4
Other	42	16	28
Noncurrent regulatory assets	4,872	1,096	1,834
Financial swap with Generation—current	—	302	—
Under-recovered energy and transmission costs current asset (d)	56	56	—
Total regulatory assets	$ 4,928	$ 1,454	$ 1,834
Regulatory liabilities			
Nuclear decommissioning	$ 2,229	$ 1,918	$ 311
Removal costs (c)	1,212	1,212	—
Refund of PURTA taxes	4	—	4
Deferred taxes (e)	30	—	—
Over-recovered universal service fund costs	2	—	2
Energy efficiency and demand response programs	15	15	—
Noncurrent regulatory liabilities	3,492	3,145	317
Over-recovered energy and transmission costs current liability (d)	33	11	22
Total regulatory liabilities	$ 3,525	$ 3,156	$ 339

(a) The universal services fund cost is a recovery mechanism that allows for PECO to recover discounts issued to electric and gas customers enrolled in assistance programs. As of December 31, 2009, PECO was under-recovered for its electric program and over-recovered for its gas program.

(b) PECO entered into block contracts to procure electric generation for its residential procurement class beginning January 1, 2011. As of December 31, 2009, PECO recorded a mark-to-market liability and this offsetting regulatory asset to account for changes in fair value. These block contracts were executed in accordance with the PAPUC-approved DSP Program and PECO will receive full cost recovery in rates.

(c) In October 2009, PECO prevailed in a Pennsylvania Commonwealth Court case in which PECO had contested the assessment of a PURTA supplemental tax applicable to 1997. As a result, PECO will receive approximately $4 million of real estate taxes previously remitted in 2011. This refund is recorded as a regulatory liability. PECO will begin amortizing this regulatory liability and refunding the amount to customers in January 2011.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following tables provide additional information about liabilities of the Registrants at December 31, 2009 and 2008.

December 31, 2009	Exelon	Generation	ComEd	PECO
Accrued expenses				
Compensation-related accruals [(a)]	$ 401	$ 202	$ 107	$ 35
Taxes accrued	264	385	62	3
Interest accrued	170	48	88	30
Severance accrued	36	14	10	1
Other accrued expenses	52	21	15	5
Total accrued expenses	$ 923	$ 670	$ 282	$ 74

December 31, 2008	Exelon	Generation	ComEd	PECO
Accrued expenses				
Compensation-related accruals [(a)]	$ 464	$ 250	$ 114	$ 36
Taxes accrued	439	434	80	49
Interest accrued	155	27	89	29
Severance accrued	17	5	4	1
Other accrued expenses	76	45	19	5
Total accrued expenses	$ 1,151	$ 761	$ 306	$ 120

(a) Primarily includes accrued payroll, bonuses and other incentives, vacation and benefits.

The following tables provide information about accumulated OCI (loss) recorded (after tax) within Exelon's Consolidated Balance Sheets as of December 31, 2009 and 2008:

December 31, 2009	Exelon	Generation	ComEd	PECO
Accumulated other comprehensive income (loss)				
Net unrealized gain on cash flow hedges	551	1,157	—	1
Pension and non-pension postretirement benefit plans	(2,640)	—	—	—
Total accumulated other comprehensive income (loss)	$ (2,089)	$ 1,157	$ —	$ 1

December 31, 2008	Exelon	Generation	ComEd	PECO
Accumulated other comprehensive income (loss)				
Net unrealized gain on cash flow hedges	564	855	—	2
Pension and non-pension postretirement benefit plans	(2,809)	(20)	—	—
Unrealized loss on marketable securities	(6)	—	(5)	—
Total accumulated other comprehensive income (loss)	$ (2,251)	$ 835	$ (5)	$ 2

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

December 31, 2008	Exelon	Generation	ComEd	PECO
Investments				
Equity method investments:				
Financing trusts (a)	$ 45	$ —	$ 6	$ 39
Keystone Fuels, LLC	8	8	—	—
Conemaugh Fuels, LLC	14	14	—	—
NuStart Energy Development, LLC	2	2	—	—
Total equity method investments	69	24	6	39
Other investments:				
Net investment in direct financing leases (b)	577	—	—	—
Employee benefit trusts and investments	69	9	34	15
Total Investments	$ 715	$ 33	$ 40	$ 54

(a) Includes investments in financing trusts which were not consolidated within the financial statements of Exelon at December 31, 2008. Investments in financing trusts were recorded in Other noncurrent assets on ComEd's Consolidated Balance Sheets. See Note 1—Significant Accounting Policies for additional information.

(b) The Registrants' investments in these marketable securities are recorded at fair market value.

Like-Kind Exchange Transaction (Exelon). Prior to the PECO/Unicom Merger in October 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon, entered into a like-kind exchange transaction pursuant to which approximately $1.6 billion was invested in passive generating station leases with two separate entities unrelated to Exelon. The generating stations were leased back to such entities as part of the transaction. For financial accounting purposes, the investments are accounted for as direct financing lease investments. UII holds the leasehold interests in the generating stations in several separate bankruptcy remote, special purpose companies it directly or indirectly wholly owns. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to require the lessees to return the leasehold interests or to arrange a service contract with a third party for a period following the lease term. If Exelon chooses the service contract option, the leasehold interests will be returned to Exelon at the end of the term of the service contract. In any event, Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. In the fourth quarter of 2000, under the terms of the lease agreements, UII received a prepayment of $1.2 billion for all rent, which reduced the investment in the leases. There are no minimum scheduled lease payments to be received over the remaining term of the leases. As of December 31, 2009 and 2008, the components of the net investment in the direct financing leases were as follows:

	December 31, 2009	December 31, 2008
Estimated residual value of leased assets	$ 1,492	$ 1,492
Less: unearned income	890	915
Net investment in direct financing leases	$ 602	$ 577

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	Exelon	Generation	ComEd	PECO
Non-cash investing and financing activities				
Change in ARC	$ 60	$ 60	$ —	$ —
Declaration of dividend not paid as of December 31, 2007	331	—	—	—
Purchase accounting adjustments (c)	11	11	—	—
Resolution of certain tax matters (d)(e)	69	—	69	—
ComEd Transitional Funding Trust	25	—	25	—
Capital expenditures not paid	29	7	13	9

(a) Includes the elimination of decommissioning-related activity for the Regulatory Agreement Units, which are subject to regulatory accounting, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all trust fund activity. See Note 11—Asset Retirement Obligations for additional information regarding the accounting for nuclear decommissioning.

(b) Reclassification of energy-related option premiums to realized at settlement of contracts recorded in results of operations due to the settlement of the underlying transaction.

(c) Includes amounts recorded to goodwill resulting from the resolution of certain tax matters and the impact of adopting the current authoritative guidance for accounting for uncertain tax positions.

(d) Amount includes $17 million previously reflected in prepaid interest. This amount did not impact ComEd's Consolidated Statements of Operations or ComEd's Consolidated Statements of Cash Flows.

(e) ComEd applied $8 million of previously prepaid balances against the long-term debt to ComEd Transitional Funding Trust

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of December 31, 2009 and 2008.

December 31, 2009	Exelon	Generation	ComEd	PECO
Investments				
Equity method investments:				
Financing trusts (a)	$ 20	$ —	$ 6	$ 13
Keystone Fuels, LLC	15	15	—	—
Conemaugh Fuels, LLC	19	19	—	—
NuStart Energy Development, LLC	1	1	—	—
Total equity method investments	55	35	6	13
Other investments:				
Net investment in direct financing leases	602	—	—	—
Employee benefit trusts and investments (b)	67	11	28	18
Total investments	$ 724	$ 46	$ 34	$ 31

(a) Includes investments in financing trusts which were not consolidated within the financial statements of Exelon. Investments in financing trusts were recorded in Other noncurrent assets on ComEd's Consolidated Balance Sheets. See Note 1—Significant Accounting Policies for additional information.

(b) The Registrants' investments in these marketable securities are recorded at fair market value.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	Exelon	Generation	ComEd	PECO
Non-cash investing and financing activities				
Change in ARC	$ 128	$ 128	$ —	$ —
Capital expenditures not paid	23	6	4	6
Capitalized employee incentives	4	—	3	1
Purchase accounting adjustments	10	10	—	—

(a) Includes the elimination of decommissioning-related activity for the Regulatory Agreement Units, which are subject to regulatory accounting, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all trust fund activity. See Note 11-Asset Retirement Obligations for additional information regarding the accounting for nuclear decommissioning.

(b) In March 2007, PECO prevailed in a Pennsylvania Supreme Court case in which PECO had contested the assessment of PURTA taxes applicable to 1997. As a result, PECO received approximately $38 million of real estate taxes previously remitted. This refund was recorded as a regulatory liability and PECO began amortizing this liability and refunding customers in January 2008.

(c) In September 2008, as a result of the 2007 Rate Case order, ComEd recorded $37 million of fixed asset disallowances; $35 million was recorded as operating and maintenance expense and $2 million was recorded as depreciation expense. In addition, ComEd established regulatory assets totaling approximately $13 million associated with reversing previously incurred expenses deemed recoverable in future rates. See Note 2—Regulatory Issues for more information.

(d) Includes reversal of Sithe guarantee of $38 million and Distrigas guarantee of $13 million.

(e) Relates primarily to prepaid utility taxes.

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Cash paid during the year				
Interest (net of amount capitalized)	$ 879	$ 96	$ 267	$ 243
Income taxes (net of refunds)	1,298	1,174	93	456
Other non-cash operating activities:				
Pension and non-pension postretirement benefits costs	$ 320	$ 142	$ 101	$ 32
Provision for uncollectible accounts	132	4	58	71
Equity in losses (gains) of unconsolidated affiliates	106	(1)	7	7
Other decommissioning-related activity (a)	(75)	(75)	—	—
Energy-related options (b)	133	133	—	—
Gain on sale of investments, net	(18)	(18)	—	—
Loss on execution of sub-lease	72	72	—	—
Other	64	(1)	40	(24)
Total other non-cash operating activities	$ 734	$ 256	$ 206	$ 86
Changes in other assets and liabilities:				
Under/over-recovered energy and transmission costs	$ (91)	—	$ (97)	$ 6
Other current assets	(27)	(7)	(5)	—
Other noncurrent assets and liabilities	(4)	47	(17)	(26)
Total changes in other assets and liabilities	$ (122)	$ 40	$ (119)	$ (20)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

	Exelon	Generation	ComEd	PECO
Non-cash investing and financing activities				
Change in ARC	$ 67	$ 67	$ —	$ —
Capital expenditures not paid	70	87	31	4
Purchase accounting adjustments	9	9	—	—

(a) Includes the elimination of decommissioning-related activity for the Regulatory Agreement Units, which are subject to regulatory accounting, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all trust fund activity. See Note 11—Asset Retirement Obligations for additional information regarding the accounting for nuclear decommissioning.

(b) Reclassification of energy-related option premiums to realized at settlement of contracts recorded in results of operations due to the settlement of the underlying transaction.

(c) Represents the reduction in the ARO in excess of the existing ARC balances for Generation's nuclear generating units that are not subject to regulatory agreement with respect to decommissioning trust funding (the former AmerGen units and the portions of the Peach Bottom units).

(d) In March 2007, PECO prevailed in a Pennsylvania Supreme Court case in which PECO had contested the assessment of PURTA taxes applicable to 1997. As a result, PECO received approximately $38 million of real estate taxes previously remitted. This refund was recorded as a regulatory liability. PECO began amortizing this regulatory liability and refunding the amount to customers in January 2008. The regulatory liability associated with the PURTA settlement was fully amortized in January 2009.

(e) ComEd recorded an other-than-temporary impairment to Rabbi trust investments during the second quarter of 2009. See Note 7—Fair Value of Assets and Liabilities for additional information regarding the impairment.

(f) Relates primarily to a decrease in interest payable associated with the remeasurement of uncertain income tax positions. See Note 10—Income Taxes for additional information.

(g) Relates primarily to prepaid utility taxes.

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Cash paid (refunded) during the year				
Interest (net of amount capitalized)	$ 716	$ 107	$ 300	$ 216
Income taxes (net of refunds)	938	660	(41)	379
Other non-cash operating activities:				
Pension and non-pension postretirement benefits costs	$ 314	$ 139	$ 101	$ 32
Equity in losses of unconsolidated affiliates and investments	26	1	8	16
Provision for uncollectible accounts	247	17	71	160
Stock-based compensation costs	67	—	—	—
Other decommissioning-related activity (a)	219	219	—	—
Energy-related options	5	5	—	—
Amortization of regulatory asset related to debt costs (b)	25	—	21	4
Amortization of the regulatory liability related to the PURTA tax settlement (c)	(36)	—	—	(36)
Net impact of the 2007 distribution rate case order (d)	22	—	22	—
Reduction of guarantees	(55)	(55)	—	—
Other	36	6	41	18
Total other non-cash operating activities	$ 870	$ 332	$ 264	$ 194
Changes in other assets and liabilities:				
Deferred/over-recovered energy costs	$ 32	$ —	$ 29	$ 3
Other current assets	12	(11)	14	(3)(e)
Other noncurrent assets and liabilities	(179)	(70)	(20)	(14)
Total changes in other assets and liabilities	$ (135)	$ (81)	$ 23	$ (14)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

income taxes. See Notes 7—Fair Value of Financial Assets and Liabilities and 11—Asset Retirement Obligations for additional information regarding the accounting for nuclear decommissioning.

(c) Primarily includes interest income at ComEd from the 2009 remeasurement of income tax uncertainties. See Note 10—Income Taxes for information regarding the Registrants' tax positions.

(d) ComEd recorded an other-than-temporary impairment to Rabbi trust investments during the second quarter of 2009. See Note 7—Fair Value of Assets and Liabilities for additional information regarding the impairment.

(e) Includes net unrealized losses of the trust funds.

(f) On March 27, 2007, PECO prevailed in a Pennsylvania Supreme Court case in which PECO had contested the assessment of PURTA taxes applicable to 1997. As a result, during the third quarter of 2007, PECO recognized approximately $17 million of interest income associated with this matter.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007.

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Cash paid (refunded) during the year				
Interest (net of amount capitalized)	$ 740	$ 94	$ 305	$ 216
Income taxes (net of refunds)	982	668	63	368
Other non-cash operating activities:				
Pension and non-pension postretirement benefits costs	$ 536	$ 240	$ 192	$ 47
Equity in losses of unconsolidated affiliates and investments	27	3	—	24
Provision for uncollectible accounts	149	2	85	63
Stock-based compensation costs	70	—	—	—
Other decommissioning-related activity [(a)]	(163)	(163)	—	—
Energy-related options [(b)]	46	46	—	—
ARO reduction [(c)]	(47)	(47)	—	—
Amortization of regulatory asset related to debt costs	25	—	21	4
Amortization of the regulatory liability related to the PURTA tax settlement [(d)]	(2)	—	—	(2)
Other-than-temporary impairment to Rabbi trust investments [(e)]	7	—	7	—
Inventory write-down related to plant retirements	17	17	—	—
Other	(13)	6	4	5
Total other non-cash operating activities	$ 652	$ 104	$ 309	$ 141
Changes in other assets and liabilities:				
Under/over-recovered energy and transmission costs	23	—	13	10
Other current assets	(2)	—	—	3[(g)]
Other noncurrent assets and liabilities	(134)	(1)	(75)[(f)]	(47)
Total changes in other assets and liabilities	$ (113)	$ (1)	$ (62)	$ (34)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Other, Net				
Decommissioning-related activities:				
Net realized income on decommissioning trust funds—Regulatory Agreement Units [a]	$ 43	$ 43	$ —	$ —
Net realized income on decommissioning trust funds—Non-Regulatory Agreement Units [a]	16	16	—	—
Net unrealized losses on decommissioning trust funds—Regulatory Agreement Units	(1,022)	(1,022)	—	—
Net unrealized losses on decommissioning trust funds—Non-Regulatory Agreement Units	(324)	(324)	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	777	777	—	—
Total decommissioning-related activities	(510)	(510)	—	—
Investment income	10	—	6	4
Net direct financing lease income	24	—	—	—
Interest income related to uncertain income tax positions	31	11	6	12
Income related to the termination of a gas supply guarantee	13	13	—	—
Other	25	17	6	2
Other, net	$ (407)	$ (469)	$ 18	$ 18

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Other, Net				
Decommissioning-related activities:				
Net realized income on decommissioning trust funds—Regulatory Agreement Units [a]	$ 387	$ 387	$ —	$ —
Net realized income on decommissioning trust funds—Non-Regulatory Agreement Units [a]	120	120	—	—
Other-than-temporary impairment on decommissioning trust funds—Regulatory Agreement Units [a]	(83)	(83)	—	—
Other-than-temporary impairment on decommissioning trust funds—Non-Regulatory Agreement Units [a]	(9)	(9)	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(300)	(300)	—	—
Total decommissioning-related activities	115	115	—	—
Investment income	10	—	6	4
Gain on disposition of assets and investments, net	23	18	3	2
Net direct financing lease income	24	—	—	—
Recovery of tax credits related to Exelon's investments in synthetic fuel-producing facilities	178	—	—	—
Interest income related to settlement of PJM billing dispute	5	4	—	1
Interest income related to uncertain income tax positions	61	—	41	20
Interest income related to PURTA tax appeal [f]	17	—	—	17
Other	27	18	8	1
Other, net	$ 460	$ 155	$ 58	$ 45

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.

(b) Includes the elimination of decommissioning trust fund-related activity for the Regulatory Agreement Units, which are subject to regulatory accounting, including the elimination of net realized income, other-than-temporary impairments and related

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Income (loss) in equity method investments				
Financing trusts	$ (14)	$ —	$ (7)	$ (7)
TEG and TEP [(a)]	3	3	—	—
Synthetic fuel-producing facilities	(93)	—	—	—
NuStart Energy Development, LLC	(2)	(2)	—	—
Total loss in equity method investments	$ (106)	$ 1	$ (7)	$ (7)

(a) On February 9, 2007, Generation sold its ownership interests in TEG and TEP.

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Other, Net				
Decommissioning-related activities:				
Net realized income on decommissioning trust funds—Regulatory Agreement Units [(a)]	$ 126	$ 126	$ —	$ —
Net realized income on decommissioning trust funds—Non-Regulatory Agreement Units [(a)]	29	29	—	—
Net unrealized gains on decommissioning trust funds—Regulatory Agreement Units	801	801	—	—
Net unrealized gains on decommissioning trust funds—Non-Regulatory Agreement Units	227	227	—	—
Regulatory offset to decommissioning trust fund-related activities [(b)]	(746)	(746)	—	—
Total decommissioning-related activities	437	437	—	—
Investment income	5	—	1	4
Net direct financing lease income	26	—	—	—
Interest income related to uncertain income tax positions [(c)]	50	—	65	5
Realized gains on Rabbi trust investments	5	—	5	—
Other-than-temporary impairment to Rabbi trust investments [(d)]	(7)	—	(7)	—
Losses on early retirement of debt	(117)	(71)	—	—
Other	27	10	15	4
Other, net	$ 426	$ 376	$ 79	$ 13

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Taxes other than income [(a)]				
Utility	$ 481	$ —	$ 232	$ 249
Real estate	157	127	20	10
Payroll	114	65	23	12
Other	26	13	6	5
Total taxes other than income	$ 778	$ 205	$ 281	$ 276

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Taxes other than income [(a)]				
Utility	$ 507	$ —	$ 236	$ 271
Real estate [(b)]	127	124	29	(26)
Payroll	123	67	26	12
Other	21	6	7	8
Total taxes other than income	$ 778	$ 197	$ 298	$ 265

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Taxes other than income [(a)]				
Utility	$ 527	$ —	$ 258	$ 269
Real estate [(c)]	139	117	26	(4)
Payroll	108	57	23	11
Other	23	11	7	4
Total taxes other than income	$ 797	$ 185	$ 314	$ 280

(a) Municipal and state utility taxes are also recorded in revenues on the Registrants' Consolidated Statements of Operations.

(b) PECO reflected amortization of the regulatory liability recorded in connection with the 2007 PURTA settlement, partially offset by current year property taxes.

(c) PECO reflected a $17 million reduction of a reserve related to the PURTA tax settlement, partially offset by current year property taxes.

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Loss in equity method investments				
Financing trusts	$ (24)	$ —	$ —	$ (24)
NuStart Energy Development, LLC	(3)	(3)	—	—
Total loss in equity method investments	$ (27)	$ (3)	$ —	$ (24)

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Loss in equity method investments				
Financing trusts	$ (25)	$ —	$ (8)	$ (16)
NuStart Energy Development, LLC	(1)	(1)	—	—
Total loss in equity method investments	$ (26)	$ (1)	$ (8)	$ (16)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Depreciation, amortization and accretion				
Property, plant and equipment [(a)]	$ 996	$ 333	$ 446	$ 162
Regulatory assets [(b)]	838	—	48	790
Nuclear fuel [(c)]	558	558	—	—
ARO accretion	209	207	1	—
Total depreciation, amortization and accretion	$ 2,601	$ 1,098	$ 495	$ 952

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Depreciation, amortization and accretion				
Property, plant and equipment [(a)]	$ 898	$ 274	$ 424	$ 158
Regulatory assets [(b)]	736	—	40	696
Nuclear fuel [(c)]	448	448	—	—
ARO accretion	226	225	1	—
Total depreciation, amortization and accretion	$ 2,308	$ 947	$ 465	$ 854

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Depreciation, amortization and accretion				
Property, plant and equipment [(a)]	$ 856	$ 266	$ 400	$ 149
Regulatory assets [(b)]	664	—	40	624
Nuclear fuel [(c)]	431	431	—	—
ARO accretion	232	231	1	—
Total depreciation, amortization and accretion	$ 2,183	$ 928	$ 441	$ 773

(a) For PECO, reflects CTC amortization.

(b) Included in fuel expense on the Registrants' Consolidated Statements of Operations.

(c) Included in operating and maintenance expense on the Registrants' Consolidated Statements of Operations.

	Exelon and ComEd	
	For the Year Ended December 31,	
(In Millions)	2009	2008
Operating and maintenance for regulatory required programs [(a)]		
Energy efficiency and demand response programs [(b)]	$ 59	$ 25
Purchased power administrative costs	4	3
Total operating and maintenance for regulatory required programs	$ 63	$ 28

(a) Costs for various legislative and/or regulatory programs are recoverable from customers on a full and current basis through a reconcilable automatic adjustment clause for Exelon and ComEd. An equal and offsetting amount has been reflected in operating revenues during the period.

(b) As a result of the Illinois Settlement, utilities are required to provide energy efficiency and demand response programs beginning June 1, 2008. See Note 2 —Regulatory Issues for additional information.

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

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

Supplemental Income Statement Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007.

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Operating revenues [(a)]				
Wholesale	$ 5,469	$ 8,905	$ —	$ 26
Retail electric and gas	11,099	838[(b)]	5,220	5,049
Other	750	(40)[(c)]	554	236
Total operating revenues	$ 17,318	$ 9,703	$ 5,774	$ 5,311

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Operating revenues [(a)]				
Wholesale	$ 6,394	$ 9,934	$ —	$ 45
Retail electric and gas	11,816	979[(b)]	5,563	5,278
Other	649	(159)[(c)]	573	244
Total operating revenues	$ 18,859	$ 10,754	$ 6,136	$ 5,567

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Operating revenues [(a)]				
Wholesale	$ 6,550	$ 9,970	$ 58	$ 61
Retail electric and gas	11,750	909[(b)]	5,543	5,300
Other	616	(130)[(c)(d)]	503	252
Total operating revenues	$ 18,916	$ 10,749	$ 6,104	$ 5,613

(a) Includes operating revenues from affiliates.

(b) Generation's retail electric and gas operating revenues consist solely of Exelon Energy Company, LLC.

(c) Includes amounts recorded related to the Illinois Settlement.

(d) Includes income associated with the termination of Generation's PPA with State Line.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

PECO's Articles of Incorporation prohibit payment of any dividend on, or other distribution to the holders of, common stock if, after giving effect thereto, the capital of PECO represented by its common stock together with its retained earnings is, in the aggregate, less than the involuntary liquidating value of its then outstanding preferred securities. At December 31, 2009, such capital was $2.7 billion and amounted to about 31 times the liquidating value of the outstanding preferred securities of $87 million. Additionally, PECO may not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debentures which were issued to PEC L.P. or PECO Trust IV; (2) it defaults on its guarantee of the payment of distributions on the Series D Preferred Securities of PEC L.P. or the preferred trust securities of PECO Trust IV; or (3) an event of default occurs under the Indenture under which the subordinated debentures are issued.

Agreement Related to Sale of Accounts Receivable

PECO is party to an agreement with a financial institution under which it sold an undivided interest, adjusted daily, in up to $225 million of designated accounts receivable, which PECO accounted for as a sale as of December 31, 2009. Under new guidance effective January 1, 2010, this agreement will be accounted for as a secured borrowing. See Note 1—Significant Accounting Policies for additional information. PECO retains the servicing responsibility for the sold receivables and has recorded a servicing liability. The agreement terminates on September 16, 2010 unless extended in accordance with its terms. As of December 31, 2009, PECO is in compliance with the requirements of the agreement. In the event the agreement is not extended, PECO has sufficient short-term liquidity and will seek alternate financing. See Note 7—Fair Value of Financial Assets and Liabilities for additional information regarding the servicing liability.

Income Taxes

See Note 10—Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

ComEd. Exelon then filed a lawsuit in the U.S. District Court for the Northern District of Illinois seeking a judicial determination that this grievance is not arbitrable because disputes regarding benefits provided to current retirees are not within the scope of the collective bargaining agreement. On December 3, 2007, the District Court ruled that, under the terms of the parties' collective bargaining agreement, IBEW Local 15 could use the collective bargaining agreement's grievance and arbitration procedure to challenge these changes with respect to retirees named in the grievance. On September 8, 2008, the U.S. Court of Appeals for the Seventh Circuit affirmed the decision of the District Court. A settlement agreement was reached between Exelon and IBEW Local 15 on February 19, 2009 that included certain prospective changes to the healthcare benefits provided to retirees who were members of IBEW Local 15 during their Exelon employment. These changes become effective at various times between May 1, 2009 and January 1, 2013 and resulted in withdrawal of the grievance. The settlement agreement will be treated as a plan amendment in the related welfare plan and reflected in the plan's next measurement. The settlement agreement will not have a material impact on Exelon's, Generation's or ComEd's results of operations, cash flows or financial position.

Exelon and ComEd

Reliability. On July 18, 2008, ComEd self-reported to ReliabilityFirst Corporation (RFC), its Regional Entity, that it failed to maintain vegetation clearance on a section of a transmission line, constituting a violation of a NERC reliability standard. ComEd is subject to potential fines for a violation of NERC reliability standards. ComEd and RFC reached a settlement for an immaterial amount. NERC approved the settlement agreement, and on October 23, 2009 FERC issued a Notice that it would not review the matter.

Fund Transfer Restrictions

Under applicable law, Exelon may borrow or receive any extension of credit or indemnity from its subsidiaries. Under the terms of Exelon's intercompany money pool agreement, Exelon can lend to, but not borrow from the money pool.

The Federal Power Act declares it to be unlawful for any officer or director of any public utility "to participate in the making or paying of any dividends of such public utility from any funds properly included in capital account." What constitutes "funds properly included in capital account" is undefined in the Federal Power Act or the related regulations; however, FERC has consistently interpreted the provision to allow dividends to be paid as long as (1) the source of the dividends is clearly disclosed, (2) the dividend is not excessive and (3) there is no self-dealing on the part of corporate officials. While these restrictions may limit the absolute amount of dividends that a particular subsidiary may pay, Exelon does not believe these limitations are materially limiting because, under these limitations, the subsidiaries are allowed to pay dividends sufficient to meet Exelon's actual cash needs.

Under Illinois law, ComEd may not pay any dividend on its stock unless, among other things, "[its] earnings and earned surplus are sufficient to declare and pay same after provision is made for reasonable and proper reserves," or unless it has specific authorization from the ICC. ComEd has also agreed in connection with financings arranged through ComEd Financing III that it will not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debt securities issued to ComEd Financing III; (2) it defaults on its guarantee of the payment of distributions on the preferred trust securities of ComEd Financing III; or (3) an event of default occurs under the Indenture under which the subordinated debt securities are issued.

anticipated to arise through 2050 based on actuarial assumptions and analysis, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During 2009, 2008 and 2007, the updates to this reserve, including the extension of future claims to be considered from 2030 to 2050, did not result in a material adjustment.

Exelon

Pension Claims. On July 11, 2006, a former employee of ComEd filed a purported class action lawsuit against the Exelon Corporation Cash Balance Pension Plan (Plan) in the Federal District Court for the Northern District of Illinois. The complaint alleges that the Plan, which covers certain management employees of Exelon's subsidiaries, calculated lump sum distributions in a manner that does not comply with the ERISA. The plaintiff seeks compensatory relief from the Plan on behalf of participants who received lump sum distributions between 2001 and 2006 and injunctive relief with respect to future lump sum distributions. The District Court dismissed the lawsuit but allowed the plaintiff to file an administrative claim with the Plan with respect to the calculation of the portion of his lump sum benefit accrued under the Plan's prior traditional formula. On July 2, 2009, the U.S. Court of Appeals for the Seventh Circuit affirmed the District Court's ruling, and the plaintiff's subsequent motion requesting rehearing of the case before the entire Seventh Circuit Court of Appeals was denied. On October 28, 2009, the plaintiff filed a petition requesting that the United States Supreme Court hear an appeal of the Seventh Circuit's decision. In addition, on January 6, 2009, the plaintiff filed a complaint in the District Court challenging the Plan's denial of his administrative claim, and on November 12, 2009 the Plan responded by filing a motion for summary judgment. The ultimate outcomes of these claims are uncertain and may have a material impact on Exelon's results of operations, cash flows or financial position.

Savings Plan Claim. On September 11, 2006, five individuals claiming to be participants in the Exelon Corporation Employee Savings Plan, Plan #003 (Savings Plan), filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois. The complaint names as defendants Exelon, its Director of Employee Benefit Plans and Programs, the Employee Savings Plan Investment Committee, the Compensation and the Risk Oversight Committees of Exelon's Board of Directors and members of those committees. The complaint alleged that the defendants breached fiduciary duties under ERISA by, among other things, permitting fees and expenses to be incurred by the Savings Plan that allegedly were unreasonable and for purposes other than to benefit the Savings Plan and participants, and failing to disclose purported "revenue sharing" arrangements among the Savings Plan's service providers. The plaintiffs sought declaratory, equitable and monetary relief on behalf of the Savings Plan and participants, including alleged investment losses. On August 19, 2009, the plaintiffs in the Exelon case filed an amended complaint in the District Court, which again alleged that defendants breached fiduciary duties under ERISA by, among other things, permitting the Savings Plan to pay excessive fees and expenses for administrative services, but eliminated the claim for investment losses and the allegations regarding "revenue sharing." On December 9, 2009, the District Court granted the defendants' motion to dismiss the amended complaint and enter judgment in favor of the defendants. The plaintiffs have filed a notice of their intent to appeal the District Court's dismissal of their claims to the U.S. Court of Appeals for the Seventh Circuit. The ultimate outcome of the savings plan claim is uncertain and may have a material impact on Exelon's results of operations, cash flows or financial position.

Retiree Healthcare Benefits Grievance. In 2006, IBEW Local 15 filed a demand for arbitration of a grievance challenging certain changes implemented in 2004 to the healthcare coverage provided to retirees who were members of IBEW Local 15 during their employment with Exelon, Generation and

December 31, 2009, 2008 and 2007, total costs incurred, including capitalized interest, were $48 million, $71 million and $27 million, respectively. Exelon anticipates spending approximately $2 million in 2010 related to this project.

Regional and State Climate Change Legislation and Regulation. At a regional level, on November 15, 2007, six Midwest state Governors (Illinois, Iowa, Kansas, Michigan, Minnesota, Wisconsin) signed the Midwestern Greenhouse Gas Accord (the Accord). Under the Accord, an inter-state work group was formed to establish a Midwestern GHG Reduction Program that will: (1) establish GHG reduction targets and timeframes consistent with member state targets; (2) develop a market-based and multi-sector cap-and-trade program to help achieve GHG reductions; and (3) develop other mechanisms and policies to assist in meeting GHG reduction targets (e.g. a low carbon fuel standard). In October 2009, the Governors decided to defer action on the regional GHG reduction initiatives pending resolution of federal legislation.

At the state level, the PCCA was signed into law in July 2008. The PCCA requires, among other things, that a Climate Change Advisory Committee be formed, that a report on the potential impact of climate change in Pennsylvania be developed, that the PA DEP develop a GHG inventory for Pennsylvania, that a voluntary GHG registry be identified, and that the PA DEP, in consultation with the Climate Change Advisory Committee, develop a Climate Change Action Plan for Pennsylvania to be reviewed with the Pennsylvania General Assembly. The Climate Change Advisory Committee issued its recommendations for an Action Plan on October 9, 2009 and they are currently being considered by the Pennsylvania legislature.

At this time, Exelon is unable to estimate the potential impacts of any future mandatory GHG legal or regulatory requirements on its businesses.

Litigation and Regulatory Matters

Exelon and Generation

Real Estate Tax Appeals. On January 19, 2010, Generation appealed the real estate tax assessment for the 2009 tax year concerning the value of its LaSalle Generating Station (LaSalle County, Illinois). The ultimate outcome of this matter is uncertain and could result in unfavorable or favorable impacts to the consolidated financial statements of Exelon and Generation. Generation has recorded the assessed real estate tax as of December 31, 2009.

Exelon and Generation

Asbestos Personal Injury Claims. Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material. In the second quarter of 2008, Generation revised the period through which it estimates that claims will be presented from 2030 to 2050.

At December 31, 2009 and 2008, Generation had reserved approximately $49 million and $52 million, respectively, in total for asbestos-related bodily injury claims. As of December 31, 2009, approximately $13 million of this amount related to 147 open claims presented to Generation, while the remaining $36 million of the reserve is for estimated future asbestos-related bodily injury claims

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the last few years, Exelon has worked with other businesses and environmental organizations that participate in the United States Climate Action Partnership to support the development of an integrated package of recommendations for the Federal government to address the climate change issue through Federal legislation, including aggressive emission reduction targets for total U.S. emissions and robust cost containment measures to ensure that program costs are reasonable.

Federal climate change legislation is currently under consideration in the U.S. Congress. H.R. 2454, "The American Clean Energy and Security Act of 2009," which Exelon supported, was approved by the U.S. House of Representatives on June 26, 2009 and would affect electric generation and electric and natural gas distribution companies. A key provision of H.R. 2454 is the establishment of mandatory, economy-wide GHG reduction targets and goals via a Federal emissions cap-and-trade program. The program would begin in 2012 and calls for a three percent reduction below 2005 levels in 2012, with the reduction requirement increasing to 17% below 2005 levels by 2020 and ultimately 83% below 2005 levels by 2050. The legislation also contains several energy efficiency and clean energy requirements. Of particular note for electric retail supply companies, there is a proposed requirement that 20% of electricity sold by retail suppliers be met by energy efficiency and renewable energy by 2020. The requirement begins to phase-in starting in 2012 at a six percent level and escalates every two years until it reaches 20% in 2020. On September 30, 2009, S. 1733, the Clean Energy Jobs and American Power Act, was introduced in the U.S. Senate. S.1733 sets forth a cap-and-trade program and contains other provisions to regulate GHGs that are similar to those contained in H.R. 2454, but does not yet provide the specific details regarding the allocation of allowances. It is uncertain when the Senate will take up consideration of S. 1733.

In 2007, the U.S. Supreme Court ruled that GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. In response to the decision, on July 11, 2008, the U.S. EPA issued an Advance Notice of Proposed Rulemaking to solicit public comments on legal and regulatory analyses and policy alternatives regarding GHG effects and regulation under the Clean Air Act. On December 7, 2009, the U.S. EPA issued an endangerment finding under Section 202 of the Clean Air Act regarding GHGs from new motor vehicles and is expected to finalize regulations in March 2010. While such regulations would not specifically address stationary sources, such as a generating plant, it is the U.S. EPA's position that the regulation of GHGs under the mobile source provisions of the Clean Air Act will trigger permitting requirements for stationary sources. Therefore, on September 30, 2009, the U.S. EPA issued proposed regulations for permitting for large stationary sources (greater than 25,000 tons per year of GHG emissions, on a CO_2 equivalent basis). Under the proposal, large stationary sources could be required to install Best Available Control Technology, to be determined on a case-by-case basis.

The issue of GHG regulation of stationary sources will likely be addressed either under the existing provisions of the Clean Air Act by U.S. EPA regulation, or by new and comprehensive Federal legislation. The Obama administration and the U.S. EPA have stated a preference for addressing the issue through Federal legislation. The extent to which GHG emissions will be regulated is currently unknown; however, potential regulation of GHG emissions from stationary sources could cause Exelon to incur material costs of compliance.

Pursuant to U.S. EPA regulations that will impose limits on certain future emissions by generation stations, the co-owners of the Keystone generating station formally approved on June 30, 2006 a capital plan to install SO_2 scrubbers at the station. The Keystone SO_2 scrubbers for Unit 1 and Unit 2 were placed in service September 25, 2009 and November 30, 2009, respectively. For the years ended

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EPA since the time of that request. The NOV states that the U.S. EPA may issue an order requiring compliance with the relevant Clean Air Act provisions and may seek injunctive relief and/or civil penalties, all pursuant to the U.S. EPA's enforcement authority under the Clean Air Act.

Under the terms of the sales agreements for the Kincaid and State Line stations, each party agreed to indemnify the other for certain environmental activities, events, conditions or occurrences arising before and after the purchase of the stations; however, Exelon, Generation, and ComEd are unable at this time to determine how those provisions may apply to any liability or cost that may eventually arise out of the NOV or any resulting enforcement action.

In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations related to ComEd's former generation business, which would include any responsibility under the indemnification provisions contained in the sale agreements related to Kincaid and State Line stations. At this time, Exelon, Generation and ComEd are unable to predict the ultimate resolution of the claims alleged in the NOV or the costs that might be incurred by Generation or ComEd; however, Exelon, Generation and ComEd have concluded that a loss is not probable or estimable and, accordingly, have not recorded a reserve for the NOV.

Climate Change Regulation. Exelon is subject to climate change regulation or legislation at the international, Federal, regional and state levels.

International Climate Change Regulation. At the international level, the United States is currently not a party to the Kyoto Protocol, which is a protocol to the United Nations Framework Convention on Climate Change (UNFCCC) and became effective for signatories on February 16, 2005. The United Nations' Kyoto Protocol process generally requires developed countries to cap GHG emissions at certain levels during the 2008-2012 time period. At the conclusion of the December 2007 United Nations Climate Change Conference in Bali, Indonesia, the Bali Action Plan was adopted, which identifies a work group, process and timeline for the consideration of possible post-2012 international actions to further address climate change. In December 2009, the United States agreed to the non-binding Copenhagen Accord at the conclusion of the 15th Conference of the Parties under the UNFCCC. Under the Copenhagen Accord, the United States agreed to undertake a number of voluntary measures, including the establishment of a goal to reduce GHG emissions and contributions toward a fund to assist developing nations to address their GHG emissions. The next Conference of the Parties is scheduled for Mexico in late 2010.

Federal Climate Change Legislation and Regulation. Various stakeholders, including Exelon, legislators and regulators, shareholders and non-governmental organizations, as well as other companies in many business sectors are considering ways to address the climate change issue. Mandatory programs to reduce GHG emissions are likely to evolve in the future. If these programs become effective, Exelon may incur costs either to further limit or offset the GHG emissions from its operations or procure emission allowances or credits.

Numerous bills have been introduced in Congress that address climate change from different perspectives, including direct regulation of GHG emissions and the establishment of Federal RPS. Exelon supports the enactment, through Federal legislation, of a cap-and-trade program for GHG emissions that is mandatory, economy-wide and designed in a way to limit potential harm to the economy and protect consumers. Exelon believes that any mechanism for allocation of GHG emission allowances should include significant free grants of allowances to electric (and potentially gas) distribution companies to help offset the cost impact of GHG regulation to the end-use consumer. Over

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Notices and Finding of Violations Related to Electric Generation Stations. On August 6, 2007, ComEd received an NOV, addressed to it and Midwest Generation, LLC (Midwest Generation) from the U.S. EPA, alleging that ComEd and Midwest Generation have violated and are continuing to violate several provisions of the Federal Clean Air Act as a result of the modification and/or operation of six electric generation stations located in northern Illinois that have been owned and operated by Midwest Generation since 1999. The U.S. EPA requested information related to the stations in 2003, and ComEd has been cooperating with the U.S. EPA since then. The NOV states that the U.S. EPA may issue an order requiring compliance with the relevant Clean Air Act provisions and may seek injunctive relief and/or civil penalties, all pursuant to the U.S. EPA's enforcement authority under the Clean Air Act.

The generating stations that are the subject of the NOV are currently owned and operated by Midwest Generation, which purchased the stations in December 1999 from ComEd. Under the terms of the sale agreement, Midwest Generation and its affiliate, Edison Mission Energy (EME), assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance of the stations with environmental laws before the purchase of the stations by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale.

In connection with Exelon's 2001 corporate restructuring, *Generation* assumed ComEd's rights and obligations with respect to its former generation business. Exelon, Generation and ComEd are unable to predict the ultimate resolution of the claims alleged in the NOV, the costs that might be incurred or the amount of indemnity that may be available from Midwest Generation and EME; however, Exelon, Generation and ComEd have concluded that a loss is not probable or estimable and accordingly, have not recorded a reserve for the NOV.

On January 14, 2009, Generation received an NOV, addressed to it, the other owners of Keystone Generating Station (Keystone) and Reliant Energy Northeast Management Company (the operator of Keystone) from the U.S. EPA, alleging past and continuing violations of several provisions of the Federal Clean Air Act as a result of the modification and/or operation of Keystone, as well as two other stations currently owned and operated by Reliant Energy in which Generation has no ownership interest. Generation has been cooperating with the U.S. EPA since the time of requests for information in 2000, 2001 and 2007. The NOV states that the U.S. EPA may issue an order requiring compliance with the relevant Clean Air Act provisions and may seek injunctive relief and/or civil penalties, all pursuant to the U.S. EPA's enforcement authority under the Clean Air Act. At this time, Exelon and Generation are unable to predict the ultimate resolution of the claims alleged in the NOV or the costs that might be incurred by Generation; however, Exelon and Generation have concluded that a loss is not probable or estimable and, accordingly, have not recorded a reserve for the NOV.

On April 16, 2009, the U.S. EPA issued an NOV to ComEd and Dominion Resources Services, Inc. (Dominion) alleging past and continuing violations of several provisions of the Federal Clean Air Act as a result of the modification and/or operation of Kincaid electric generating station located in Illinois and State Line electric generating station located in Indiana. Kincaid was sold by ComEd in 1998 and State Line was sold by Commonwealth Edison of Indiana, a wholly owned subsidiary of ComEd, in 1997. Both stations are currently owned and operated by Dominion. The U.S. EPA requested information related to the stations in 2009, and ComEd has been cooperating with the U.S.

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Air. On July 11, 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) vacated the CAIR, which had been promulgated by the U.S. EPA to reduce power plant emissions of SO_2 and NO_x. The Court later remanded the CAIR to the U.S. EPA, without invalidating the entire rulemaking, so that the U.S. EPA may remedy "CAIR's flaws" in accordance with the Court's July 11, 2008 opinion. This decision allows the CAIR to remain in effect until it is replaced by a rule consistent with the Court's July 11 opinion. The U.S. EPA is expected to issue a new proposed CAIR rulemaking in early 2010.

On March 5, 2009, the D.C. Circuit Court remanded *Sierra Club and Environment North Carolina vs. EPA* to the U.S. EPA for reconsideration of its denial of North Carolina's Section 126 petition, originally filed in 2004, that requested that the U.S. EPA impose NO_x and SO_2 emission reduction requirements on various named upwind states (including Illinois and Pennsylvania) whose air emissions North Carolina contended were contributing significantly to nonattainment in North Carolina. The U.S. EPA has agreed to re-visit North Carolina's Section 126 petition for potential rulemaking and could attempt to address North Carolina's concerns as part of its CAIR revisions or via a separate rulemaking.

At this time, Exelon is unable to predict the exact approach that will be utilized by the U.S. EPA to revise its CAIR regulation, how long the current CAIR program will remain in effect, or what steps individual states may take in response to the CAIR situation. Due to the uncertainty as to any of the potential outcomes related to CAIR and North Carolina's Section 126 petition, Exelon cannot estimate the effect of the decision on its operations and its future competitive position, results of operations, earnings, cash flows and financial position.

In March 2005, the U.S. EPA finalized the CAMR, which is a national program to cap mercury emissions from fossil-fired generating units starting in 2010, with a second reduction in the mercury emission cap level scheduled for 2018. The D.C. Circuit Court later vacated the CAMR on the basis that the U.S. EPA had failed to properly de-list mercury as a hazardous air pollutant (HAP) under Section 112(c)(1) of the Clean Air Act. The result of this decision is that mercury emissions from electric generating stations are subject to the more stringent requirements of maximum achievable control technology applicable to hazardous air pollutants. On February 23, 2009, the U.S. Supreme Court declined to review the D.C. Circuit Court's CAMR decision. The U.S. EPA is now expected to propose a new rulemaking, likely in the first quarter of 2010, to address HAP emissions from electric generation power plants. In addition to regulation at the national level, Exelon had been subject to more stringent mercury regulation enacted in 2006 at the state level in Pennsylvania (PA Mercury Rule). However, on January 30, 2009, the Commonwealth Court of Pennsylvania ruled that the PA Mercury Rule is unlawful and invalid and enjoined the state from continued implementation and enforcement of the rule. On December 23, 2009, the Supreme Court of Pennsylvania upheld the Commonwealth Court decision, and therefore mercury emissions are not regulated by the state. The nature and extent of future regulatory controls on HAP emissions at electric generation power plants will not be determined until the Federal regulations are finalized by the U.S. EPA.

The EPA has announced that it will complete a review of the national ambient air quality standards by the end of 2011 for ozone (nitrogen oxide and volatile organic chemicals), particulate matter, carbon monoxide, nitrogen dioxide, sulfur dioxide, and lead. This review could result in more stringent emissions limits on fossil-fired electric generating stations.

requirements have performance standards that require the installation of cooling towers. Closure of Oyster Creek could result in reliability issues associated with the transmission system. Generation believes the period allowed for compliance will be sufficient to address any transmission reliability issues before operations at Oyster Creek are shut down. If PJM requires the plant to operate under a "reliability-must-run" order, Generation would be allowed full recovery of its costs to operate until the transmission issues are resolved.

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

Generation will contest the requirement to install cooling towers throughout the administrative permitting process and is optimistic that any final regulations or permits will not require closed-cycle cooling at Oyster Creek or Salem. In addition, the economic viability of Generation's other power generation facilities without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Given the uncertainties associated with these proceedings and the time required for their resolution, Generation cannot predict the eventual outcome of the proceedings or estimate the effect that compliance with any resulting Section 316(b) or interim state requirements will have on the operation of its generating facilities and its future results of operations, cash flows and financial position.

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability incurred by Cotter as a result of any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. Cotter is alleged to have disposed of approximately 39,000 tons of soils mixed with 8,700 tons of leached barium sulfate at the site. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the anticipated landfill cover remediation for the site is $37 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve excavation of the radiological contamination. An excavation remedy would be significantly more expensive than the previously selected additional cover remedy. Generation cannot determine at this time whether the alternative remedy will be required, and if it is, Generation's share of the cost for such alternative remedy.

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cycle recirculating systems (e.g., cooling towers) are potentially most affected. Those facilities are Clinton, Cromby, Dresden, Eddystone, Fairless Hills, Handley, Mountain Creek, Oyster Creek, Peach Bottom, Quad Cities, Salem and Schuylkill. Since promulgation of the rule, Generation has been evaluating compliance options at its affected plants and meeting interim compliance deadlines.

On January 25, 2007, the U.S. Second Circuit Court of Appeals issued its opinion in a challenge to the final Phase II rule. The court found that with respect to a number of significant provisions of the rule the EPA exceeded its authority under the Clean Water Act, failed to adequately set forth its rationale for the rule, or failed to follow required procedures for public notice and comment. The court remanded the rule back to the EPA for revisions consistent with the court's opinion. By its action, the court invalidated compliance measures which were supported by the utility industry because they were cost-effective and provided existing plants with needed flexibility in selecting the compliance option appropriate to its location and operations. On July 9, 2007, the EPA formally suspended the Phase II rule. Until the EPA finalizes the rule on remand (which could take several years), the state permitting agencies will continue the current practice of applying their best professional judgment to address impingement and entrainment requirements at plant cooling water intake structures.

On April 14, 2008, the U.S. Supreme Court granted a petition filed by the industry parties on the issue of whether Section 316(b) of the Clean Water Act authorizes the EPA to compare costs with benefits in determining the best technology available for minimizing adverse environmental impact at cooling water intake structures. On April 1, 2009, the Supreme Court issued a ruling that the EPA has the discretion to use a cost-benefit analysis under Section 316(b) and reversed the decision of the U.S. Second Circuit Court of Appeals that had invalidated the use of a cost-benefit test. The EPA will now take up consideration of the rule on remand and take further action consistent with the opinions of the Supreme Court and the Court of Appeals, including whether to exercise its discretion to retain or modify the cost-benefit rule as it appeared in the initial regulation. It is expected that the EPA will issue a proposed rule on remand in 2010. The Courts' opinions have created significant uncertainty about the specific nature, scope and timing of the final compliance requirements.

In a draft permit issued on July 19, 2005, as part of the pending NPDES permit renewal process for Oyster Creek, the NJDEP preliminarily determined that closed-cycle cooling and environmental restoration are the only viable compliance options for Section 316(b) compliance at Oyster Creek. In light of the suspension of the Phase II rule by the EPA, the NJDEP advised Generation that it will issue a new draft permit, and reiterated its preference for cooling towers as the best technology available in the exercise of its best professional judgment. On January 7, 2010, the NJDEP issued a draft NPDES permit for Oyster Creek that would require the installation of cooling towers within seven years after the effective date of the permit. Oyster Creek will continue to operate under its current permit, issued in 1994, until the draft permit is finalized after a period of public comment. Generation believes the public comment period and regulatory process could take up to two years before a final permit is issued. Should the permit be issued in its current form, Generation estimates it would be required to have cooling towers in operation by 2019.

Generation estimates that the cost to retrofit Oyster Creek with closed cycle cooling towers would be approximately $700 million to $800 million. This cost estimate includes construction materials and labor, lost capacity and energy revenue during construction, and other ongoing incremental operating and maintenance costs. Generation believes that these additional costs would call into question the economic viability of operating Oyster Creek until the expiration of its current operating license in 2029, and Generation would close Oyster Creek if either the final Section 316(b) regulations or NJDEP

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Based on the final order received from the ICC, ComEd is recovering from customers a provision for environmental costs for the remediation of former MGP facility sites, including those incorporated in the Nicor Settlement, for which ComEd has recorded a regulatory asset. Based on the final order received from the PAPUC, PECO is currently recovering from customers a provision for environmental costs annually for the remediation of former MGP facility sites, for which PECO has recorded a regulatory asset. The gas distribution rate settlement approved in 2008 authorized the recovery, on an annual basis, of $3.5 million for the remediation of PECO's former MGP sites based on an 8-year estimated remaining duration of PECO's MGP remediation program. See Note 19—Supplemental Financial Information for additional information regarding regulatory assets and liabilities.

During the third quarter of 2009, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. The results of these studies indicated that additional remediation would be required at certain sites; accordingly, ComEd and PECO increased their reserves and regulatory assets by $9 million and $2 million, respectively. In January 2010, ComEd was notified by an MGP site owner of its intention to change the planned future use of its site. This change in the planned use of the site is expected to require additional costs for remediation. As a result, ComEd increased its reserve and regulatory asset for its share of the estimated increased remediation costs by an additional $22 million as of December 31, 2009.

As of December 31, 2009 and 2008, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other Deferred Credits and Other Liabilities within their Consolidated Balance Sheets:

December 31, 2009	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 175	$ 149
Generation	17	—
ComEd	113	107
PECO	45	42

December 31, 2008	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 151	$ 127
Generation	16	—
ComEd	89	83
PECO	46	44

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Section 316(b) of the Clean Water Act. In July 2004, the U.S. EPA issued the final Phase II rule implementing Section 316(b) of the Clean Water Act. The Clean Water Act requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts. The Phase II rule provided each facility with a number of compliance options and permitted site-specific variances based on a cost-benefit analysis. The requirements were intended to be implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-

In connection with the sale, Generation recorded liabilities related to certain indemnifications provided to Dynegy and other guarantees directly resulting from the transaction. Any activity related to Sithe recorded in Exelon's Consolidated Statement of Operations is recorded as discontinued operations. During 2008, Generation reduced its guarantee liabilities and recognized $38 million of income in discontinued operations related to the expiration of tax indemnifications. As of December 31, 2009, Generation had $6 million in guarantee liabilities remaining. The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately $200 million at December 31, 2009.

Indemnifications Related to Sale of TEG and TEP (Exelon and Generation)

On February 9, 2007, Tamuin International Inc. (TII), a wholly owned subsidiary of Generation, sold its 49.5% ownership interests in TEG and TEP to a subsidiary of AES Corporation for $95 million in cash plus certain purchase price adjustments. In connection with the transaction, Generation entered into a guarantee agreement under which Generation guarantees the timely payment of TII's obligations to the subsidiary of AES Corporation pursuant to the terms of the purchase and sale agreement relating to the sale of TII's ownership interests. Generation would be required to perform in the event that TII does not pay any obligation covered by the guarantee that is not otherwise subject to a dispute resolution process. Generation's maximum obligation under the guarantee is $95 million. Generation has not recorded a liability associated with this guarantee. The exposures covered by this guarantee expired in part during 2008.

Environmental Issues

General. The Registrants' operations have in the past and may in the future require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. ComEd and PECO have identified 42 and 27 sites, respectively, where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, ComEd or PECO is one of several PRPs which may be responsible for ultimate remediation of each location. Of the 42 sites identified by ComEd, the Illinois EPA or U.S. EPA have approved the cleanup of 11 sites and of the 27 sites identified by PECO, the PA DEP has approved the cleanup of 16 sites. Of the remaining sites identified by ComEd and PECO, 24 and 9 sites, respectively, are currently under some degree of active study and/or remediation. ComEd and PECO anticipate that the majority of the remediation at these sites will continue through at least 2015 and 2021, respectively. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd and Nicor Gas Company, a subsidiary of Nicor Inc. (Nicor), were parties to an interim agreement under which they cooperated in remediation activities at 38 former MGP sites for which ComEd or Nicor, or both, have responsibility. In January 2008, ComEd and Nicor executed a definitive written agreement on the allocation of costs for the MGP sites, which was approved by the ICC on June 9, 2009. The approval of the settlement by the ICC did not have an impact on ComEd's cash flows or results of operations. ComEd's accrual as of December 31, 2009 for these environmental liabilities reflects the cost allocations defined in the agreement. ComEd will continue to pass through to customers these environmental cleanup costs pursuant to a rider approved by the ICC as discussed below.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Construction Commitments

Under their operating agreements with PJM, ComEd and PECO are committed to construct transmission facilities. ComEd and PECO will work with PJM to continue to evaluate the scope and timing of any required construction projects. ComEd's and PECO's estimated commitments are as follows:

	Total	2010	2011-2012	2013-2014
ComEd	$ 91	$ 16	$ 23	$ 52
PECO	105	35	45	25

Leases

Minimum future operating lease payments, including lease payments for vehicles, real estate, computers, rail cars, operating equipment and office equipment, as of December 31, 2009 were:

	Exelon	Generation	ComEd (b)	PECO (b)
2010	$ 67	$ 27	$ 17	$ 15
2011	65	26	16	15
2012	65	26	16	15
2013	58	24	14	14
2014	53	24	12	13
Remaining years	358	298	20	1
Total minimum future lease payments	$ 666(a)	$ 425(a)	$ 95	$ 73

(a) Excludes Generation's PPAs and other capacity contracts that are accounted for as contingent operating lease payments.

(b) Amounts related to certain real estate leases and railroad licenses effectively have indefinite payment periods. As a result, ComEd and PECO have excluded these payments from the Remaining years as such amounts would not be meaningful. ComEd's and PECO's annual obligation for these agreements, included in each of the years 2010 – 2014, was $2 million and $2 million, respectively.

The Registrants' rental expense under operating leases was as follows:

	Exelon	Generation (a)	ComEd	PECO
2009	$ 691	$ 637	$ 21	$ 27
2008	867	817	23	27
2007	869	819	25	24

(a) Includes Generation's PPAs and other capacity contracts that are accounted for as operating leases and are reflected as net capacity purchases in the energy commitments table above. These agreements are considered contingent operating lease payments and are not included in the minimum future operating lease payments table above. Payments made under Generation's PPAs and other capacity contracts totaled $616 million, $787 million and $785 million during 2009, 2008 and 2007, respectively.

For information regarding capital lease obligations, see Note 9–Debt and Credit Agreements.

Indemnifications Related to Sithe (Exelon and Generation)

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

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

ComEd's commercial commitments as of December 31, 2009, representing commitments potentially triggered by future events, were as follows:

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
Letters of credit (non-debt) [(a)]	$ 80	$ 80	$ —	$ —	$ —
Letters of credit (long-term debt)—interest coverage [(b)]	3	—	3	—	—
2007 City of Chicago Settlement [(c)]	6	3	3	—	—
Midwest Generation Capacity Reservation Agreement guarantee [(d)]	10	4	6	—	—
Surety bonds [(e)]	2	2	—	—	—
Rate relief commitments—Settlement Legislation [(f)]	1	1	—	—	—
Total commercial commitments	$ 102	$ 90	$ 12	$ —	$ —

(a) Letters of credit (non-debt)—ComEd maintains non-debt letters of credit to provide credit support for certain transactions as requested by third parties.

(b) Letters of credit (long-term debt)—interest coverage—Reflects the interest coverage portion of letters of credit supporting floating-rate pollution control bonds. The principal amount of the floating-rate pollution control bonds of $191 million is reflected in long-term debt in ComEd's Consolidated Balance Sheet.

(c) 2007 City of Chicago Settlement—In December 2007, ComEd entered into an agreement with the City of Chicago. Under the terms of the agreement, ComEd will pay $55 million over six years, of which $8 million, $18 million and $23 million was paid in December 2009, 2008 and 2007, respectively.

(d) Midwest Generation Capacity Reservation Agreement guarantee—In connection with ComEd's agreement with the City of Chicago entered into on February 20, 2003, Midwest Generation assumed from the City of Chicago a Capacity Reservation Agreement that the City of Chicago had entered into with Calumet Energy Team, LLC. ComEd has agreed to reimburse the City of Chicago for any nonperformance by Midwest Generation under the Capacity Reservation Agreement.

(e) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.

(f) See Note 2—Regulatory Issues for additional detail related to ComEd's rate relief commitments.

PECO's commercial commitments as of December 31, 2009, representing commitments potentially triggered by future events, were as follows:

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
Letters of credit (non-debt) [(a)]	$ 39	$ 32	$ 7	$ —	$ —
Surety bonds [(b)]	3	3	—	—	—
Total commercial commitments	$ 42	$ 35	$ 7	$ —	$ —

(a) Letters of credit (non-debt)—PECO maintains non-debt letters of credit to provide credit support for certain transactions as requested by third parties.

(b) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.

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

(b) Letters of credit (long-term debt) interest coverage—Reflects the interest coverage portion of letters of credit supporting floating-rate pollution control bonds. The principal amounts of the floating-rate pollution control bonds of $213 million at Generation and $191 million at ComEd are reflected in long-term debt in Exelon's Consolidated Balance Sheet.

(c) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.

(d) Performance guarantees—Guarantees issued to ensure performance under specific contracts.

(e) Energy marketing contract guarantees—Guarantees issued to ensure performance under energy commodity contracts.

(f) Nuclear insurance premiums—Represent the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

(g) Lease guarantees—Guarantees issued to ensure payments on building leases.

(h) 2007 City of Chicago Settlement—In December 2007, ComEd entered into an agreement with the City of Chicago. Under the terms of the agreement, ComEd will pay $55 million over six years, of which $8 million, $18 million and $23 million was paid in December 2009, 2008 and 2007, respectively.

(i) Midwest Generation Capacity Reservation Agreement guarantee—In connection with ComEd's agreement with the City of Chicago entered into on February 20, 2003, Midwest Generation assumed from the City of Chicago a Capacity Reservation Agreement that the City of Chicago had entered into with Calumet Energy Team, LLC. ComEd has agreed to reimburse the City of Chicago for any nonperformance by Midwest Generation under the Capacity Reservation Agreement.

(j) See Note 3—Regulatory Issues for additional detail related to Generation's and ComEd's rate relief commitments.

Generation's commercial commitments as of December 31, 2009, representing commitments potentially triggered by future events, were as follows:

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
Letters of credit (non-debt) (a) (b)	$ 172	$ 172	$ —	$ —	$ —
Letters of credit (long-term debt)—interest coverage (c)	11	11	—	—	—
Surety bonds (d)	3	—	—	—	3
Performance guarantees (e)	96	—	—	95	1
Energy marketing contract guarantees (f)	218	193	25	—	—
Nuclear insurance premiums (g)	2,204	—	—	—	2,204
Rate relief commitments—Settlement Legislation (h)	24	24	—	—	—
Total commercial commitments	$ 2,728	$ 400	$ 25	$ 95	$ 2,208

(a) Letters of credit (non-debt)—Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties. Guarantees of $8 million have been issued to provide support for certain letters of credit as required by third parties.

(b) The amount includes letters of credit that are posted to ComEd related to the 2006 Illinois procurement auction.

(c) Letters of credit (long-term debt)—interest coverage—Reflects the interest coverage portion of letters of credit supporting floating-rate pollution control bonds. The principal amount of the floating-rate pollution control bonds of $213 million is reflected in long-term debt in Generation's Consolidated Balance Sheet.

(d) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.

(e) Performance guarantees—Guarantees issued to ensure performance under specific contracts.

(f) Energy marketing contract guarantees—Guarantees issued to ensure performance under energy commodity contracts.

(g) Nuclear insurance premiums—Represent the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

(h) See Note 2—Regulatory Issues for additional detail related to Generation's rate relief commitments.

Combined Notes to Consolidated Financial Statements—(Continued)
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ComEd's and PECO's electric supply procurement, REC and AEC purchase commitments as of December 31, 2009 are as follows :

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
ComEd					
Electric supply procurement	$ 645	$ 615	$ 30	$ —	$ —
RECs	$ 8	$ 8	$ —	$ —	$ —
PECO					
Electric supply procurement	$ 938	$ —	$ 888	$ 50	$ —
AECs	$ 37	$ 9	$ 19	$ 9	$ —

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation (and with respect to coal, commitments to sell coal) and PECO has commitments to purchase natural gas, related transportation, storage capacity and services. As of December 31, 2009, these net commitments were as follows:

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
Generation	$ 10,105	$ 1,085	$ 2,162	$ 1,950	$ 4,908
PECO	574	152	173	123	126

Commercial Commitments

Exelon's commercial commitments as of December 31, 2009, representing commitments potentially triggered by future events, were as follows:

		Expiration within			
	Total	2010	2011-2012	2013-2014	2015 and beyond
Letters of credit (non-debt) [a]	$ 297	$ 289	$ 8	$ —	$ —
Letters of credit (long-term debt)—interest coverage [b] [c]	14	11	3	—	—
Surety bonds [d]	76	7	—	—	69
Performance guarantees [e]	96	—	—	95	1
Energy marketing contract guarantees [f]	218	193	25	—	—
Nuclear insurance premiums [g]	2,204	—	—	—	2,204
Lease guarantees [h]	125	—	—	15	110
2007 City of Chicago Settlement [i]	6	3	3	—	—
Midwest Generation Capacity Reservation Agreement guarantee [j]	10	4	6	—	—
Rate relief commitments—Settlement Legislation	25	25	—	—	—
Total commercial commitments	$ 3,071	$ 532	$ 45	$ 110	$ 2,384

(a) Letters of credit (non-debt)—Exelon and certain of its subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties. As of December 31, 2009, guarantees of $9 million have been issued to provide support for certain letters of credit as required by third parties.

Combined Notes to Consolidated Financial Statements—(Continued)
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and Generation relating to the State Line generating facility in Hammond, Indiana. Under the State Line PPA, Generation controlled 515 MW of electric energy and capacity from the State Line facility. FERC approved the Termination Agreement on October 18, 2007. The conditions to the effectiveness of the Termination Agreement were subsequently satisfied and Generation recorded income of approximately $223 million in the fourth quarter of 2007, which is included in operating revenues on Exelon's and Generation's Consolidated Statements of Operations.

Pursuant to a PPA with Public Service Company of Oklahoma, a subsidiary of American Electric Power, dated as of April 17, 2009, Generation agreed to sell its rights to up to 520 MW, or approximately two-thirds of the capacity, energy and ancillary services supplied under its existing long-term contract with Green Country Energy, LLC. The delivery of power under the PPA is to commence June 1, 2012 and run through February 28, 2022.

On December 17, 2009, Generation entered into a PPA with Entergy Texas, Inc. (ETI) to sell 150 MWs through April 30, 2011 and 300 MWs thereafter of capacity and energy from the Frontier Generating Station located in Grimes County, Texas. The approximate ten year PPA is not included within the Net Capacity table above because it is contingent upon ETI waiving or obtaining regulatory approvals, which may occur after the commencement of the PPA on May 1, 2010.

ComEd purchases a portion of its expected energy requirements through various SFCs resulting from ICC-approved auctions and a competitive procurement process designed by the IPA and approved by the ICC. On January 7, 2009, the ICC approved the IPA's plan for procurement of ComEd's expected energy requirements from June 2009 through May 2010 which includes purchases through the spot market hedged by the financial swap contract with Generation, existing SFCs, and standard products purchased as a result of the 2009 RFP process completed in May 2009. On December 28, 2009, the ICC approved the IPA's latest procurement plan which will result in additional contracts for standard products in the 2010 RFP process expected to be completed in the first half of 2010. See Note 2—Regulatory Issues for further information.

PECO has a long-term PPA with Generation under which PECO obtains all of its electric supply from Generation through 2010. The price for this electricity is essentially equal to the energy revenues earned from customers as specified by PECO's 1998 restructuring settlement mandated by the Competition Act. Subsequent to 2010, PECO expects to procure all of its electric supply from market sources, which will include Generation.

During 2009, PECO entered into procurement contracts to enable PECO to meet a portion of its customers' electric supply requirements for 2011, 2012 and 2013.

ComEd and PECO are also subject to requirements established by the Illinois Settlement Legislation and the AEPS Act, respectively, related to alternative energy resources. See Note 2—Regulatory Issues for additional information relating to electric generation procurement and alternative energy resources.

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power purchase and lease agreements, to protect it from the potential operational failure of one of its owned or contracted power generating units. Generation has also contracted for access to additional generation through bilateral long-term PPAs. These agreements are firm commitments related to power generation of specific generation plants and/or are dispatchable in nature. Generation enters into PPAs with the objective of obtaining low-cost energy supply sources to meet its physical delivery obligations to its customers. Generation has also purchased firm transmission rights to ensure that it has reliable transmission capacity to physically move its power supplies to meet customer delivery needs. The primary intent and business objective for the use of its capital assets and contracts is to provide Generation with physical power supply to enable it to deliver energy to meet customer needs. Generation primarily uses financial contracts in its wholesale marketing activities for hedging purposes. Generation also uses financial contracts to manage the risk surrounding trading for profit activities.

Generation has entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives and retail load aggregators. Generation also enters into contractual obligations to deliver energy to wholesale market participants who primarily focus on the resale of energy products for delivery. Generation provides delivery of its energy to these customers through rights for firm transmission.

At December 31, 2009, Generation's short- and long-term commitments, relating to the purchase from and sale to unaffiliated utilities and others of energy, capacity and transmission rights as indicated in the following tables:

	Net Capacity Purchases (a)	Power Only Purchases (b)	Power Only Sales	Transmission Rights Purchases (c)
2010	$ 305	$ 91	$ 1,307	$ 10
2011	291	49	1,046	9
2012	274	22	568	9
2013	151	—	238	6
2014	145	—	120	—
Thereafter	1,105	—	761	—
Total	$ 2,271	$ 162	$ 4,040	$ 34

(a) Net capacity purchases include PPAs and other capacity contracts that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at December 31, 2009. Expected payments include certain capacity charges which are contingent on plant availability.

(b) Excludes renewable energy PPA contracts that are contingent in nature.

(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

On April 4, 2007, Generation agreed to sell its rights to 942 MW of capacity, energy, and ancillary services supplied from its existing long-term contract with Tenaska Georgia Partners, LP through a tolling agreement with Georgia Power, a subsidiary of Southern Company, commencing June 1, 2010 and lasting for 20 years. The transaction was approved by the Georgia Public Service Commission (GPSC) in October of 2007. Exelon and Generation recognized a non-cash after-tax loss of approximately $72 million during the fourth quarter of 2007, which is included in purchased power on Exelon's and Generation's Consolidated Statements of Operations. The transaction provides Generation with approximately $43 million in annual revenue in the form of capacity payments over the term of the tolling agreement.

On October 15, 2007, Generation entered into an agreement (Termination Agreement) with State Line Energy, L.L.C. (State Line), an indirect wholly owned subsidiary of Dominion Resources Inc., to terminate the PPA dated as of April 17, 1996 (as amended, the State Line PPA) between State Line accidents or acts of terrorism. Generation's current limit for this coverage is $2.1 billion (except for Zion, which is $100 million). For property limits in excess of the first $1.25 billion of that limit, Generation participates in an $850 million single limit blanket policy shared by all the Generation operating nuclear sites and the Salem and Hope Creek nuclear sites. This blanket limit is not subject to automatic reinstatement in the event of a loss. In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. Under the terms of the various insurance agreements, Generation could be assessed up to $163 million per year for losses incurred at any plant insured by the insurance company (the retrospective premium obligation). In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses. The $3.2 billion maximum recovery limit is not applicable, however, in the event of a "certified act of terrorism" as defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007. The Terrorism Risk Insurance Act expires on December 31, 2014.

Additionally, NEIL provides replacement power cost insurance in the event of a major accidental outage at an insured nuclear station. The premium for this coverage is subject to assessment for adverse loss experience. Generation's maximum share of any assessment is $44 million per year (the retrospective premium obligation). NEIL may require financial assurance of the ability to satisfy the obligation to pay this assessment. Recovery under this insurance for terrorist acts is subject to the $3.2 billion aggregate limit and secondary to the property insurance described above. This limit would not apply in cases of certified acts of terrorism under the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, as described above.

Effective April 1, 2009, NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance. The current aggregate annual retrospective premium obligation for Generation is $207 million.

In addition, Generation participates in the Master Worker Program, which provides coverage for worker tort claims filed for bodily injury caused by a nuclear energy accident. This program was modified, effective January 1, 1998, to provide coverage to all workers whose "nuclear-related employment" began on or after the commencement date of reactor operations. Generation will not be liable for a retrospective assessment under this policy.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Energy Commitments

Generation's wholesale operations include the physical delivery and marketing of power obtained through its generation capacity, and long-, intermediate- and short-term contracts. Generation maintains a net positive supply of energy and capacity, through ownership of generation assets and

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17. Earnings Per Share and Equity (Exelon)

Earnings per Share

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

	2009	2008	2007
Income from continuing operations	$2,706	$2,717	$2,726
Income from discontinued operations	1	20	10
Net income	$2,707	$2,737	$2,736
Average common shares outstanding—basic	659	658	670
Assumed exercise and/or distributions of stock-based awards	3	4	6
Average common shares outstanding—diluted	662	662	676

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 5 million in 2009 and less than 1 million in 2008 and 2007.

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

Nuclear Insurance

The Price-Anderson Act was enacted to limit the liability of nuclear reactor owners for claims that could arise from a single incident at any of the U.S. licensed nuclear facilities and to ensure the availability of funds for claims arising in the event of an incident. As of December 31, 2009, the current liability limit per incident was $12.6 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. As required by the Price-Anderson Act, Generation maintains a primary level of financial protection by carrying the maximum available amount of nuclear liability insurance for claims that could arise in the event of an incident. As of January 1, 2010, the required amount of nuclear liability insurance is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a secondary financial protection pool by the operators of all U.S. licensed reactors (currently 104 reactors) resulting in an additional $12.2 billion in funds available for claims. Participation in the financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of insurance coverage. Under the Price-Anderson Act, the maximum assessment, in the event of an incident for each nuclear operator per reactor per incident (including a 5% surcharge) is $117.5 million, payable at no more than $17.5 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.0 billion. In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay claims. The Price-Anderson Act, as amended, requires an inflation adjustment be made at least once each 5 years. The last inflation adjustment was effective October 29, 2008.

Generation is a member of an industry mutual insurance company, Nuclear Electric Insurance Limited (NEIL), which provides property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to

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actual results for the current plan year. The liabilities are remeasured each reporting period throughout the requisite service period and as a result, the compensation costs for cash-settled awards are subject to volatility.

For non retirement-eligible employees, stock-based compensation costs are recognized over the vesting period of three years using the graded-vesting method, a method in which the compensation cost is recognized over the requisite service period for each separately vesting tranche of the award as though the award were multiple awards. For performance shares granted to retirement-eligible employees, the value of the performance shares is recognized ratably over the vesting period which is the year of grant.

The following table summarizes Exelon's nonvested performance share awards activity for the year ended December 31, 2009:

	Shares	Weighted Average Grant Date Fair Value (per share)
Nonvested at December 31, 2008 [(a)]	924,373	$ 66.47
Granted	475,972	57.34
Vested	(478,589)	64.24
Forfeited	(25,536)	66.15
Undistributed vested awards [(b)]	(265,962)	59.58
Nonvested at December 31, 2009 [(a)]	630,258	$ 64.20

(a) Excludes 551,558 and 640,453 of performance share awards issued to retirement-eligible employees at December 31, 2009 and December 31, 2008, respectively, as they are fully vested.

(b) Represents performance share awards granted to retirement-eligible participants in 2009.

The weighted average grant date fair value of performance share awards granted during the years ended December 31, 2009, 2008 and 2007 was $57.34, $72.89 and $59.94, respectively. During the years ended December 31, 2009, 2008 and 2007, Exelon settled performance shares with a fair value totaling $47 million, $69 million and $65 million, respectively, of which $30 million, $44 million and $39 million was paid in cash, respectively. As of December 31, 2009, $10 million of total unrecognized compensation costs related to nonvested performance shares are expected to be recognized over the remaining weighted-average period of 1.72 years.

The following table presents the balance sheet classification of obligations related to outstanding performance share awards not yet settled:

Obligation Related to Outstanding Performance Share Awards	As of December 31, 2009	2008
Current liabilities [(a)]	$ 20	$ 28
Deferred credits and other liabilities [(b)]	14	21
Common stock	26	26
Total	$ 60	$ 75

(a) Represents the current liability related to performance share awards expected to be settled in cash.

(b) Represents the long-term liability related to performance share awards expected to be settled in cash.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following table summarizes Exelon's nonvested restricted stock unit activity for the year ended December 31, 2009:

	Shares	Weighted Average Grant Date Fair Value (per share)
Nonvested at December 31, 2008 [(a)]	899,510	$ 64.28
Granted	517,569	56.08
Vested	(268,812)	55.31
Forfeited	(75,370)	62.96
Undistributed vested awards [(b)]	(144,965)	58.46
Nonvested at December 31, 2009 [(a)]	927,942	$ 63.30

(a) Excludes 211,246 and 118,948 of restricted stock units issued to retirement-eligible employees at December 31, 2009 and December 31, 2008, respectively, as they are fully vested.

(b) Represents restricted stock units granted to retirement-eligible participants in 2009.

The weighted average grant date fair value of restricted stock units granted during the years ended December 31, 2009, 2008 and 2007 was $56.08, $74.83 and $63.89, respectively. As of December 31, 2009 and 2008, Exelon had obligations related to outstanding restricted stock units not yet settled of $42 million and $33 million, respectively, which are included in common stock in Exelon's Consolidated Balance Sheets. In addition, Exelon had obligations related to outstanding restricted stock units that will be settled in cash of $1 million at December 31, 2009 and 2008, which are included in deferred credits and other liabilities in Exelon's Consolidated Balance Sheets. During the years ended December 31, 2009, 2008 and 2007, Exelon settled restricted stock units with fair value totaling $17 million, $10 million and $18 million, respectively. As of December 31, 2009, $27 million of total unrecognized compensation costs related to nonvested restricted stock units are expected to be recognized over the remaining weighted-average period of 2.23 years.

Performance Share Awards

Exelon grants performance share awards under the LTIP. The number of performance shares granted is determined based on the performance of Exelon's common stock relative to certain stock market indices during the three-year period through the end of the year of grant. These performance share awards generally vest and settle over a three-year period. The holders of performance share awards receive shares of common stock and/or cash annually during the vesting period. Participants are eligible for partial or full distributions in cash if they meet certain stock ownership requirements.

Performance share awards to be settled in stock are recorded as common stock within the Consolidated Balance Sheets and are recorded at fair value at the date of grant. The grant date fair value of equity classified performance share awards granted during the year ended December 31, 2009 was estimated using historical data for the previous two plan years and a Monte Carlo simulation model for the current plan year. This model requires assumptions regarding Exelon's total shareholder return relative to certain stock market indices and the stock beta and volatility of Exelon's common stock and all stocks represented in these indices. Volatility for Exelon and all comparable companies is based on historical volatility over one year using daily stock price observation. Performance share awards expected to be settled in cash are recorded as liabilities within the Consolidated Balance Sheets. The grant date fair value of liability classified performance share awards granted during the year ended December 31, 2009 was based on historical data for the previous two plan years and

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following table summarizes additional information regarding stock options exercised during the years ended December 31, 2009, 2008 and 2007:

Stock Options Exercised	Year Ended December 31, 2009	2008	2007
Intrinsic value [a]	$ 15	$ 147	$ 231
Cash received for exercise price	20	108	186

(a) The difference between the market value on the date of exercise and the strike price.

The following table summarizes Exelon's nonvested stock option activity for the year ended December 31, 2009:

	Shares	Weighted Average Exercise Price (per share)
Nonvested at December 31, 2008 [a]	2,951,737	$ 56.42
Granted [b]	1,180,280	56.39
Vested [b]	(2,369,652)	53.23
Forfeited	(213,510)	60.71
Nonvested at December 31, 2009 [a]	1,548,855	$ 60.69

(a) Excludes 1,213,909 and 953,175 of stock options issued to retirement-eligible employees at December 31, 2009 and December 31, 2008, respectively, as they are fully vested.

(b) Includes 492,100 of stock options issued to retirement eligible employees that vested immediately on the date of grant.

As of December 31, 2009, $9 million of total unrecognized compensation costs related to nonvested stock options are expected to be recognized over the remaining weighted-average period of 2.53 years.

Restricted Stock Units

Exelon grants restricted stock units under the LTIP. The majority of Exelon's restricted stock units will be settled in common stock. In accordance with the authoritative guidance for share-based payments, the cost of services received from employees in exchange for the issuance of restricted stock units to be settled in stock is required to be measured based on the grant date fair value of the restricted stock unit issued. On a very limited basis, Exelon has granted restricted stock units to certain ComEd executives that will be settled in cash. The obligations related to these restricted stock units have been classified as liabilities on Exelon's Consolidated Balance Sheets and are remeasured each reporting period throughout the requisite service period.

The value of the restricted stock units is expensed over the requisite service period using the straight-line method. The requisite service period for restricted stock units is generally three to five years. However, certain restricted stock unit awards become fully vested upon the employee reaching retirement-eligibility. The value of the restricted stock units granted to retirement-eligible employees is either recognized immediately upon the date of grant or through the date at which the employee reaches retirement eligibility. Exelon uses historical data to estimate employee forfeitures, which are compared to actual forfeitures on a quarterly basis and adjusted if necessary.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The following table presents the weighted average assumptions used in the pricing model for grants and the resulting weighted average grant date fair value of stock options granted for the years ended December 31, 2009, 2008 and 2007:

	Year Ended December 31,		
	2009	2008	2007
Dividend yield	3.72%	2.73%	2.84%
Expected volatility	36.70%	29.30%	22.00%
Risk-free interest rate	2.01%	3.17%	4.71%
Expected life (years)	6.25	6.25	6.25
Weighted average grant date fair value	$ 14.43	$ 18.38	$ 13.05

The dividend yield is based on several factors, including Exelon's most recent dividend payment at the grant date and the average stock price over the previous year. Expected volatility is based on implied volatilities of traded stock options in Exelon's common stock and historical volatility over the estimated expected life of the stock options. The risk-free interest rate for a security with a term equal to the expected life is based on a yield curve constructed from U.S. Treasury strips at the time of grant. For each year presented, the expected life represents the period of time the stock options are expected to be outstanding and is based on the simplified method. Exelon believes that the simplified method is appropriate due to several factors that result in historical exercise data not being sufficient to determine a reasonable estimate of expected term. Exelon uses historical data to estimate employee forfeitures, which are compared to actual forfeitures on a quarterly basis and adjusted as necessary.

The following table presents information with respect to stock option activity during the year ended December 31, 2009:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance of shares outstanding at December 31, 2008	11,341,728	$ 46.17		
Options granted	1,180,280	56.39		
Options exercised	(686,059)	29.29		
Options forfeited	(213,510)	60.71		
Options expired	(184,898)	36.95		
Balance of shares outstanding at December 31, 2009	11,437,541	$ 47.12	5.42	$ 83
Exercisable at December 31, 2009 [(a)]	9,888,686	$ 45.00	5.05	$ 83

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

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Exelon receives a tax deduction based on the intrinsic value of the award on the exercise date for stock options and distribution date for performance share awards and restricted stock units. For each award, throughout the requisite service period, Exelon recognizes the tax benefit related to compensation costs. The tax deductions in excess of the benefits recorded throughout the requisite service period are recorded to common stock and are included in other financing activities within Exelon's Consolidated Statements of Cash Flows. The following table presents information regarding Exelon's tax benefits during the years ended December 31, 2009, 2008 and 2007:

	Year Ended December 31,		
	2009	2008	2007
Realized tax benefit when exercised/distributed:			
Stock options	$ 6	$ 59	$ 93
Restricted stock units	7	4	7
Performance share awards	19	27	28
Stock deferral plan	1	10	25
Excess tax benefits included in other financing activities of Exelon's Consolidated Statements of Cash Flows:			
Stock options	4	51	77
Restricted stock units	—	1	4
Performance share awards	—	2	1
Stock deferral plan	—	6	15

Stock Options

Non-qualified stock options to purchase shares of Exelon's common stock are granted under the LTIP. The exercise price of the stock options is equal to the fair market value of the underlying stock on the date of option grant. Stock options granted under the LTIP generally become exercisable upon a specified vesting date. The vesting period of stock options is generally four years. All stock options expire ten years from the date of grant.

The value of stock options at the date of grant is expensed over the requisite service period using the straight-line method. The requisite service period for stock options is generally four years. However, certain stock options become fully vested upon the employee reaching retirement-eligibility. The value of the stock options granted to retirement-eligible employees is either recognized immediately upon the date of grant or through the date at which the employee reaches retirement eligibility.

Exelon grants most of its stock options in the first quarter of each year. Stock options granted during the remaining quarters of 2009, 2008 and 2007 were not significant.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following table presents the stock-based compensation expense included in Exelon's Consolidated Statements of Operations during the years ended December 31, 2009, 2008 and 2007:

Components of Stock-Based Compensation Expense	Year Ended December 31, 2009	2008	2007
Performance shares	$ 31	$ [illegible]	$ 76
Stock options	20	24	34
Restricted stock units	26	20	13
Other stock-based awards	4	4	2
Total stock-based compensation included in operating and maintenance expense	81	76	126
Income tax benefit	(32)	(29)	(48)
Total after-tax stock-based compensation expense	$ 49	$ 47	$ 77

The following table presents stock-based compensation expense (pre-tax) during the years ended December 31, 2009, 2008 and 2007:

Subsidiaries	Year Ended December 31, 2009	2008	2007
Generation	$ 38	$ 38	$ 47
ComEd	4	4	8
PECO	6	6	5
BSC (a)	33	28	65
Total	$ 81	$ 76	$ 125

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations.

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2009, 2008 and 2007.

shares under the first accelerated share repurchase (ASR) program, and 2008, Exelon entered into an agreement to repurchase a total of $500 million of Exelon's common shares under the second ASR program. Exelon accounted for each ASR program as two distinct transactions, as shares of common stock acquired in a treasury stock transaction and as a forward contract indexed to Exelon's own common stock. The ASR agreements include a pricing collar, which establishes a minimum and maximum number of shares that can be repurchased. In September 2007 and February 2008, Exelon received the minimum number of shares, as determined by each of the ASR agreements, which amounted to 15.1 million shares and 5.8 million shares, respectively. These initial shares were recorded as treasury stock, at cost, for $1.17 billion and $436 million in September 2007 and February 2008, respectively.

The forward contract issued in September 2007 was settled in February 2008 when Exelon received 525,666 shares valued at $42 million. The ultimate settlement of this forward contract was based on changes in the price of Exelon's common stock from September 24, 2007 through the date of settlement. The forward contract issued in February 2008 was settled in May 2008 when Exelon received 260,086 shares valued at $22 million. The ultimate settlement of this forward contract was based on changes in the price of Exelon's common stock from February 29, 2008 through the date of settlement.

In the third quarter of 2008, Exelon's board of directors approved a share repurchase program for up to $1.5 billion of Exelon's outstanding common stock. Subsequently, Exelon management determined to defer indefinitely any share repurchases. This decision was made in light of a variety of factors, including: developments affecting the world economy and commodity markets, including those for electricity and gas; the continued uncertainty in capital and credit markets and the potential impact of those events on Exelon's future cash needs; projected cash needs to support investment in the business, including maintenance capital and nuclear uprates; and value-added growth opportunities.

Under the share repurchase programs, 34.8 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of December 31, 2009. During 2009, Exelon had no common stock repurchases.

Stock-Based Compensation Plans

Exelon grants stock-based awards through its LTIP, which primarily includes performance share awards, stock options and restricted stock units. At December 31, 2009, there were approximately 23 million shares authorized for issuance under the LTIP. During the years ended December 31, 2009, 2008 and 2007, exercised and distributed stock-based awards were primarily issued from authorized but unissued common stock shares.

As the LTIP sponsor, Exelon is the sole issuer of all stock-based compensation awards. All awards are recorded as equity or a liability in Exelon's Consolidated Balance Sheets. The stock-based compensation expense specifically attributable to the employees of Generation, ComEd and PECO is directly recorded to operating and maintenance expense within each of their respective Consolidated Statements of Operations. Stock-based compensation expense attributable to BSC employees is allocated to the Registrants using a cost-causative allocation method.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

At December 31, 2009 and 2008, PECO cumulative preferred securities, no par value, consisted of 15,000,000 shares authorized and the outstanding amounts set forth below. Shares of preferred securities have full voting rights, including the right to cumulate votes in the election of directors.

	Redemption Price (a)	December 31, 2009	2008	2009	2008
		Shares Outstanding		Dollar Amount	
Series (without mandatory redemption)					
$4.68 (Series D)	$ 104.00	150,000	150,000	$ 15	$ 15
$4.40 (Series C)	112.50	274,720	274,720	27	27
$4.30 (Series B)	102.00	150,000	150,000	15	15
$3.80 (Series A)	106.00	300,000	300,000	30	30
Total preferred securities		874,720	874,720	$ 87	$ 87

(a) Redeemable, at the option of PECO, at the indicated dollar amounts per share, plus accrued dividends.

16. Common Stock (Exelon, Generation, ComEd and PECO)

At December 31, 2009 and 2008, Exelon's common stock without par value consisted of 2,000,000,000 shares authorized and 659,798,515 and 658,154,642 shares outstanding, respectively. At December 31, 2009 and 2008, ComEd's common stock with a $12.50 par value consisted of 250,000,000 shares authorized and 127,016,519 shares outstanding. At December 31, 2009 and 2008, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding.

ComEd had 75,294 and 75,410 warrants outstanding to purchase ComEd common stock as of December 31, 2009 and 2008, respectively. The warrants entitle the holders to convert such warrants into common stock of ComEd at a conversion rate of one share of common stock for three warrants. At December 31, 2009 and 2008, 25,098 and 25,137 shares of common stock, respectively, were reserved for the conversion of warrants.

Share Repurchases

Share Repurchase Programs. In April 2004, Exelon's Board of Directors approved a discretionary share repurchase program that allows Exelon to repurchase shares of its common stock on a periodic basis in the open market. The share repurchase program is intended to mitigate, in part, the dilutive effect of shares issued under Exelon's employee stock option plan and Exelon's ESPP. The aggregate value of the shares of common stock repurchased pursuant to the program cannot exceed the economic benefit received after January 1, 2004 due to stock option exercises and share purchases pursuant to Exelon's ESPP. The economic benefit consists of the direct cash proceeds from purchases of stock and the tax benefits associated with exercises of stock options. The 2004 share repurchase program has no specified limit on the number of shares that may be repurchased and no specified termination date. Any shares repurchased are held as treasury shares unless cancelled or reissued at the discretion of Exelon's management. During 2008, 6.6 million shares of common stock were purchased under this share repurchase program for $500 million.

On August 31 and December 19, 2007, Exelon's Board of Directors approved a share repurchase program for up to $1.25 billion and $500 million of Exelon's outstanding common stock, respectively. In 2007, Exelon entered into agreements to repurchase a total of $1.25 billion of Exelon's common

Combined Notes to Consolidated Financial Statements—(Continued)
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located at the units to be retired. These actions were in response to the economic outlook related to the continued operation of these four units. Total expected costs for Generation related to the announced retirements is $40 million, which includes $18 million for estimated salary continuance and health and welfare severance benefits, a $17 million write down of inventory and $5 million of shut down costs. Additionally, approximately $218 million of accelerated depreciation expense will be recorded ratably until the plant shutdown date. During the year ended December 31, 2009, Generation recorded a pre-tax charge of $24 million related to the announced retirements, which included a $7 million charge for estimated salary continuance and health and welfare severance benefits, and $17 million of expense for the write down of inventory recorded within operating and maintenance expense in Exelon and Generation's Consolidated Statements of Operations. Additionally, Generation recorded $32 million of accelerated depreciation expense within depreciation and amortization expense in Exelon's and Generation's Consolidated Statements of Operations.

The following table presents the activity of severance obligations for the announced Cromby and Eddystone retirements in December of 2009 from January 1, 2009 through December 31, 2009, excluding obligations recorded in equity:

Severance Benefits Obligation	Exelon and Generation
Balance at January 1, 2009	$ —
Severance charges recorded	7
Cash payments	—
Balance at December 31, 2009	$ 7

On January 5, 2010, PJM notified Exelon that based upon its preliminary analysis, the retirement of one or more of the Cromby and Eddystone units may result in reliability impacts to the transmission system. On February 1, 2010, Generation notified PJM that to the extent the retirement of these units results in reliability impacts, Generation would continue operations beyond its desired deactivation date during the period of construction of the necessary transmission upgrades, provided that Exelon receives the required environmental permits and adequate cost-based compensation. Upon determination of which, if any, units continue to operate beyond May 31, 2011, Generation will reevaluate the appropriate depreciation useful lives for the impacted units at the time of and based on final operating and cost recovery arrangements made with PJM.

15. Preferred Securities (Exelon, ComEd and PECO)

At December 31, 2009 and 2008, Exelon was authorized to issue up to 100,000,000 shares of preferred securities, none of which were outstanding.

Preferred and Preference Securities of Subsidiaries

At December 31, 2009 and 2008, ComEd prior preferred securities and ComEd cumulative preference securities consisted of 850,000 shares and 6,810,451 shares authorized, respectively, none of which were outstanding.

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The following table presents total severance benefits costs, recorded as operating and maintenance expense for the year ended December 31, 2009:

Severance Benefits Expense (a)(b)	Generation	ComEd	PECO	Other	Exelon
Corporate restructuring—2009	$ 11	$ 19	$ 3	$ 1	$ 34
Plant retirements—2009 (c)	7	—	—	—	7
Total severance benefits expense	$ 18	$ 19	$ 3	$ 1	$ 41

(a) The amounts above include $7 million, $4 million, and $2 million at Generation, ComEd and PECO, respectively, for amounts billed through intercompany allocations for the year ended December 31, 2009.

(b) The severance benefits costs include $1 million of stock compensation expense collectively at Generation and ComEd for which the obligation is recorded in equity for the year ended December 31, 2009, respectively. Severance benefits also include $4 million and $2 million at Exelon and ComEd, respectively, of contractual termination benefits expense for which the obligation is recorded in other postretirement benefits.

(c) Severance-related expenses associated with plant retirements are described below.

Corporate restructuring (Exelon, Generation, ComEd and PECO). On June 18, 2009, Exelon announced a restructured senior executive team and major spending cuts, including the elimination of approximately 500 employee positions. Exelon eliminated approximately 400 corporate support positions, mostly located at corporate headquarters, and 100 management level positions at ComEd, the majority of which was completed by September 30, 2009. These actions were in response to the continuing economic challenges confronting all parts of Exelon's business and industry especially in light of the commodity-driven nature of Generation's markets, necessitating continued focus on cost management through enhanced efficiency and productivity.

Exelon recorded a pre-tax charge for estimated salary continuance and health and welfare severance benefits of $40 million in June 2009 as a result of the planned job reductions. Subsequent to June, Exelon recorded a net pre-tax credit of approximately $6 million, which included a $10 million reduction in estimated salary continuance and health and welfare severance benefits, offset by $4 million of expense for contractual termination benefits. Cash payments under the plan began in July 2009 and will continue through 2010. Substantially all cash payments are expected to be made by the end of 2010 or early 2011 resulting in the completion of the corporate restructuring plan.

The following table presents the activity of severance obligations for the corporate restructuring from January 1, 2009 through December 31, 2009, excluding obligations recorded in equity:

Severance Benefits Obligation	Generation	ComEd	PECO	Other	Exelon
Balance at January 1, 2009	$ —	$ —	$ —	$ —	$ —
Severance charges recorded	7	12	2	18	39
Cash payments	(1)	(5)	—	(4)	(10)
Other adjustments	(3)	—	(1)	(6)	(10)
Balance at December 31, 2009	$ 3	$ 7	$ 1	$ 8	$ 19

Plant Retirements (Exelon and Generation). On December 2, 2009, Exelon announced its intention to permanently retire three coal-fired generating units and one oil/gas-fired generating unit, effective May 31, 2011. The units to be retired are Cromby Generating Station (Cromby) Unit 1 and Unit 2 and Eddystone Generating Station (Eddystone) Unit 1 and Unit 2. In connection with these retirements, Exelon will eliminate approximately 280 employee positions, the majority of which are

Combined Notes to Consolidated Financial Statements—(Continued)
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Fixed-income securities. For fixed income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Exelon has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Exelon selectively corroborates the fair values of securities by comparison to other market-based price sources. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly-liquid and transparent markets. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. To draw parallels from the trading and quoting of fixed income securities with similar features, pricing services consider various characteristics including the issuer, maturity, purpose of loan, collateral attributes, prepayment speeds, interest rates and credit ratings in order to properly value these securities.

Real Estate. Real estate investment trusts are valued daily based on quoted prices in active markets and are categorized in Level 1. Real estate commingled funds are funds with a direct investment in a pool of real estate properties. These funds are valued by investment managers on a periodic basis using pricing models that use independent appraisals from sources with professional qualifications. Since these valuation inputs are not highly observable, real estate investments have been categorized as Level 3 investments.

401(k) Savings Plan (Exelon, Generation, ComEd and PECO)

Exelon, Generation, ComEd and PECO participate in a 401(k) savings plan sponsored by Exelon. The plan allows employees to contribute a portion of their pre-tax income in accordance with specified guidelines. Exelon, Generation, ComEd and PECO match a percentage of the employee contribution up to certain limits. The cost of matching contributions to the savings plan totaled the following:

For the Years Ended	Exelon	Generation	ComEd	PECO
2009	$ 70	$ 36	$ 20	$ 8
2008	66	33	19	7
2007	63	30	18	6

14. Corporate Restructuring and Plant Retirements (Exelon, Generation, ComEd and PECO)

The Registrants provide severance and health and welfare benefits to terminated employees primarily based upon each individual employee's years of service and compensation level. The Registrants accrue amounts associated with severance benefits that are considered probable and that can be reasonably estimated.

Combined Notes to Consolidated Financial Statements—(Continued)
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The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value for pension and other postretirement benefit plans during the year ended December 31, 2009:

(in millions)	Commingled funds in private equity investments	Commingled funds in direct real estate	Total
Pension Assets			
Balance as of January 1, 2009	$ 808	$ 232	$ 1,040
Actual return on plan assets:			
Relating to assets still held at the reporting date	57	(88)	(31)
Relating to assets sold during the period	35	—	35
Purchases, sales and settlements	136	12	148
Transfers into (out of) Level 3	(586)	—	(586)
Balance as of December 31, 2009	$ 450	$ 156	$ 606
Other Postretirement Benefits			
Balance as of January 1, 2009	$ 53	$ —	$ 53
Relating to assets sold during the period	23	—	23
Transfers into (out of) Level 3	(76)	—	(76)
Balance as of December 31, 2009	$ —	$ —	$ —

Valuation Techniques Used to Determine Fair Value

Cash equivalents. Investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash equivalents and are included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

Equity securities. With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Exelon is able to independently corroborate. Preferred and common corporate stocks are valued based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on exchanges which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

Commingled funds. Commingled funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. The values of the majority of commingled funds are not publically quoted and must trade through a broker. For equity and fixed-income commingled fund traded through a broker, the fund administrator values the fund using the NAV per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized in Level 2. Equity and fixed-income funds with publically quoted prices have been categorized in Level 1. Private equity commingled funds are generally partnerships in which a benefit plan is a limited partner. These partnerships generate capital returns through investing in enterprises such as other limited partnerships or other pooled investment vehicles which, in turn, make equity-oriented investments in venture capital companies. Private equity commingled funds are valued by investment managers on a periodic basis using pricing models that use market, income, and cost valuation methods. Since these valuation inputs are not highly observable, private equity funds have been categorized as Level 3.

Fair Value Measurements

The following table presents Exelon's pension and other postretirement benefit plan assets measured and recorded at fair value on Exelon's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2009:

As of December 31, 2009 (in millions) (a) (f)	Level 1	Level 2	Level 3	Total
Pension Plan Assets				
Cash equivalents	$ 37	$ —	$ —	$ 37
Equity securities	1,357	—	—	1,357(b)
Commingled funds	515	3,641	450	4,606(c)
Fixed Income				
Debt securities issued by the U.S. Treasury and other				— (d)
U.S. government corporations and agencies	140	23	—	163(d)
Debt securities issued by states of the United States and by political subdivisions of the states	—	11	—	11(d)
Corporate debt securities	—	245	—	245(d)
Federal agency mortgage-backed securities	—	825	—	825(e)
Non-federal agency mortgage-backed securities	—	342	—	342(e)
Fixed Income subtotal	140	1,446	—	1,586
Real Estate	154	—	156	310
Pension Plan Assets subtotal	$ 2,203	$ 5,087	$ 606	$ 7,896
Other postretirement benefit plan assets				
Cash equivalents	4	—	—	4
Equity securities	199	—	—	199(b)
Commingled funds	112	894	—	1,006(c)
Fixed Income				
Debt securities issued by the U.S. Treasury and other				
U.S. government corporations and agencies	14	2	—	16
Debt securities issued by states of the United States and by political subdivisions of the states	—	103	—	103(d)
Corporate debt securities	—	20	—	20(d)
Federal agency mortgage-backed securities	—	94	—	94(e)
Non-federal agency mortgage-backed securities	—	34	—	34(e)
Fixed Income subtotal	14	253	—	267
Real Estate	1	—	—	1
Postretirement benefit plan subtotal	$ 330	$ 1,147	$ —	$ 1,477
Total pension and other postretirement benefit plan assets	$ 2,533	$ 6,234	$ 606	$ 9,373

(a) See Note 7—Fair Value of Assets and Liabilities for a description of levels within the fair value hierarchy.

(b) The performance of equity portfolios is benchmarked against the Standard and Poor's (S&P) 500 Index, Russell 2000 Index or the Morgan Stanley Capital International Europe, Australasia and Far East (EAFE) Index. Excludes a $210 million payable for collateral on loaned securities in connection with the benefit plans' participation in securities lending programs.

(c) The benefit plans own commingled funds that invest in equity and fixed income securities, private equity, and real estate. The commingled funds that invest in equity securities seek to out-perform the S&P 500 Index, Morgan Stanley Capital International EAFE Index and Russell 2000 Index. The commingled funds that hold fixed income securities invest primarily in domestic investment grade securities, including corporate, municipal, and U.S. Treasury securities. The commingled funds that hold private equity investments seek to track the Russell 2000 plus 300 basis points. The commingled funds that hold direct investments in real estate are diversified by geography and type of property. These funds are benchmarked to the National Council of Real Estate Investment Fiduciaries (NCREIF) index.

(d) This category predominantly represents diverse issues of domestic, investment-grade fixed income securities. Excludes a $148 million payable for collateral on loaned securities in connection with the benefit plans' participation in securities lending programs.

(e) This category represents investments in federal agency, commercial and residential mortgage-backed securities that seek to out-perform the Barclays Capital Aggregate Index. Excludes a $7 million payable for collateral on loaned securities in connection with the benefit plans' participation in securities lending programs.

(f) The total fair value of pension and other postretirement benefit plan assets excludes $20 million of interest and dividends receivable and $40 million related to pending sales transactions.

were not material during the years ended December 31, 2009 and 2008. Management continues to monitor the performance of the invested collateral and work closely with the trustees to limit any potential losses.

In the fourth quarter of 2008, Exelon decided to end its participation in the securities lending program and chose to initiate a gradual withdrawal of the trusts' investments in order to minimize potential losses due to the absence of liquidity in the market. As part of its withdrawal plan and in order to minimize losses, Exelon temporarily increased its securities on loan during 2009. This temporary increase does not change Exelon's intent to end its participation in the securities lending program. Currently, the weighted average maturity of the securities within the collateral funds is approximately 4 months. The fair value of securities on loan was approximately $356 million and $269 million at December 31, 2009 and 2008, respectively. The fair value of the cash and non-cash collateral received for these loaned securities was $365 million at December 31, 2009 and $274 million at December 31, 2008. A portion of the income generated through the investment of cash collateral is remitted to the borrowers, and the remainder is allocated between the trusts and the trustees in their capacity as security agents.

Concentrations of Credit Risk. Exelon evaluated its pension and other postretirement benefit plans' asset portfolios for the existence of significant concentrations of credit risk as of December 31, 2009. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of December 31, 2009, there were no significant concentrations (defined as greater than 10 percent of plan assets) of risk in Exelon's pension and other postretirement benefit plan assets.

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Exelon's pension plan's weighted average asset allocations at December 31, 2009 and 2008 and target allocation for 2009 were as follows:

Asset Category	Target Allocation at December 31, 2009	Percentage of Plan Assets at December 31, 2009	2008
Equity securities			
Large Cap	30-35%	32%	26%
Small Cap	10	9	8
International	15	15	13
Private Equity	5	6	6
Total Equity Securities	60-65%	62%	53%
Fixed Income Securities	35-40%	34%	42%
Real Estate	5%	4%	5%
Total		100%	100%

Exelon's other postretirement benefit plan's weighted-average asset allocations at December 31, 2009 and 2008 and target allocation for 2009 were as follows:

Asset Category	Target Allocation at December 31, 2009	Percentage of Plan Assets at December 31, 2009	2008
Equity securities			
Large Cap	35-40%	39%	35%
Small Cap	5-10%	10	9
International	15	15	14
Total Equity Securities	60-65%	64%	58%
Fixed Income Securities	35-40%	36%	42%
Total		100%	100%

Securities Lending Programs. The majority of the benefit plans participate in a securities lending program with the trustees of the plans' investment trusts. The program authorizes the trustee of the particular trust to lend securities, which are assets of the plan, to approved borrowers. The trustees require borrowers, pursuant to a security lending agreement, to deliver collateral to secure each loan. The loaned securities are required to be collateralized by cash, U.S. Government securities or irrevocable bank letters of credit. Initial collateral levels are no less than 102% and 105% of the market value of the borrowed securities for collateral denominated in U.S. and foreign currency, respectively. Subsequent collateral levels, which are adjusted daily, must be maintained at a level no less than 100% of the market value of borrowed securities. Cash collateral received is invested in collateral funds comprised primarily of short term investment vehicles. Collateral may not be sold or re-pledged by the trustees, however, the borrowers may sell or re-pledge the loaned securities. Exelon's benefit plans bear the risk of loss with respect to unfavorable changes in the fair value of the invested cash collateral. Such losses may result from a decline in the fair value of specific investments or due to liquidity impairments resulting from current market conditions. Exelon, the trustees and the borrowers have the right to terminate the lending agreement at any time. In the event of termination, the borrowers must return the loaned securities or surrender the collateral. Losses recognized by the trust

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Allocation to Exelon Subsidiaries

Generation, ComEd and PECO account for their participation in Exelon's pension and other postretirement benefit plans by applying multiemployer accounting. Employee-related assets and liabilities, including both pension and postretirement liabilities, were allocated by Exelon to its subsidiaries based on the number of active employees as of January 1, 2001 as part of Exelon's corporate restructuring. Exelon allocates the components of pension and other postretirement costs to the participating employers based upon several factors, including the measures of active employee participation in each participating unit. The obligation for Generation, ComEd and PECO reflects the initial allocation and the cumulative costs incurred and contributions made since January 1, 2001.

The following approximate amounts were included in capital and operating and maintenance expense during 2009, 2008 and 2007, respectively, for Generation's, ComEd's, PECO's and BSC's allocated portion of the Exelon-sponsored pension and other postretirement benefit plans:

	Generation	ComEd	PECO	BSC(a)	Exelon
2009	$ 240	$ 192	$ 47	$ 57	$ 536
2008	139	101	32	42	314
2007	142	101	32	45	320

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations.

Plan Assets

Investment Strategy. Exelon's overall investment strategy is to achieve a mix of investments for long-term growth and for near-term benefit payments with diversification of asset types, fund strategies, and fund managers. Exelon seeks to achieve optimal asset returns while balancing the liquidity requirements of the plans' liabilities. Exelon utilizes a diversified, strategic asset allocation to efficiently and prudently generate investment returns that will meet the objectives of the investment trusts that hold the plan assets. Asset/liability studies are utilized to determine the specific asset allocations for the trusts. In general, Exelon's investment strategy reflects the belief that equities are expected to outperform fixed-income investments and are well-suited to bear the risk of added volatility over the long-term. Accordingly, the asset allocations of the trusts usually reflect a higher allocation to equities as compared to fixed-income securities. Equity securities primarily include investments in diversified portfolios of domestic large cap and small cap firms. Equity securities also include non-U.S. equity securities, which are used to diversify some of the volatility of the U.S. equity market while providing comparable long-term returns. Fixed-income securities include diversified portfolios invested across a broad spectrum of primarily investment-grade securities. These portfolios have the Barclays Aggregate Bond Index as their benchmark. In the pension trusts, Exelon generally maintains approximately 10% of its plan assets in alternative asset classes. Alternative asset classes are utilized to provide additional diversification and return potential and include investments in private equity and real estate. On a quarterly basis, Exelon reviews the actual asset allocations and follows a rebalancing procedure in order to remain within an allowable range, as defined by its policy, of its targeted allocation percentages. Exelon's investment guidelines limit the amount of allowed exposure to investments in more volatile sectors and limit concentrations based on established criteria. A change in the overall investment strategy could significantly impact the expected rate of return on plan assets.

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pension funding requirements. There are other legislative and regulatory funding relief proposals also being discussed. Exelon is monitoring the progress of these initiatives and evaluating their potential impact on funding requirements and strategies.

The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) was signed into law in December 2008. WRERA grants plan sponsors relief from certain funding requirements and benefit restrictions, and also provides some technical corrections to the Act. There are two primary provisions that impact funding results for Exelon. First, required contributions will be based on a percentage of the funding target for years beginning before 2011, rather than a funding target of 100%. These percentages are 92%, 94% and 96% in 2008, 2009 and 2010, respectively. Second, one of the technical corrections, referred to as asset smoothing, allows the use of average asset amounts, including expected returns (subject to certain limitations), for a 24-month period prior to the measurement date, in the determination of funding requirements. Exelon has elected to utilize asset smoothing for its largest pension plan and market value of assets for its remaining plans. These elections are expected to provide Exelon the opportunity to defer certain contributions to later years and potentially mitigate future contributions through investment market recovery.

During September 2009, Exelon made a discretionary pension contribution of $350 million to its largest pension plan. The contribution, combined with funding elections for the 2009 and 2010 plan years, is expected to reduce future contribution requirements.

Exelon allocates pension contributions to its subsidiaries in proportion to active service costs recognized. In addition, Exelon allocates other postretirement contributions to its subsidiaries in proportion to total costs recognized. Exelon expects to contribute approximately $417 million to the benefit plans in 2010, of which Generation, ComEd and PECO expect to contribute $198 million, $92 million and $67 million, respectively. Exelon's expected 2010 benefit plan contributions of $417 million include $261 million of minimum required pension contributions (including contributions to avoid benefit restrictions) and other postretirement contributions of $156 million (of which approximately $100 million is discretionary). These estimates are subject to the completion of a valuation report of Exelon's pension and other postretirement benefit obligations. This valuation report will reflect actual census data as of January 1, 2010 and claims activity as of December 31, 2009.

Estimated Future Benefit Payments

Estimated future benefit payments to participants in all of the pension plans and postretirement benefit plans as of December 31, 2009 were:

	Pension Benefits	Other Postretirement Benefits
2010	$ 708	$ 190
2011	639	199
2012	651	205
2013	677	212
2014	677	219
2015 through 2019	3,873	1,256
Total estimated future benefits payments through 2019	$ 7,225	$ 2,281

(a) Estimated future benefit payments do not reflect an anticipated Federal subsidy provided through the Prescription Drug Act. The Federal subsidies to be received by Exelon in the years 2010, 2011, 2012, 2013, 2014 and from 2015 through 2019 are estimated to be $10 million, $11 million, $12 million, $13 million, $14 million and $89 million, respectively.

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Assumed healthcare cost trend rates have a significant effect on the costs reported for the healthcare plans. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

Effect of a one percentage point increase in assumed healthcare cost trend	
on 2009 total service and interest cost components	$ 49
on postretirement benefit obligation at December 31, 2009	448
Effect of a one percentage point decrease in assumed healthcare cost trend on 2009 total service and interest cost components	(40)
on postretirement benefit obligation at December 31, 2009	(372)

Contributions

The following table provides contributions made by Generation, ComEd, PECO and BSC to the pension and other postretirement benefit plans:

	Pension Benefits			Other Postretirement Benefits		
	2009	2008	2007	2009 (a)	2008 (a)	2007 (a)
Generation	$ 201	$ 37	$ 24	$ 64	$ 71	$ 78
ComEd	164	9	3	50	49	52
PECO	31	11	1	21	29	31
BSC	45 (b)	23 (b)	8 (b)	12	14	18
Exelon	$ 441	$ 80	$ 36	$ 147	$ 163	$ 179

(a) The Registrants present the cash contributions above net of Federal subsidy payments received on each of their respective Consolidated Statements of Cash Flows. Exelon, Generation, ComEd and PECO received Federal subsidy payments of $10 million, $5 million, $3 million and $1 million, respectively, in 2009, $12 million, $5 million, $3 million and $2 million, respectively, in 2008, and $6 million, $3 million, $2 million and $1 million, respectively, in 2007.

(b) $1 million and $5 million of this amount was deferred under Exelon's deferred compensation plan as of 2008 and 2007. None of the amount was deferred as of December 31, 2009.

Funding is based upon actuarially determined contributions that take into account the minimum contribution required under ERISA, as amended, for the pension plans and the amount deductible for income tax purposes for the other postretirement benefit plans. Management considers these and other factors when making funding decisions. The calculation of funding requirements for pension plans requires election of a methodology to determine the actuarial value of assets and the interest rate used to measure the pension liabilities. Recent pension funding guidance has modified some of those elections.

The Pension Protection Act of 2006 (the Act) became effective January 1, 2008 and requires companies to, among other things, maintain certain defined minimum funding thresholds (or face plan benefit restrictions). Generally, effective January 1, 2008 (January 1, 2009 for most union-represented employees), Exelon prospectively amended the vesting schedule, benefit crediting rate and investment crediting rate of its relevant cash balance pension plans in accordance with interim guidance issued by the U.S. Treasury Department pursuant to the Act. These changes to the cash balance pension plans did not have a significant impact on Exelon's results of operations or cash flows. In March and September 2009, the U.S. Treasury Department provided guidance on the selection of the corporate bond yield curve for determining the interest rate used to calculate plan liabilities and determine

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The following weighted average assumptions were used to determine the benefit obligations for all of the plans at December 31, 2009, 2008 and 2007:

	Pension Benefits			Other Postretirement Benefits		
	2009 (a)	2008	2007	2009 (a)	2008	2007
Discount rate	5.83%	6.09%	6.20%	5.83%	6.09%	6.20%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality table	IRS required mortality table for 2010 funding valuation	IRS required mortality table for 2009 funding valuation	IRS required mortality table for 2008 funding valuation	IRS required mortality table for 2010 funding valuation	IRS required mortality table for 2009 funding valuation	IRS required mortality table for 2008 funding valuation
Healthcare cost trend on covered charges	N/A	N/A	N/A	7.5% decreasing to ultimate trend of 5.0% in 2015	7.5% decreasing to ultimate trend of 5.0% in 2014	8.00% decreasing to ultimate trend of 5.0% in 2014

(a) Assumptions used to determine year-end 2009 benefit obligations are the assumptions used to estimate the 2010 net periodic benefit cost.

The following weighted average assumptions were used to determine the net periodic benefit costs for all the plans for the years ended December 31, 2009, 2008 and 2007:

	Pension Benefits			Other Postretirement Benefits		
	2009	2008	2007	2009	2008	2007
Discount rate	6.09%	6.20%	5.90%	6.09%	6.20%	5.85%
Expected return on plan assets	8.50%	8.75%	8.75%	8.10%(a)	7.80%(a)	7.85%(a)
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality table	IRS required mortality table for 2009 funding valuation	IRS required mortality table for 2008 funding valuation	RP 2000 with 10-year projection of mortality improvements	IRS required mortality table for 2009 funding valuation	IRS required mortality table for 2008 funding valuation	RP 2000 with 10-year projection of mortality improvements
Healthcare cost trend on covered charges	N/A	N/A	N/A	7.50% decreasing to ultimate trend of 5.0% in 2014	8.00% decreasing to ultimate trend of 5.0% in 2014	9.00% decreasing to ultimate trend of 5.0% in 2012

(a) Not applicable to the Exelon-sponsored former-AmerGen other postretirement benefit plan, as this plan does not have any plan assets.

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The following table provides the components of Exelon's AOCI and regulatory assets as of December 31, 2009 (included in the table above) that are expected to be amortized as components of periodic benefit cost in 2010. These estimates are subject to the completion of a valuation report of Exelon's pension and other postretirement benefit obligations. This valuation report will reflect actual census data as of January 1, 2010 and actual claims activity as of December 31, 2009 and is expected to be completed by the first quarter of 2010.

	Pension Benefits	Other Postretirement Benefits
Transition obligation	$ —	$ 9
Prior service cost (credit)	14	(56)
Actuarial loss	256	73
Total [(a)]	$ 270	$ 26

(a) Of the $270 million related to pension benefits, $166 million and $104 million are included in AOCI and regulatory assets, respectively, as of December 31, 2009. Of the $26 million related to other postretirement benefits, $11 million and $15 million are expected to be included in AOCI and regulatory assets, respectively, as of December 31, 2009.

Assumptions

The measurement of the plan obligations and costs of providing benefits under Exelon's defined benefit or other postretirement plans involves various factors, including the development of valuation assumptions and accounting elections. When determining the various assumptions that are required, Exelon considers historical information as well as future expectations. The measurement of benefit costs is affected by the actual rate of return on plan assets and assumptions including the long-term expected rate of return on plan assets, the discount rate applied to benefit obligations, Exelon's expected level of contributions to the plans, the incidence of mortality, the expected remaining service period of plan participants, level of compensation and rate of compensation increases, employee age, length of service, the long-term expected investment rate credited to employees of certain plans, the anticipated rate of increase of healthcare costs and the level of benefits provided to employees and retirees, among other factors. The impact of changes in assumptions used to measure pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the plan participants, rather than immediately recognized.

Expected Rate of Return. In selecting the expected rate of return on plan assets, Exelon considers historical returns for the types of investments that its plans hold in addition to expectations regarding future long-term asset returns, weighted by Exelon's target asset class allocation. In general, equity securities, real estate and private equity investments are forecasted to have higher returns than fixed income securities. Historical returns and volatilities are modeled to determine asset allocations that best meet the objectives of the investment trusts that hold the plan assets. A change in asset allocations could significantly impact the expected rate of return on plan assets.

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Components of OCI and Regulatory Assets

Under the authoritative guidance for regulatory accounting, a portion of net periodic benefit costs is capitalized within Exelon's Consolidated Balance Sheets to reflect the expected regulatory recovery of these amounts, which would otherwise be charged to OCI. The following tables provide the components of OCI and regulatory assets for the years ended December 31, 2009, 2008 and 2007 for all plans combined.

	Pension Benefits			Other Postretirement Benefits		
	2009	2008	2007	2009	2008	2007
Changes in plan assets and benefit obligations recognized in OCI and regulatory assets:						
Current year actuarial (gain) loss	$ (94)	$ 3,432	$ 127	$ (154)	$ 495	$ (109)
Amortization of actuarial gain (loss)	(197)	(127)	(148)	(87)	(53)	(63)
Current year prior service cost	2	16	—	—	—	—
Amortization of prior service cost (credit)	(14)	(15)	(16)	56	57	56
Amortization of transition obligation	—	—	—	(9)	(10)	(10)
Settlements	(6)	(9)	(5)	—	—	—
Total recognized in OCI and regulatory assets	$ (309)	$ 3,297	$ (42)	$ (194)	$ 489	$ (126)

The following table provides the components of Exelon's gross accumulated other comprehensive loss and regulatory assets that have not been recognized as components of periodic benefit cost as of December 31, 2009 and 2008, respectively, for all plans combined:

	Pension Benefits		Other Postretirement Benefits	
	As of December 31,		As of December 31,	
	2009	2008	2009	2008
Transition obligation	$ —	$ —	$ 29	$ 38
Prior service cost (credit)	118	130	(110)	(166)
Actuarial loss	5,838	6,135	1,029	1,270
Total [(a)]	$ 5,956	$ 6,265	$ 948	$ 1,142

(a) Of the $5,956 million related to pension benefits, $3,819 million and $2,137 million are included in AOCI and regulatory assets, respectively, as of December 31, 2009. Of the $948 million related to other postretirement benefits, $470 million and $478 million are included in AOCI and regulatory assets, respectively, as of December 31, 2009. Of the $6,265 million related to pension benefits, $4,023 million and $2,242 million are included in AOCI and regulatory assets, respectively, as of December 31, 2008. Of the $1,142 million related to other postretirement benefits, $555 million and $587 million are included in AOCI and regulatory assets, respectively, as of December 31, 2008.

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Components of Net Periodic Benefit Costs

The following table provides the components of the net periodic benefit costs for the years ended December 31, 2009, 2008 and 2007 for all plans combined. The table reflects a reduction in 2009, 2008 and 2007 of net periodic postretirement benefit costs of approximately $38 million, $38 million and $44 million, respectively, related to a Federal subsidy provided under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Prescription Drug Act), discussed further below.

	Pension Benefits			Other Postretirement Benefits		
	2009	2008	2007	2009	2008	2007
Components of net periodic benefit cost:						
Service cost	$ 178	$ 163	$ 163	$ 113	$ 108	$ 106
Interest cost	651	635	603	205	208	192
Expected return on assets	(778)	(836)	(816)	(94)	(121)	(115)
Amortization of:						
Transition obligation	—	—	—	9	10	10
Prior service cost (credit)	14	15	16	(56)	(57)	(56)
Actuarial loss	197	127	148	87	53	63
Curtailment/settlement charges	6	9	5	—	—	—
Special termination benefits	—	—	1	4	—	—
Net periodic benefit cost	$ 268	$ 113	$ 120	$ 268	$ 201	$ 200

Through Exelon's postretirement benefit plans, the Registrants provide retirees with prescription drug coverage. The Prescription Drug Act, enacted on December 8, 2003, introduced a prescription drug benefit under Medicare as well as a Federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare prescription drug benefit. Management believes the prescription drug benefit provided under Exelon's postretirement benefit plans meets the requirements for the subsidy.

The effect of the subsidy on the components of net periodic postretirement benefit cost for 2009, 2008 and 2007 included in the consolidated financial statements was as follows:

	2009	2008	2007
Amortization of the actuarial experience loss	$ 11	$ 11	$ 16
Reduction in current period service cost	9	9	10
Reduction in interest cost on the APBO	18	18	18

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The funded status of the pension and other postretirement benefit obligations refers to the difference between plan assets and estimated obligations of the plan. During 2008, Exelon's unfunded status increased significantly, primarily due to lower than expected 2008 asset returns. The unfunded balance of the plans decreased to $5.83 billion as of December 31, 2009 as compared to $6.38 billion at 2008. While a decrease in discount rates and other factors resulted in an increase in the pension and other postretirement obligation, it was more than offset by the significant increase in asset values during 2009. The funded status may change over time due to several factors, including contribution levels, assumed discount rates and actual returns on plan assets.

The following table provides the projected benefit obligations (PBO), accumulated benefit obligation (ABO) and fair value of plan assets for all pension plans with an ABO in excess of plan assets.

	December 31,	
	2009	2008
Projected benefit obligation	$ 11,482	$ 10,788
Accumulated benefit obligation	10,695	10,017
Fair value of net plan assets	7,839	6,664

The following table provides the PBO, ABO and fair value of all pension plans with a PBO in excess of plan assets.

	December 31,	
	2009	2008
Projected benefit obligation	$ 11,482	$ 10,768
Accumulated benefit obligation	10,695	10,017
Fair value of net plan assets	7,839	6,664

On an ABO basis, the plans were funded at 73% at December 31, 2009 compared to 67% at December 31, 2008. On a PBO basis, the plans were funded at 68% at December 31, 2009 compared to 62% at December 31, 2008. The ABO differs from the PBO in that it includes no assumption about future compensation levels.

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Benefit Obligations and Plan Assets, and Funded Status

Exelon recognizes the overfunded or underfunded status of defined benefit pension and other postretirement plans as an asset or liability on its balance sheet, with offsetting entries to Accumulated Other Comprehensive Income (AOCI) and regulatory assets, in accordance with the applicable authoritative guidance. The impact of changes in assumptions used to measure pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the plan participants, rather than immediately recognized. The measurement date for the plans is December 31. The obligations reflect the impact of Exelon's 2009 restructuring activities and changes in certain plans related to some union participants. The following table provides a rollforward of the changes in the benefit obligations and plan assets for the most recent two years for all plans combined:

	Pension Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
Change in benefit obligation:				
Net benefit obligation at beginning of year	$ 10,788	$ 10,427	$ 3,480	$ 3,335
Service cost	178	163	113	108
Interest cost	651	635	205	208
Plan participants' contributions	—	—	18	22
Actuarial loss (gain)	479	176	31	(14)
Plan Amendments	2	16	—	—
Curtailments/settlements	2	1	—	—
Special termination benefits	—	—	4	—
Gross benefits paid	(618)	(630)	(203)	(189)
Federal subsidy on benefits paid	—	—	10	10
Net benefit obligation at end of year	$ 11,482	$ 10,788	$ 3,658	$ 3,480
Change in plan assets:				
Fair value of net plan assets at beginning of year	$ 6,664	$ 9,634	$ 1,224	$ 1,616
Actual return on plan assets	1,352	(2,420)	280	(388)
Employer contributions	441	80	157	163
Plan participants' contributions	—	—	18	22
Gross benefits paid	(618)	(630)	(203)	(189)
Fair value of net plan assets at end of year	$ 7,839	$ 6,664	$ 1,470	$ 1,224

Exelon presents its benefit obligations and plan assets net on its balance sheet within the following line items:

	Pension Benefits		Other Postretirement Benefits	
	As of December 31,		As of December 31,	
	2009	2008	2009	2008
Other current liabilities	$ 18	$ 13	$ 2	$ 1
Pension obligations	3,625	4,111	—	—
Non-pension postretirement benefit obligations	—	—	2,180	2,255
Unfunded status (net benefit obligation less net plan assets)	$ 3,643	$ 4,124	$ 2,182	$ 2,256

and determined that Generation's aggregate nuclear ARO would be reduced by an immaterial amount in each scenario. In August 2004, Generation and the U.S. DOJ, in close consultation with the DOE, reached a settlement under which the government agreed to reimburse Generation for costs associated with storage of SNF at Generation's nuclear stations pending the DOE's fulfillment of its obligations. Generation submits annual reimbursement requests to the DOE for costs associated with the storage of SNF. In all cases, reimbursement requests are made only after costs are incurred and only for costs resulting from DOE delays in accepting the SNF.

Under the agreement, Generation has received cash reimbursements for costs incurred through April 30, 2009, totaling approximately $360 million ($282 million after considering amounts due to co-owners of certain nuclear stations and to the former owner of Oyster Creek). As of December 31, 2009, the amount of SNF storage costs for which reimbursement will be requested from the DOE under the settlement agreement is $69 million, which is recorded within accounts receivable, other. This amount is comprised of $17 million, which has been recorded as a reduction to operating and maintenance expense, and $49 million, which has been recorded as a reduction to capital expenditures. The remaining $3 million represents amounts owed to the co-owners of the Peach Bottom and Quad Cities generating facilities.

The Standard Contracts with the DOE also required the payment to the DOE of a one-time fee applicable to nuclear generation through April 6, 1983. The fee related to the former PECO units has been paid. Pursuant to the Standard Contracts, ComEd previously elected to defer payment of the one-time fee of $277 million for its units (which are now part of Generation), with interest to the date of payment, until just prior to the first delivery of SNF to the DOE. As of December 31, 2009, the unfunded SNF liability for the one-time fee with interest was $1,017 million. Interest accrues at the 13-week Treasury Rate. The 13-week Treasury Rate in effect, for calculation of the interest accrual at December 31, 2009, was 0.061%. The liabilities for SNF disposal costs, including the one-time fee, were transferred to Generation as part of the 2001 corporate restructuring. The outstanding one-time fee obligation for the Oyster Creek and TMI units remains with the former owners. Clinton has no outstanding obligation. See Note 7—Fair Value of Assets and Liabilities for additional information.

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

As of December 31, 2009, Exelon sponsored seven defined benefit pension plans and three postretirement benefit plans for essentially all Generation, ComEd, PECO and BSC employees.

Exelon's traditional and cash balance pension plans are intended to be tax-qualified defined benefit plans. Substantially all non-union employees and electing union employees hired on or after January 1, 2001 participate in cash balance pension plans. Effective January 1, 2009, substantially all newly hired union-represented employees participate in cash balance pension plans. Exelon has elected that the trusts underlying the plans be treated under the IRC as qualified trusts. If certain conditions are met, Exelon can deduct payments made to the qualified trusts, subject to certain IRC limitations. Exelon also sponsors certain non-qualified pension plans.

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

The following table presents the activity of the non-nuclear AROs reflected on the Registrants' Consolidated Balance Sheets from January 1, 2008 to December 31, 2009:

	Exelon	Generation	ComEd	PECO
Non-nuclear AROs at January 1, 2008	$ 250	$ 64	$ 163	$ 22
Net increase resulting from updates to estimated future cash flows	8	5	2	1
Accretion (a)	14	4	10	1
Payments	(10)	(9)	(1)	—
Non-nuclear AROs at December 31, 2008	262	64	174	24
Net increase (decrease) resulting from updates to estimated future cash flows	(81)	5	(85)	(1)
Accretion (a)	12	4	8	1
Payments	(2)	—	(2)	—
Non-nuclear AROs at December 31, 2009	$ 191	$ 73	$ 95	$ 24

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

During 2009, ComEd recorded an $85 million reduction to its ARO liabilities and offsetting credits to the associated regulatory accounts based on management's revised assumptions. This change in estimate did not have an impact on ComEd's results of operations or cash flows.

12. Spent Nuclear Fuel Obligation (Exelon and Generation)

Under the NWPA, the DOE is responsible for the development of a geologic repository for and the disposal of SNF and high-level radioactive waste. As required by the NWPA, Generation is a party to contracts with the DOE (Standard Contracts) to provide for disposal of SNF from Generation's nuclear generating stations. In accordance with the NWPA and the Standard Contracts, Generation pays the DOE one mill ($.001) per kWh of net nuclear generation for the cost of SNF disposal. This fee may be adjusted prospectively in order to ensure full cost recovery. The NWPA and the Standard Contracts required the DOE to begin taking possession of SNF generated by nuclear generating units by no later than January 31, 1998. The DOE, however, failed to meet that deadline and its performance will be delayed significantly. In January 2009, the DOE issued its Draft National Transportation Plan for the proposed repository. The DOE's press statement accompanying the release of the plan indicated that shipments to the repository are not expected to begin before 2020.

The 2010 Federal budget (which became effective October 1, 2009) eliminated almost all funding for the creation of the Yucca Mountain repository while the Obama Administration devises a new strategy for long-term SNF management. Debate surrounding any new strategy likely will address centralized interim storage, permanent storage at multiple sites and/or SNF reprocessing. Given the program's history of funding restrictions, it is possible that shipments to the repository may not begin by 2020. Because there is no particular date after 2020 that Generation can establish as having a higher probability as the start date for facility operations, Generation uses the 2020 date as its best estimate of when the DOE will begin accepting SNF. This extended delay in SNF acceptance by the DOE has led to Generation's adoption of dry cask storage at its Dresden, Limerick, Oyster Creek, Peach Bottom, Byron, Braidwood, LaSalle and Quad Cities stations. Generation performed sensitivity analyses assuming that the estimated date for the DOE acceptance of SNF was delayed to 2025 and to 2035

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outstanding and held $386 million of related collateral under its lending agreements. At December 31, 2009, Generation had $357 million of loaned securities outstanding and held $366 million of related collateral under its lending agreements, representing a decrease in loaned securities outstanding since December 31, 2008 of $23 million primarily due to the return of loaned securities.

A portion of the income generated through the investment of cash collateral is remitted to the borrowers, and the remainder is allocated between the trust funds and the trustees in their capacity as security agents. Securities lending income allocated to the NDT funds is included in NDT fund earnings and classified as Other, net in Exelon's and Generation's Consolidated Statements of Operations and was not significant during the years ended December 31, 2009 and 2008.

The following table provides unrealized gains (losses) on NDT funds and other-than-temporary impairment of NDT funds for the years ended 2009, 2008 and 2007:

	Exelon and Generation For the Years Ended December 31,		
	2009	2008	2007
Net unrealized gains (losses) on[a] decommissioning trust funds—Regulatory Agreement Units	$ 799	$ (1,023)	$ 43
Net unrealized gains (losses) on decommissioning[b] trust funds—Non-Regulatory Agreement Units	227[d]	(324)[d]	(14)[e]
Other-than-temporary[c] impairment of decommissioning trust funds—Regulatory Agreement Units	n/a	n/a	(84)[a][b]
Other-than-temporary impairment of decommissioning[c] trust funds—Non-Regulatory Agreement Units	n/a	n/a	(9) [d]

(a) Generation's NDT funds associated with the former ComEd and former PECO nuclear generating units that are subject to regulatory agreements with respect to NDT funding are subject to contractual elimination pursuant to regulatory accounting and included in regulatory liabilities on Exelon's Consolidated Balance Sheets and noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.

(b) Generation's NDT funds that are not subject to a regulatory agreement with respect to NDT funding are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

(c) As a result of certain NRC restrictions, Exelon and Generation were unable to demonstrate the ability and intent to hold the NDT fund investments through a recovery period and, in accordance with other-than-temporary impaired investment authoritative guidance, recognized any unrealized holding losses immediately.

(d) Included in Other, net in Exelon's and Generation's Consolidated Statement of Operations.

(e) Included in accumulated OCI on Exelon's and Generation's Consolidated Balance Sheet.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units, which are subject to regulatory accounting, are eliminated within Other, net in Exelon and Generation's Consolidated Statement of Operations.

Non-Nuclear Asset Retirement Obligations (Exelon, Generation, ComEd, and PECO)

Generation has AROs for plant closure costs associated with its fossil and hydroelectric generating stations, including asbestos abatement, removal of certain storage tanks and other decommissioning-related activities. ComEd and PECO have AROs primarily associated with the abatement and disposal of equipment and buildings contaminated with asbestos and PCBs.

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As the future values of trust funds change due to market conditions, the NRC minimum funding status of Generation's units will change. In addition, if changes occur to the regulatory agreement with the PAPUC that currently allows amounts to be collected from PECO customers for decommissioning the former PECO nuclear plants, the NRC minimum funding status of those plants could change at subsequent NRC filing dates. At present, Generation anticipates that it will remedy any underfunded position remaining after full implementation of its funding assurance plan as submitted to the NRC through the issuance of a limited guarantee from Exelon in the amount of up to $45 million, rather than through cash contributions to the decommissioning trust funds.

Nuclear Decommissioning Trust Fund Investments

At December 31, 2009 and December 31, 2008, Exelon and Generation had NDT fund investments totaling $6,669 million and $5,500 million, respectively.

In the first quarter of 2009, Generation performed a rebalancing of its NDT fund investments in order to bring the mix of equity and fixed income investments into alignment with targeted ratios. At December 31, 2009, approximately 53% of the funds were invested in equity and 47% were invested in fixed income securities. At December 31, 2008, approximately 39% of the funds were invested in equity and 61% were invested in fixed income securities.

Generation's NDT funds participate in a securities lending program with the trustees of the funds. The program authorizes the trustees to loan securities that are assets of the trust funds to approved borrowers. The trustees require borrowers, pursuant to a security lending agreement, to deliver collateral to secure each loan. The securities are required to be collateralized by cash, U.S. Government securities or irrevocable bank letters of credit. Initial collateral levels are no less than 102% and 105% of the market value of the borrowed securities for collateral denominated in U.S. and foreign currency, respectively. Subsequent collateral levels, which are adjusted daily, must be maintained at a level no less than 100% of the market value of borrowed securities. Cash collateral received is primarily invested in a short-term collateral fund, but may also be invested in assets with maturities matching, or approximating, the duration of the loan of the related securities. Collateral may not be sold or re-pledged by the trustees; however, the borrowers may sell or re-pledge the securities loaned. Generation bears the risk of loss with respect to its invested cash collateral. Such losses may result from a decline in fair value of specific investments or liquidity impairments resulting from current market conditions. Generation, the trustees and the borrowers have the right to terminate the lending agreement at their discretion, upon which borrowers would return securities to Generation in exchange for their cash collateral. If the short-term collateral funds do not have adequate liquidity, Generation may incur losses upon the withdrawal of amounts from the funds to repay the borrowers' collateral. Losses recognized by Generation, whether the result of declines in fair value or liquidity impairments, have not been significant to date. Management continues to monitor the performance of the invested collateral and to work closely with the trustees to limit any potential further losses.

In the fourth quarter of 2008, Generation decided to end its participation in the securities lending program and chose to initiate a gradual withdrawal of the trusts' investments in order to minimize potential losses due to the lack of liquidity in the market. As part of its withdrawal plan and in order to minimize realized losses, Generation temporarily increased its securities on loan during 2009. This temporary increase does not change Generation's intent to end its participation in the securities lending program. Currently, the weighted average maturity of the securities within the collateral pools is approximately 4 months. At December 31, 2008, Generation had $380 million of loaned securities expected earnings thereon and, in the case of the former PECO stations, the remaining amounts to be collected from PECO's customers will ultimately be sufficient to fully fund Generation's decommissioning obligations for its nuclear generating stations in accordance with NRC regulations.

Generation is required to provide to the NRC a biennial report by unit (annually for units that have been retired or are within five years of the current approved license life), based on values as of December 31, addressing Generation's ability to meet the NRC minimum funding levels. Depending on the value of the trust funds, Generation may be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or make additional contributions to the trusts, which could be significant, to ensure that the trusts are adequately funded and that NRC minimum funding requirements are met. As a result, Exelon's and Generation's cash flows and financial position may be significantly adversely affected.

Generation's most recent report was filed with the NRC on March 31, 2009, based on trust fund values and estimated decommissioning obligations as of December 31, 2008. The estimated decommissioning obligations for the NRC report were calculated in accordance with NRC regulations, and differ from the ARO recorded on Generation's and Exelon's Consolidated Balance Sheets at December 31, 2008, primarily due to differences in assumptions regarding the decommissioning alternatives to be used and potential license renewals.

On July 13, 2009, the NRC published a summary of decommissioning trust fund shortfalls at industry nuclear units, which for Generation's nuclear generating stations set forth an aggregate underfunded position of approximately $1.0 billion. The NRC calculation assumes one scenario where decommissioning activities are completed within seven years after the cessation of plant operations. Under NRC regulations, nuclear unit owners have up to 60 years to complete decommissioning after the cessation of operations, during which time decommissioning funds would continue to be invested. The NRC did not publish any calculations for alternative scenarios where decommissioning activities are completed at a later time during the 60-year window. Generation, consistent with NRC regulations, makes its calculations based upon the 60-year decommissioning scenario. Consistent with studies approved by the NRC and assuming that decommissioning activities are completed within the permissible 60-year regulatory time period, Generation believes that six units at three nuclear generating stations were in an underfunded position by approximately $185 million in total relative to the NRC minimum funding requirement as of December 31, 2008. Over 90% of this total is attributable to Generation's four units at Braidwood and Byron, where Generation has not yet filed for license extensions. Although the NRC does not allow for potential license extensions to be credited in calculating NRC minimum funding requirements, to the extent that license extensions are granted for these units, decommissioning funds will continue to be invested for an additional 20-year period. Generation presently anticipates that it will file for license extensions for these units consistent with its ongoing business plan.

Generation and other industry members are engaged in ongoing discussions with the NRC regarding the NRC's calculations. On July 31, 2009, Generation submitted its plan to the NRC to remediate the remaining underfunded position. The multi-step plan is expected to fully remediate any underfunded positions calculated as of December 31, 2009 by April 1, 2010. Additionally, the plan provides for an annual assessment of Generation's remediation of any underfunded position. Based on the latest calculations and trust fund values, Generation believes that the underfunded position is $45 million as of December 31, 2009. Generation does not expect that any cash contributions to the funds will be required; instead, Generation anticipates that any underfunded position will be addressed through other financial guarantee methods as allowed by NRC regulations and laid out in the plan submitted to the NRC by Generation.

as long as funds held in the NDT funds exceed the total estimated decommissioning obligation, decommissioning-related activities, including realized and unrealized income and losses on the trust funds and accretion of the decommissioning obligation, are generally offset within Exelon's and Generation's Consolidated Statements of Operations. The offset of decommissioning-related activities within the Consolidated Statement of Operations results in an equal adjustment to the noncurrent payables to affiliates at Generation and an adjustment to the regulatory liabilities at Exelon. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability. Should the value of the trust fund for any former ComEd unit fall below the amount of the estimated decommissioning obligation for that unit, the accounting to offset decommissioning-related activities in the Consolidated Statement of Operations for that unit would be discontinued, the decommissioning-related activities would be recognized in the Consolidated Statements of Operations and the adverse impact to Exelon's and Generation's results of operations and financial position could be material. At December 31, 2009, the trust funds of each of the former ComEd units exceeded the related decommissioning obligation for each of the units. For the purposes of making this determination, the decommissioning obligation referred to is the ARO reflected on Generation's Consolidated Balance Sheet at December 31, 2009 and is different from the calculation used in the NRC minimum funding obligation filings based on NRC guidelines.

Based on the regulatory agreement supported by the PAPUC that dictates Generation's rights and obligations related to the shortfall or excess of trust funds necessary for decommissioning the seven former PECO nuclear units, regardless of whether the funds held in the NDT funds exceed or fall short of the total estimated decommissioning obligation, decommissioning-related activities are generally offset within Exelon's and Generation's Consolidated Statements of Operations. The offset of decommissioning-related activities within the Consolidated Statement of Operations results in an equal adjustment to the noncurrent payables to affiliates at Generation and an adjustment to the regulatory liabilities at Exelon. Likewise, PECO has recorded an equal noncurrent affiliate receivable from Generation and a corresponding regulatory liability. Any changes to the PECO regulatory agreements could impact Exelon's and Generation's ability to offset decommissioning-related activities within the Consolidated Statement of Operations, and the impact to Exelon's and Generation's results of operations and financial position could be material. See Note 2—Regulatory Issues for information regarding a PAPUC investigation to determine if PECO's decommissioning cost collections from customers should continue after December 31, 2010.

The decommissioning-related activities related to the Clinton, Oyster Creek and Three Mile Island nuclear plants (the former AmerGen units) and the portions of the Peach Bottom nuclear plants that are not subject to regulatory agreements with respect to the NDT funds are reflected in Exelon's and Generation's Consolidated Statements of Operations, as there are no regulatory agreements associated with these units. Refer to Note 19—Supplemental Financial Information and Note 21—Related Party Transactions for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund the customers any decommissioning-related assets in excess of the related decommissioning obligations.

NRC Minimum Funding Requirements. NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts at the end of the life of the facility to decommission the facility. During 2008, the value of the trust funds declined significantly due to unrealized losses as a result of adverse financial market conditions. Despite this decline in value, Generation believes that the decommissioning trust funds for the nuclear generating stations formerly owned by ComEd, PECO and AmerGen, the

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During 2008, Generation recorded a net decrease in the ARO of $300 million, primarily due to an update in the third quarter of 2008, which reflected updated decommissioning cost studies received for seven nuclear units, a decline from the previous year in the cost escalation factor assumptions used to estimate future undiscounted decommissioning costs and a change in management's expectation of the year in which the DOE will begin accepting SNF (from the previous estimate of 2018 to 2020), partially offset by a change in the probabilities assigned to decommissioning alternatives for Zion Station to reflect a revised probability for accelerated decommissioning. The decrease in the ARO resulted in the recognition of $19 million of income (pre-tax), which is included in operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations, representing the reduction in the ARO in excess of the existing ARC balances for the Non-Regulatory Agreement Units.

Overview of Trust Funds. Trust funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. Trust funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The trusts funds associated with the former ComEd, former PECO and former AmerGen units have been funded with amounts collected from ComEd customers, PECO customers and the previous owners of the former AmerGen plants, respectively. Based on an ICC order, ComEd ceased collecting amounts from its customers to pay for decommissioning costs. PECO currently collects funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are expected to continue through the operating lives of the plants. The amounts collected from PECO customers are remitted to Generation and deposited into the trust funds. Every five years, the PAPUC reviews the adequacy of the annual amount that PECO is allowed to collect from its customers. Based on this review, the PAPUC may adjust PECO's collections upward or downward. Based on the most recent PAPUC review, effective January 1, 2008, the annual collection amount was set at $29 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2013. With respect to the former AmerGen units, Generation does not collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from customers. Apart from the contributions made to the trust funds from amounts collected from ComEd and PECO customers, Generation has not made contributions to the trust funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation. Generation has recourse to collect additional amounts from PECO customers related to a shortfall of trust funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, on an aggregate basis for all former PECO units, compared to decommissioning obligations, as well as 5% of any additional shortfalls. This initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from ComEd customers for the former ComEd units or from the previous owners of the former AmerGen units. With respect to the former ComEd and PECO units, any funds remaining in the trusts after decommissioning has been completed are required to be refunded to ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to the former AmerGen units, Generation retains any funds remaining in the trusts after decommissioning.

Accounting Implications of the Regulatory Agreements with ComEd and PECO. Based on the regulatory agreement with the ICC that dictates Generation's obligations related to the shortfall or excess of trust funds necessary for decommissioning the former ComEd units on a unit-by-unit basis, by $87 million during the year ended December 31, 2007. Net income from interests in synthetic fuel-producing facilities is reflected in the Consolidated Statements of Operations in income taxes, operating and maintenance expense, depreciation and amortization expense, interest expense, equity in losses of unconsolidated affiliates and other, net.

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Tax Sharing Agreement (Exelon, Generation, ComEd and PECO)

Generation, ComEd and PECO are all party to an agreement with Exelon and other subsidiaries of Exelon that provides for the allocation of consolidated tax liabilities and benefits (Tax Sharing Agreement). The Tax Sharing Agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, any net benefit attributable to Exelon is reallocated to the other Registrants. That allocation is treated as a contribution to the capital of the party receiving the benefit. During 2009, Generation, ComEd and PECO recorded an allocation of Federal tax benefits from Exelon under the Tax Sharing Agreement of $57 million, $8 million and $27 million, respectively.

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

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. Generation will pay for its respective obligations using trust funds that have been established for this purpose. The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets, from January 1, 2008 to December 31, 2009:

	Exelon and Generation
Nuclear decommissioning ARO at January 1, 2008	$ 3,578
Net decrease resulting from updates to estimated future cash flows	(300)
Accretion expense	221
Payments to decommission retired plants	(14)
Nuclear decommissioning ARO at December 31, 2008 [(a)]	3,485
Net decrease resulting from updates to estimated future cash flows	(409)
Accretion expense	203
Payments to decommission retired plants	(19)
Nuclear decommissioning ARO at December 31, 2009 [(a)]	$ 3,260

(a) Includes $17 million and $13 million as the current portion of the ARO at December 31, 2009 and 2008, respectively, which is included in other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During 2009, Generation recorded a net decrease in the ARO of $409 million, primarily due to an update in the third quarter of 2009, which reflected updated decommissioning cost studies received for six nuclear units and a decline from the previous year in the cost escalation factor assumptions used to estimate future undiscounted decommissioning costs. This decrease in the ARO resulted in the recognition of $47 million of income (pre-tax), which is included in operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations, representing the reduction in the ARO in excess of the existing ARC balances for the Non-Regulatory Agreement Units.

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On December 22, 2009, Exelon filed a Petition of Writ for Certiorari with the United States Supreme Court appealing the Illinois Supreme Court's July 15, 2009 modified opinion. In the third quarter of 2009 Exelon, Generation and ComEd decreased their unrecognized tax benefits related to this position. However, as a result of the filing of the United States Supreme Court petition the unrecognized tax benefits continue to be reported.

Research and Development Settlement (Exelon, Generation and ComEd)

In 2007, ComEd and the IRS reached an agreement to settle a research and development claim for tax years 1989 -1998. The incremental impact recorded by ComEd in the fourth quarter of 2007, above the amount recorded with the adoption of the authoritative guidance for accounting for uncertain income tax positions, resulted in a reduction to goodwill of $35 million, interest income of $15 million (after tax) and a contingent tax consulting fee of $8 million (after tax). Generation recorded a deferred tax liability and tax expense of $27 million related to the reduction of future depreciation due to the basis reduction of the related assets transferred from ComEd. The contingent fee was accounted for in accordance with the authoritative guidance for accounting for contingent liabilities and recognized in the fourth quarter of 2007.

Long-Term State Tax Apportionment (Exelon and Generation)

Exelon and Generation periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of Exelon's and Generation's deferred state income taxes. On April 16, 2009, the PAPUC approved PECO's electricity procurement proposal that will have an impact on Exelon's and Generation's apportionment of income among the states. Accordingly, Exelon and Generation reevaluated the impacts to deferred state taxes in the second quarter of 2009. The effect of such evaluations resulted in the recording of a non-cash deferred state tax benefit in the amount of $34.7 million, net of taxes. Exelon and Generation have treated electricity as tangible personal property for this purpose which is consistent with the February and July 2009 Illinois Supreme Court decisions.

Tax Restructuring (Exelon)

In the fourth quarter of 2007, Exelon completed a tax restructuring to allow the utilization of separate company losses for state income tax purposes. As a result of the restructuring, Exelon recorded a deferred tax benefit of approximately $63 million related primarily to temporary differences originating through OCI. The effect of the tax restructuring in the fourth quarter of 2007 and its impact on the deferred tax assets at Exelon were recorded in net income.

Investments in Synthetic Fuel-Producing Facilities (Exelon)

Exelon, through three separate wholly owned subsidiaries, owned interests in two limited liability companies and one limited partnership (collectively, the sellers) that own synthetic fuel-producing facilities. Prior to December 31, 2007, Section 45K (formerly Section 29) of the IRC provided tax credits for the sale of synthetic fuel produced from coal. The ability to earn these synthetic fuel tax credits expired on December 31, 2007 and, as such, the synthetic fuel-producing facilities that Exelon had interests in ceased operations on or before December 31, 2007. The agreements with the Sellers terminated in 2008.

Interests in synthetic fuel-producing facilities did not have any net impact on Exelon's net income for the years ended December 31, 2009 and December 31, 2008 and increased Exelon's net income favorable impacts to cash flows, and such impacts could be material. Management has considered the progress of this matter before IRS Appeals and determined that there are no new developments that lead to a remeasurement of the amounts recorded. Based on management's expectations as to the length of the appeal, it is reasonably possible that the unrecognized tax benefits related to this issue may significantly increase or decrease within the next 12 months. It is not possible at this time to predict the amount, if any, of such a change.

Indirect Cost Capitalization (Exelon, Generation, ComEd and PECO)

In 2001, Exelon filed a request with the IRS to change its tax method of accounting for certain overhead costs under the SSCM effective for years 2001-2004. The tax method change resulted in the deduction of certain overhead costs previously capitalized. In the fourth quarter of 2007, Exelon and the IRS agreed to apply industry-wide guidelines for settling the amount of indirect overhead costs previously capitalized. Based on acceptance of the settlement guidelines, Exelon recorded, in the fourth quarter of 2007, an estimated interest benefit of approximately $40 million (after tax) net of a contingent tax consulting fee of $6 million (after tax). ComEd and PECO recorded an estimated interest benefit (after tax and net of fee) of approximately $26 million and $8 million, respectively. ComEd and PECO recorded a current tax benefit of $13 million and $26 million, respectively, offset with a deferred tax expense recorded at Generation of $38 million. In the second quarter of 2008, Exelon reached final settlement with the IRS as to the amounts of the benefit determined through the application of the IRS settlement guidelines. As a result, Exelon recognized an additional interest benefit of $10 million (after tax) of which $7 million and $2 million of the interest benefit was attributable to ComEd and PECO, respectively. ComEd and PECO recorded a current tax benefit of $4 million and $2 million, respectively, offset with a deferred tax expense recorded at Generation of $6 million.

For years beginning after 2004, Exelon, ComEd and PECO were required to discontinue use of the SSCM and adopt a new method of capitalizing indirect costs. In the third quarter of 2007, ComEd and PECO developed a new indirect cost capitalization method. As a result, Exelon recorded an estimated interest benefit of $5 million (after tax). ComEd and PECO recorded an estimated interest benefit (after tax) of $2 million and $3 million, respectively. During the fourth quarter of 2008, the IRS indicated its agreement with this new method of capitalizing indirect overhead costs. Therefore, Exelon recorded an additional interest benefit (after tax) of $12 million of which $15 million and $2 million was attributable to ComEd and PECO, respectively. In 2009, the IRS industry director issued a new directive for determining the amount of indirect costs capitalized to inventory and self-constructed property, which was consistent with Exelon's methodology.

Illinois Replacement Investment Tax Credits (Exelon, Generation and ComEd)

On February 20, 2009, the Illinois Supreme Court ruled in Exelon's favor in a case involving refund claims for Illinois investment tax credits. Consequently, Exelon recorded approximately $42 million (after tax) of income in results of operations in the first quarter of 2009 to reflect the refund claims for investment tax credits and associated interest for the years 1995 – 2008; $35 million and $8 million were recorded at ComEd and Generation, respectively.

Responding to the Illinois Attorney General's petition for rehearing, on July 15, 2009, the Illinois Supreme Court modified its opinion to indicate that it was to be applied only prospectively, beginning in 2009. Exelon filed a Petition for Rehearing with the Illinois Supreme Court on August 4, 2009. The Petition for Rehearing was denied by the Illinois Supreme Court on September 28, 2009. As a result, Exelon, Generation and ComEd recorded a charge to third quarter 2009 results of operations to reverse the income previously recognized.

issue will be fully litigated. Given that Exelon has determined settlement is no longer a realistic outcome, it has assessed in accordance with accounting standards whether it will prevail in litigation. While Exelon recognizes the complexity and hazards of this litigation, it believes that it is more likely than not that it will prevail in such litigation and has therefore eliminated any liability for unrecognized tax benefits.

A fully successful IRS challenge to Exelon's and ComEd's involuntary conversion position and like-kind exchange transaction would accelerate income tax payments and increase interest expense related to the deferred tax gain that becomes currently payable. As of December 31, 2009, Exelon's and ComEd's potential tax and interest that could become currently payable in the event of a successful IRS challenge could be as much as $1.1 billion. Any payments ultimately determined to be due to the IRS related to the involuntary conversion position and the like-kind exchange transaction would be partially offset by the approximately $300 million refund due from the settlement of the 2001 tax method of accounting change for certain overhead costs under the SSCM. A favorable settlement of the tax position related to the CTCs (discussed below) for the 1999-2001 years could also offset a portion of any tax liability due with respect to the final outcome on these positions. If the IRS were to prevail in litigation on both tax positions, Exelon's and ComEd's results of operations could be negatively affected by as much as $300 million (after-tax) related to interest expense.

Competitive Transition Charges (Exelon, ComEd and PECO)

Exelon contends that the Illinois Act and the Competition Act resulted in the taking of certain of ComEd's and PECO's assets used in their respective businesses of providing electricity services in their defined service areas. Exelon has filed refund claims with the IRS taking the position that CTCs collected during ComEd's and PECO's transition periods represent compensation for that taking and, accordingly, are excludible from taxable income as proceeds from an involuntary conversion. If Exelon is successful in its claims, it will be required to reduce the tax basis of property acquired with the funds provided by the CTCs such that the benefits of the position are temporary in nature. The IRS has disallowed the refund claims for the 1999-2001 tax years. Exelon has protested the disallowance and is currently discussing the refund claims with IRS Appeals. The years 2002-2006 are currently under IRS audit and Exelon expects the claims for those years to be disallowed.

Under the Illinois Act, ComEd was required to allow competitors the use of its distribution system resulting in the taking of ComEd's assets and lost asset value (stranded costs). As compensation for the taking, ComEd was permitted to collect a portion of the stranded costs through the collection of CTCs from those customers electing to purchase electricity from providers other than ComEd. ComEd collected approximately $1.2 billion in CTCs for the years 1999-2006.

Similarly, under the Competition Act, PECO was required to allow others the use of its distribution system resulting in the taking of PECO's assets and the stranded costs. Pennsylvania permitted PECO to collect CTCs as compensation for its stranded costs. The PAPUC determined the total amount of stranded costs that PECO was permitted to collect through the CTCs to be $5.3 billion. PECO has collected approximately $4.4 billion in CTCs for the period 2000 through December 31, 2009. PECO will continue billing CTCs through 2010.

ComEd and PECO have recognized tax benefits associated with the CTC refund claims and have accrued interest on this tax position. Exelon's, ComEd's and PECO's management believe that the issue has been appropriately recognized; however, the ultimate outcome of this matter could result in unfavorable or favorable impacts to the results of operations and financial positions as well as potential generating plants and the sales proceeds were therefore not received in connection with an involuntary conversion of certain ComEd property rights. Accordingly, the IRS has asserted that the gain on the sale of the assets was fully subject to tax. The IRS also asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax.

In addition to attempting to impose tax on the transactions, the IRS has asserted penalties of approximately $196 million for a substantial understatement of tax. Because Exelon believes it is unlikely that the penalty assertion will ultimately be sustained, Exelon and ComEd have not recorded a liability for penalties. However, should the IRS prevail in asserting the penalty it would result in an after-tax charge of $196 million to Exelon's and ComEd's results of operations.

Exelon disagrees with the IRS disallowance of the deferral of gain and specifically with the characterization of its purchase and leaseback as a SILO. Exelon has been in discussions with IRS Appeals for several months in an attempt to reach a settlement on both the involuntary conversion and like-kind exchange, in a manner commensurate with Exelon's and the IRS' respective hazards of litigation with respect to each issue. During the second quarter of 2009, Exelon determined that a settlement with IRS Appeals was unlikely and that Exelon would be required to initiate litigation in order to resolve the issues.

Accordingly, Exelon concluded that it had sufficient new information that a change in measurement was required during the second quarter of 2009. As a result of the required remeasurement of these two positions in the second quarter, Exelon recorded a $31 million (after-tax) interest benefit of which $40 million (after-tax) was recorded at ComEd. The difference in amounts recorded at Exelon and ComEd is due to the method of allocating interest to the Registrants.

Due to the fact that tax litigation often results in a negotiated settlement, Exelon believes that an eventual settlement on the involuntary conversion position remains a likely outcome. Exelon and ComEd have established a liability for an unrecognized tax benefit consistent with their view as to a likely settlement. Management has considered the progress of the ongoing discussions with the IRS Appeals and determined that there were no new developments during the fourth quarter of 2009 that require a remeasurement of the amounts recorded. Based on management's expectations as to the ongoing potential of a settlement, it is reasonably possible that the unrecognized tax benefits related to this issue may significantly increase or decrease within the next 12 months. It is not possible at this time to predict the amount, if any, of such a change.

With regard to the like-kind exchange transaction, Exelon does not currently believe it is possible to reach a negotiated settlement with either IRS Appeals or the Government's lawyers prior to a trial. While Exelon has been and remains willing to settle the issue in a manner generally commensurate with its hazards of litigation, the IRS has indicated that it will only settle the issue in a manner consistent with published settlement guidelines for SILO transactions. Those guidelines require a nearly complete concession of the issue by Exelon. Exelon does not believe that its transaction is the same as or substantially similar to a SILO and does not believe that the concession demanded by the IRS reflects the strength of Exelon's position. Accordingly, Exelon currently believes it is likely that the

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Tax Method of Accounting for Repairs

In 2009, Exelon received approval from the IRS to change its method of accounting for repair costs associated with Generation's power plants. The new tax method of accounting resulted in net positive cash flow for 2009 of approximately $420 million. Although the IRS granted Exelon approval to change its method of accounting, the approval did not affirm the methodology used to calculate the deduction. Exelon has requested the IRS to review its methodology through its Pre-Filing Agreement program. If that request is granted it is reasonably possible that the total amount of unrecognized tax benefits could increase or decrease within the next 12 months.

See 1999 Sale of Fossil Generating Assets in Other Tax Matters section below for information regarding the amount of unrecognized tax benefits associated with this matter that could change significantly within the next 12 months.

See Competitive Transition Charges in Other Tax Matters section below for information regarding the amount of unrecognized tax benefits associated with this matter that could change significantly within the next 12 months.

Description of tax years that remain subject to examination by major jurisdiction

Taxpayer	Open Years
Exelon (and predecessors) and subsidiaries consolidated Federal income tax returns	1989-2008
Exelon (and predecessors) and subsidiaries Illinois unitary income tax returns	2004-2008
Exelon Ventures Company, LLC Pennsylvania corporate net income tax returns	2004-2008
PECO Pennsylvania corporate net income tax returns	2003-2008

Exelon expects the IRS to complete the audit of its 2002 through 2006 taxable years in the first quarter of 2010. Exelon does not expect there to be any material unresolved issues from that audit except for the carryover effects from ComEd's deferral of gain positions taken on the sale of its fossil generating assets (discussed below).

Other Tax Matters

1999 Sale of Fossil Generating Assets (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took two positions on its 1999 income tax return to defer approximately $2.8 billion of tax gain on the 1999 sale of ComEd's fossil generating assets. Exelon deferred approximately $1.6 billion of the gain under the involuntary conversion provisions of the IRC. Exelon believes that it was economically compelled to dispose of ComEd's fossil generating plants as a result of the Illinois Act. The proceeds from the sale of the fossil plants were properly reinvested in qualifying replacement property such that the gain was deferred over the lives of the replacement property under the involuntary conversion provisions. Approximately $1.2 billion of the gain was deferred by reinvesting the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities.

Exelon received the IRS audit report for 1999 through 2001, which reflected the full disallowance of the deferral of gain associated with both the involuntary conversion position and the like-kind exchange transaction. Specifically, the IRS has asserted that ComEd was not forced to sell the fossil

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Unrecognized tax benefits that if recognized would affect the effective tax rate

Exelon, Generation and ComEd have $95 million, $33 million and $62 million, respectively, of unrecognized tax benefits at December 31, 2009 that, if recognized, would decrease the effective tax rate. Exelon, Generation and ComEd had $93 million, $28 million and $65 million, respectively, of unrecognized tax benefits at December 31, 2008 that, if recognized, would decrease the effective tax rate.

Total amounts of interest and penalties recognized

Exelon, Generation, ComEd and PECO have reflected in their Consolidated Balance Sheets as of December 31, 2009 a net interest receivable (payable) of $28 million, $(17) million, $(28) million and $54 million, respectively, related to their uncertain tax positions. Exelon, Generation, ComEd and PECO reflected in their Consolidated Balance Sheets as of December 31, 2008 a net interest receivable (payable) of $(16) million, $(10) million, $(90) million and $48 million, respectively, related to their uncertain tax positions. The Registrants recognize accrued interest related to uncertain tax positions in interest expense (income) in other income and deductions on their Consolidated Statements of Operations. Exelon, Generation, ComEd and PECO have reflected in their Consolidated Statements of Operations net interest expense (income) of $(42) million, $9 million, $(62) million and $(5) million, respectively, related to their uncertain tax positions for the twelve months ended December 31, 2009. For the twelve months ended December 31, 2008, Exelon, Generation, ComEd and PECO reflected in their Consolidated Statements of Operations net interest expense (income) of $(31) million, $(11) million, $(2) million and $(12) million, respectively, related to their uncertain tax positions. For the twelve months ended December 31, 2007, Exelon, Generation, ComEd and PECO reflected in their Consolidated Statements of Operations net interest expense (income) of $(49) million, $24 million, $(41) million and $(20) million, respectively, related to their uncertain tax positions. The Registrants have not accrued any penalties with respect to uncertain tax positions.

Reasonably possible that total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and has disallowed the claims. In November of 2008, Generation received a final determination from the Appeals division of the IRS (IRS Appeals) disallowing AmerGen's refund claims. On February 20, 2009, Generation filed a complaint in the United States Court of Federal Claims to contest this determination. In August 2009, the DOJ filed its answer denying the allegations made by Generation in its complaint.

The trial judge assigned to the case has noted the availability of the court's Alternative Dispute Resolution (ADR) program as an alternative to a trial, but the parties have not yet met with the ADR judge. The ADR program is a non-binding process that utilizes a variety of techniques such as mediation, neutral evaluation, and non-binding arbitration that allow the parties to better understand their differences and their prospects for settlement. While it is unclear when the parties might meet with the ADR judge, the process could result in an expedited conclusion of the matter. As a result, Generation believes that it is reasonably possible that the total amount of unrecognized tax benefits may significantly decrease in the next twelve months.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following table provides the Registrants' carryforwards and any corresponding valuation allowances as of December 31, 2009. ComEd does not have any carryforwards as of December 31, 2009:

As of December 31, 2009	Exelon	Generation	PECO
State net operating loss carryforward	$ 735 (a)	$ 145	$ —
Deferred taxes	34	9	—
Valuation allowance	16	—	—
State capital loss carryforward	455	435 (b)	20
Deferred taxes	20	18	1
Valuation allowance	19	18	1

(a) Exelon's state net operating loss carryforwards will expire beginning in 2019

(b) Generation's state capital loss carryforwards for income tax purposes will expire in 2010

Tabular reconciliation of unrecognized tax benefits

The following table provides a reconciliation of the Registrants' unrecognized tax benefits as of December 31, 2009:

	Exelon	Generation	ComEd	PECO
Unrecognized tax benefits at January 1, 2009	$ 1,495	$ 468	$ 635	$ 365
Decreases based on tax positions related to 2009	(2)	(2)	—	—
Change to positions that only affect timing	19	172	(154)	7
Increases based on tax positions prior to 2009	4	3	—	—
Decreases related to settlements with taxing authorities	(18)	(8)	(10)	—
Unrecognized tax benefits at December 31, 2009	$ 1,498	$ 633	$ 471	$ 372

The following table provides a reconciliation of the Registrants' unrecognized tax benefits as of December 31, 2008:

	Exelon	Generation	ComEd	PECO
Unrecognized tax benefits at January 1, 2008	$ 1,582	$ 431	$ 688	$ 424
Increases based on tax positions prior to 2008	18	5	12	—
Change to positions that only affect timing	(74)	32	(65)	(59)
Increases based on tax positions related to 2008	3	3	—	—
Decreases related to settlements with taxing authorities	(25)	(3)	—	—
Decrease from expiration of statute of limitations	(9)	—	—	—
Unrecognized tax benefits at December 31, 2008	$ 1,495	$ 468	$ 635	$ 365

Included in Exelon's unrecognized tax benefits balance at December 31, 2009 and December 31, 2008 is approximately $1.4 billion of tax positions for which the ultimate tax benefit is highly certain, but for which there is uncertainty about the timing of such benefits. The disallowance of such positions would not materially affect the annual effective tax rate but would accelerate the payment of cash to or defer the receipt of the cash tax benefit from the taxing authority to an earlier or later period respectively.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The tax effects of temporary differences, which give rise to significant portions of the deferred tax assets (liabilities), as of December 31, 2009 and 2008 are presented below:

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Plant basis differences	$ (5,838)	$ (1,838)	$ [illegible]	$ (1,710)
Stranded cost recovery	(567)	—	—	(567)
Unrealized gains on derivative financial instruments	(613)	(971)	(5)	(1)
Deferred pension and post-retirement obligation [(a)]	1,312	(161)	(248)	26
Emission allowances	(24)	(24)	—	—
Nuclear decommissioning activities [(a)]	(334)	(334)	—	—
Deferred debt refinancing costs	(59)	(3)	(47)	(9)
Goodwill [(a)]	4	(1)	—	—
Other, net	441	210	56	94
Deferred income tax liabilities (net)	$ (5,678)	$ (2,922)	$ (2,577)	$ (2,167)
Unamortized investment tax credits	(224)	(184)	(32)	(9)
Total deferred income tax liabilities (net) and unamortized investment tax credits	$ (5,902)	$ (3,106)	$ (2,609)	$ (2,176)

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Plant basis differences	$ (5,139)	$ (1,269)	$ (2,007)	$ (1,609)
Stranded cost recovery	(896)	—	—	(896)
Unrealized gains on derivative financial instruments	(561)	(749)	(5)	(1)
Deferred pension and post-retirement obligation	1,542	(93)	(218)	32
Emission allowances	(31)	(31)	—	—
Nuclear decommissioning activities	(87)	(87)	—	—
Deferred debt refinancing costs	(65)	—	(55)	(10)
Goodwill	4	—	—	—
Other, net	453	215	43	122
Deferred income tax liabilities (net)	$ (4,780)	$ (2,034)	$ (2,302)	$ (2,362)
Unamortized investment tax credits	(236)	(190)	(35)	(11)
Total deferred income tax liabilities (net) and unamortized investment tax credits	$ (5,016)	$ (2,224)	$ (2,337)	$ (2,373)

(a) As of December 31, 2008, prior to the dissolution of AmerGen on January 8, 2009, the tax effects of temporary differences related to the partnership investment of the former AmerGen nuclear generating units were classified as an investment in AmerGen, and presented in Other, net. Subsequent to the dissolution of AmerGen in 2009, the tax effects of those temporary differences were allocated to the underlying deferred tax assets and liabilities making up the temporary differences, resulting in a reclassification from Other, net to Nuclear decommissioning activities and Deferred pension and post-retirement obligation.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
State income taxes, net of Federal income tax benefit	2.1	3.0	4.7	(5.0)
Qualified nuclear decommissioning trust fund income	3.1	3.8	—	—
Domestic production activities deduction	(0.9)	(1.1)	—	—
Tax exempt income	(0.1)	(0.2)	—	—
Nontaxable postretirement benefits	(0.2)	(0.2)	(0.5)	(0.3)
Amortization of investment tax credit	(0.2)	(0.1)	(0.5)	(0.4)
Plant basis differences	—	—	(0.3)	(0.1)
Other	—	0.1	(0.4)	0.1
Effective income tax rate	38.8%	40.3%	38.0%	29.3%

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
State income taxes, net of Federal income tax benefit	3.2	4.6	5.0	(3.9)
Qualified nuclear decommissioning trust fund losses	(3.2)	(3.8)	—	—
Domestic production activities deduction	(1.3)	(1.6)	—	—
Tax exempt income	(0.2)	(0.3)	—	—
Nontaxable postretirement benefits	(0.3)	(0.2)	(0.8)	(0.3)
Amortization of investment tax credit	(0.2)	(0.1)	(0.9)	(0.5)
Plant basis differences	—	—	—	0.3
Other	(0.4)	(0.2)	0.6	1.0
Effective income tax rate	32.6%	33.4%	38.9%	31.6%

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
State income taxes, net of Federal income tax benefit	2.5	4.8	4.0	(0.6)
Synthetic fuel-producing facilities credit	(1.9)	—	—	—
Qualified nuclear decommissioning trust fund income	1.0	1.2	—	—
Domestic production activities deduction	(1.4)	(1.7)	—	—
Tax exempt income	(0.3)	(0.4)	—	—
Nontaxable postretirement benefits	(0.3)	(0.2)	(1.2)	(0.3)
Amortization of investment tax credit	(0.3)	(0.1)	(1.2)	(0.3)
Indirect cost capitalization method change	—	1.0	(4.6)	(3.0)
Research and development credit charge (refund)	0.6	0.7	—	—
Plant basis differences	—	—	—	0.3
Other	(0.2)	(0.1)	0.7	0.1
Effective income tax rate	34.7%	40.2%	32.7%	31.2%

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

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

Income tax expense (benefit) from continuing operations is comprised of the following components:

For the Year Ended December 31, 2009	Exelon	Generation	ComEd	PECO
Included in operations:				
Federal				
Current	$ 803	$ 631	$ (39)	$ 329
Deferred	775	648	228	(143)
Investment tax credit amortization	(12)	(7)	(3)	(2)
State				
Current	154	131	4	26
Deferred	(8)	30	39	(64)
Total	$ 1,712	$ 1,433	$ 229	$ 146

For the Year Ended December 31, 2008	Exelon	Generation	ComEd	PECO
Included in operations:				
Federal				
Current	$ 790	$ 669	$ (125)	$ 327
Deferred	341	229	230	(147)
Investment tax credit amortization	(12)	(7)	(3)	(2)
State				
Current	169	150	(7)	43
Deferred	29	89	33	(71)
Total	$ 1,317	$ 1,130	$ 128	$ 150

For the Year Ended December 31, 2007	Exelon	Generation	ComEd	PECO
Included in operations:				
Federal				
Current	$ 1,269	$ 1,144	$ 2	$ 372
Deferred	34	(20)	65	(133)
Investment tax credit amortization	(12)	(7)	(3)	(2)
State				
Current	285	249	(3)	45
Deferred	(130)	(4)	19	(52)
Total	$ 1,446	$ 1,362	$ 80	$ 230

Combined Notes to Consolidated Financial Statements—(Continued)
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PECO

	Rates	Maturity Date	December 31, 2009	December 31, 2008
Long-term debt				
First Mortgage Bonds (a)(b):				
Fixed rates	4.00%-5.95%	2011-2037	$ 2,225	$ 1,975
Total long-term debt			2,225	1,975
Unamortized debt discount and premium, net			(4)	(4)
Long-term debt			$ 2,221	$ 1,971
Long-term debt to financing trusts (c)				
PETT Series 2000-A	7.65%	2009	$ —	$ 319
PETT Series 2001	6.52%	2010	415	805
Subordinated debentures to PECO Trust III	7.38%	2028	81	81
Subordinated debentures to PECO Trust IV	5.75%	2033	103	103
Total long-term debt to financing trusts			599	1,308
Long-term debt due to financing trusts due within one year			(415)	(319)
Long-term debt to financing trusts			$ 184	$ 989

(a) Substantially all of PECO's assets are subject to the lien of its mortgage indenture.

(b) Includes First Mortgage Bonds issued under the PECO mortgage indenture securing pollution control bonds and notes.

(c) Amounts owed to these financing trusts are recorded as debt to financing trusts within PECO's Consolidated Balance Sheets.

Long-term debt maturities at Exelon, Generation, ComEd and PECO in the periods 2010 through 2014 and thereafter are as follows:

Year	Exelon	Generation	ComEd	PECO
2010	$ 1,054(a)	$ 28	$ 213	$ 415(c)
2011	599	2	347	250
2012	828	3	450	375
2013	555	3	252	300
2014	770	503	17	250
Thereafter	8,659(a)	2,460	3,665(b)	1,234(c)
Total	$ 12,465	$ 2,997	$ 4,944	$ 2,824

(a) Includes $415 million and $390 million due in 2010 and thereafter, respectively, due to ComEd and PECO financing trusts.

(b) Includes $206 million due to ComEd financing trust.

(c) Includes $415 million and $184 million due in 2010 and thereafter, respectively, due to PECO financing trusts.

See Note 3—Accounts Receivable for information regarding PECO's accounts receivable agreement.

See Note 8—Derivative Financial Instruments for additional information regarding interest rate swaps.

See Note 15—Preferred Securities for additional information regarding preferred securities.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Additionally, during 2009, Exelon retired $1.2 billion of Senior Notes of which $500 million consisted of 6.75% Exelon Corporate Senior Notes due May 1, 2011 and $700 million consisted of 6.95% Generation Senior Notes due June 15, 2011. In connection with these retirements, Exelon incurred losses associated with the early retirement of debt of approximately $117 million, which consisted of $46 million at Exelon Corporate and $71 million at Generation. The expense related to the charges is included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Generation

	Rates	Maturity Date	December 31, 2009	December 31, 2008
Long-term debt				
Senior unsecured notes	5.20%-6.25%	2014-2039	$ 2,700	$ 1,900
Pollution control notes, floating rates	0.29%-0.35%	2016-2034	213	566
Pollution control notes, fixed rates	5.00%	2042	46	—
Notes payable and other (a)	7.83%	2010-2020	38	50
Total long-term debt			2,997	2,516
Unamortized debt discount and premium, net			(4)	(2)
Long-term debt due within one year			(26)	(12)
Long-term debt			$ 2,967	$ 2,502

(a) Includes Generation's capital lease obligations of $38 million and $40 million at December 31, 2009 and 2008, respectively. Generation will make lease payments of $2 million, $2 million, $3 million, $3 million, $3 million and $25 million in 2010, 2011, 2012, 2013, 2014 and thereafter, respectively.

ComEd

	Rates	Maturity Date	December 31, 2009	December 31, 2008
Long-term debt				
First Mortgage Bonds (a)(b):				
Fixed rates	4.70%-7.625%	2010-2038	$ 4,405	$ 4,421
Floating rates	0.22%-0.26%	2017-2021	191	191
Notes payable				
Fixed rates	6.95%	2018	140	140
Sinking fund debentures	4.75%	2011	2	4
Total long-term debt			4,738	4,756
Unamortized debt discount and premium, net			(26)	(29)
Unamortized settled fair value hedge, net			(1)	(1)
Long-term debt due within one year			(213)	(17)
Long-term debt			$ 4,498	$ 4,709
Long-term debt to financing trust (c)				
Subordinated debentures to ComEd Financing III	6.35%	2033	$ 206	$ 206

(a) Substantially all of ComEd's assets other than expressly excepted property are subject to the lien of its mortgage indenture.

(b) Includes First Mortgage Bonds issued under the ComEd mortgage indenture securing pollution control bonds and notes.

(c) Amount owed to this financing trust is recorded as debt to financing trust within ComEd's Consolidated Balance Sheets.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Long-Term Debt

The following tables present the outstanding long-term debt at Exelon, Generation, ComEd and PECO as of December 31, 2009 and 2008:

Exelon

	Rates	Maturity Date	December 31, 2009	December 31, 2008
Long-term debt				
First Mortgage Bonds [(a)] [(b)] :				
Fixed rates	4.70%-7.625%	2010-2038	$ 6,630	$ 6,396
Floating rates	0.22%-0.26%	2017-2021	191	191
Notes payable and other [(c)]	4.45%-7.83%	2010-2039	4,578	4,290
Pollution control notes:				
Floating rates	0.29%-0.35%	2016-2034	213	566
Fixed rates	5.00%	2042	46	—
Sinking fund debentures	4.75%	2011	2	4
Total long-term debt			11,660	11,447
Unamortized debt discount and premium, net			(35)	(37)
Unamortized settled fair value hedge, net			(1)	(1)
Fair value hedge carrying value adjustment, net			10	17
Long-term debt due within one year			(639)	(29)
Long-term debt			$ 10,995	$ 11,397
Long-term debt to financing trusts [(d)]				
Payable to PETT	6.52%	2010	415	1,124
Subordinated debentures to ComEd Financing III	6.35%	2033	206	206
Subordinated debentures to PECO Trust III	7.38%	2028	81	81
Subordinated debentures to PECO Trust IV	5.75%	2033	103	103
Total long-term debt to financing trusts			805	1,514
Long-term debt due to financing trusts due within one year			(415)	(319)
Long-term debt to financing trusts			$ 390	$ 1,195

(a) Substantially all of ComEd's assets other than expressly excepted property and substantially all of PECO's assets are subject to the liens of their respective mortgage indentures.

(b) Includes First Mortgage Bonds issued under the ComEd and PECO mortgage indentures securing pollution control bonds and notes.

(c) Includes capital lease obligations of $38 million and $40 million at December 31, 2009 and 2008, respectively. Lease payments of $2 million, $2 million, $3 million, $3 million, $3 million and $25 million will be made in 2010, 2011, 2012, 2013, 2014 and thereafter, respectively.

(d) Amounts owed to these financing trusts are recorded as debt to financing trusts within Exelon's Consolidated Balance Sheets.

On September 23, 2009, Generation issued and sold $1.5 billion of Senior Notes. In connection with this debt issuance, Generation entered into forward-starting interest rate swaps in the aggregate notional amount of $1.1 billion. The interest rate swaps were settled on September 16, 2009 with Generation recording a pre-tax gain of approximately $7 million. The gain was recorded to OCI within Generation's Consolidated Balance Sheet and is being amortized over the life of the related debt as a reduction in interest expense.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Each credit agreement requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The ratios exclude revenues and interest expenses attributable to securitization debt, certain changes in working capital, distributions on preferred securities of subsidiaries and, in the case of Exelon and Generation, interest on the debt of its project subsidiaries. The following table summarizes the minimum thresholds reflected in the credit agreements for the year ended December 31, 2009:

	Exelon	Generation	ComEd	PECO
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1

At December 31, 2009 the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO
Interest coverage ratio	13.97	35.68	6.32	5.85

Variable Rate Debt

Generation repurchased $46 million in unenhanced tax-exempt variable-rate debt on February 23, 2009 due to a failed remarketing. In June 2009, Generation refinanced the debt with $46 million in bonds at a term rate through May 2012 with a maturity of 2042.

During the second quarter of 2009, ComEd repurchased $191 million of its credit enhanced variable-rate tax-exempt debt. This debt was then remarketed with credit enhancement provided by letters of credit issued under ComEd's unsecured revolving credit facility. The letters of credit expire shortly before the expiration of the credit facility in 2011.

Generation had letters of credit that expired during the third quarter of 2009, which were used to credit enhance variable-rate long-term tax-exempt debt totaling $307 million, with maturities ranging from 2021 – 2034. Generation could not find alternative letters of credit at reasonable terms, and therefore repurchased the $307 million in tax-exempt debt during September 2009. Generation has the ability to remarket these bonds whenever it determines it to be economically advantageous given market conditions. In addition, Generation has letter of credit facilities that will expire in the second quarter of 2010, which are used to credit enhance variable-rate long-term tax-exempt debt totaling $213 million, of which $189 million will mature between 2016 – 2034. Generation intends to extend or replace the expiring letters of credit with new letters of credit at reasonable terms, or remarket the bonds with an interest rate term not requiring letter of credit support. If Generation is unable to remarket these bonds at reasonable terms, Generation will repurchase them.

Under the terms of Generation's and ComEd's variable-rate tax-exempt debt agreements, Generation or ComEd may be required to repurchase any outstanding debt before its stated maturity unless supported by sufficient letters of credit. If either Generation or ComEd were required to repurchase the debt, it would reassess its options to obtain new letters of credit or remarket the bonds in a manner that does not require letter of credit support. Generation and ComEd have classified certain amounts outstanding under these debt agreements as long-term based on management's intent and ability to either renew or replace the letters of credit, refinance the debt at reasonable terms on a long-term fixed-rate basis or utilize the capacity under existing long-term credit facilities.

Combined Notes to Consolidated Financial Statements—(Continued)
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Credit Agreements

As of December 31, 2009, Exelon Corporate, Generation and PECO had access to separate unsecured credit facilities with aggregate bank commitments of $957 million, $4.8 billion and $574 million, respectively. The credit agreements expire on October 26, 2012 unless extended in accordance with their terms. Under their credit facilities, Exelon Corporate, Generation and PECO may request additional one-year extensions of that term. In addition, Exelon Corporate, Generation and PECO may request increases in the aggregate bank commitments under their credit facilities up to an additional $250 million, $1 billion and $200 million, respectively. Generation also had additional letter of credit facilities used solely to enhance tax-exempt variable rate debt as discussed further below.

As of December 31, 2009, ComEd had access to an unsecured credit facility with aggregate bank commitments of $952 million. The credit facility expires February 16, 2011. ComEd expects to extend or refinance the facility up to $1 billion in 2010. Any increases in aggregate bank commitments are subject to identifying lenders, whether existing or new, willing to provide the additional commitments and, in the case of any new lenders, the consent of the Administrative Agent (appointed and authorized by credit facility lenders to exercise powers delegated in the credit agreement) and certain of the lenders under the credit facility.

The Registrants may use the credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. The obligation of each lender to make any credit extension to a Registrant under its credit facilities is subject to various conditions including, among other things, that no event of default has occurred for the Registrant or would result from such credit extension. An event of default under any of the Registrants' credit facilities will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation under its credit facility will constitute an event of default under the Exelon corporate credit facility.

At December 31, 2009, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under the credit agreements:

Borrower	Aggregate Bank Commitment (a)	Outstanding Borrowings/ Facility Draws	Outstanding Letters of Credit	Available Capacity under Revolving Credit Agreements
Exelon Corporate	$ 957	$ —	$ 5	$ 952
Generation	4,834	—	167	4,667
ComEd	952	155	251	546
PECO	574	—	10	564
Total	$ 7,317	$ 155	$ 433	$ 6,729

(a) Excludes $67 million of credit facility agreements arranged with minority and community banks in October 2009, which are primarily for issuing letters of credit.

Interest rates on advances under the credit facilities are based on the prime rate or LIBOR plus an adder based on the credit rating of the borrower as well as the total outstanding amounts under the agreement at the time of borrowing. In the cases of Exelon, Generation and PECO, the maximum LIBOR adder is 65 basis points; and in the case of ComEd, it is 162.5 basis points.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(b) Prior to July 22, 2009, ComEd was unable to access the commercial paper market given the market environment. On July 22, 2009, ComEd's commercial paper rating was upgraded giving it limited access to the commercial paper market. However, ComEd did not issue commercial paper due to more favorable rates available to it on credit facility draws.

Credit facility borrowings	December 31, 2009	December 31, 2008
ComEd	$ 155	$ 60

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have revolving credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, each Registrant cannot issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

The following tables present the short-term borrowings activity for Exelon, Generation, ComEd and PECO during 2009, 2008 and 2007:

Exelon

	2009	2008	2007
Average borrowings	$ 132	$ 698	$ 500
Maximum borrowings outstanding	523	1,646	1,210
Average interest rates, computed on a daily basis	0.73%	3.22%	5.55%
Average interest rates, at December 31	0.69%	0.93%	5.44%

Generation

	2009	2008	2007
Average borrowings	$ —	$ [illegible]	$ 44
Maximum borrowings outstanding	—	1,211	740
Average interest rates, computed on a daily basis	n.a.	[illegible]	5.51%
Average interest rates, at December 31	n.a.	n.a.	n.a.

ComEd

	2009	2008	2007
Average borrowings	$ 82	$ [illegible]	$ 291
Maximum borrowings outstanding	265	568	605
Average interest rates, computed on a daily basis	0.79%	3.91%	6.01%
Average interest rates, at December 31	0.69%	0.96%	5.63%

PECO

	2009	2008	2007
Average borrowings	$ 11	$ 82	$ 76
Maximum borrowings outstanding	290	284	374
Average interest rates, computed on a daily basis	0.67%	3.22%	5.09%
Average interest rates, computed at December 31	n.a.	0.9%	5.41%

n.a. Not applicable.

Combined Notes to Consolidated Financial Statements—(Continued)
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balance sheet date. The December 31, 2008 balances were adjusted to reflect the impacts of this change in presentation, which is presented in the following table.

	Generation			Exelon		
	As Previously Stated	Option Premium Adjustments	As Adjusted	As Previously Stated	Option Premium Adjustments	As Adjusted
Mark-to-market derivative current assets	$ 410	$ 70	$ 480	$ 410	$ 70	$ 480
Other	410	(308)	102	517	(308)	209
Total Current Assets	3,724	(238)	3,486	5,368	(238)	5,130
Mark-to-market derivative noncurrent assets	490	172	662	507	172	679
Other	406	(205)	201	1,349	(205)	1,144
Total Noncurrent Assets	7,724	(33)	7,691	16,636	(33)	16,603
Total Assets	$ 20,355	$ (271)	$ 20,084	$ 47,817	$ (271)	$ 47,546
Mark-to-market derivative current liabilities	214	(2)	212	214	(2)	212
Other	324	(267)	57	663	(267)	396
Total current liabilities	2,437	(269)	2,168	4,080	(269)	3,811
Mark-to-market derivative noncurrent liabilities	24	(1)	23	24	(1)	23
Other	332	(1)	331	1,413	(1)	1,412
Total Noncurrent Liabilities	8,850	(2)	8,848	20,011	(2)	20,009
Total Liabilities and Equity	$ 20,355	$ (271)	$ 20,084	$ 47,817	$ (271)	$ 47,546

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

Short-Term Borrowings

Exelon meets its short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. ComEd meets its short-term liquidity requirements primarily through borrowings under its credit facility.

Exelon, Generation, ComEd and PECO had the following amounts of commercial paper and credit facility borrowings outstanding at December 31, 2009 and 2008:

Commercial Paper Issuer	Maximum Program Size at December 31, 2009 (a)	Maximum Program Size at December 31, 2008 (a)	Outstanding Commercial Paper at December 31, 2009	Outstanding Commercial Paper at December 31, 2008
Exelon Corporate	$ 957	$ 957	$ —	$ 56
Generation	4,834	4,834	—	—
ComEd	952	952	—	—
PECO	574	574	—	95
Total	$ 7,317	$ 7,317	$ —	$ 151

(a) Equals aggregate bank commitments under revolving credit agreements.

Combined Notes to Consolidated Financial Statements—(Continued)
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There are no collateral-related provisions included in the PPA between PECO and Generation. PECO's supplier master agreements that govern the terms of its DSP program contracts do not contain provisions that would require PECO to post collateral.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from Moody's and S&P. The collateral and credit support requirements vary by contract and by counterparty. As of December 31, 2009, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of December 31, 2009, PECO could have been required to post approximately $49 million of collateral to its counterparties.

Exelon's interest rate swaps contain provisions that, in the event of a merger, require that Exelon's debt maintain an investment grade credit rating from Moody's or S&P. If Exelon's debt were to fall below investment grade, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of December 31, 2009, Exelon's interest rate swap was in an asset position, with a fair value of $10 million.

Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon and Generation)

On January 1, 2008, Exelon and Generation adopted guidance permitting companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement. Exelon and Generation record cash flow hedges and other derivative and proprietary trading activities in the balance sheet on a net basis and offset the fair value amounts recognized for energy-related derivatives with cash collateral paid to or received from counterparties under master netting arrangements.

As of December 31, 2009 and 2008, $6 million and $5 million, respectively, of cash collateral received was not offset against net derivative positions, as they were not associated with energy-related derivatives.

Change in Balance Sheet Presentation of Option Premiums (Exelon and Generation)

Exelon and Generation have historically presented premiums received and paid on energy-related option contracts within other current assets, other current liabilities, other noncurrent assets or other noncurrent liabilities depending on the nature and term of the underlying option contract. The associated changes in the fair value of the option contracts were recorded in mark-to-market derivative balance sheet line items. Effective December 31, 2009, Exelon and Generation have reclassified the option premiums to the respective mark-to-market derivative asset and liability lines within the Consolidated Balance Sheets to reflect the combined fair value of the option contracts as of the

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, and PECO)

As part of the normal course of business, Generation routinely enters into physical and financial contracts for the purchase and sale of electricity, fossil fuels, and other commodities. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. Where applicable, this incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. Generation also enters into commodity transactions on NYMEX and ICE. The NYMEX and ICE clearing houses act as the counterparty to each trade. Transactions on the NYMEX and ICE must adhere to comprehensive collateral and margining requirements.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features, excluding transactions on NYMEX and ICE that are fully collateralized, that are in a liability position and are not fully collateralized was $894 million and $1,299 million as of December 31, 2009 and December 31 2008, respectively. As of December 31, 2009 and 2008, Generation had the contractual right of offset of $778 million and $1,175 million, respectively, related to derivative instruments that are assets with the same counterparty under master netting agreements, resulting in a net liability position of $116 million and $124 million, respectively. If Generation had been downgraded to the investment grade rating of BBB- and Baa3, or lost its investment grade credit rating, it would have been required to provide incremental collateral of approximately $60 million or $673 million, respectively, as of December 31, 2009 and approximately $14 million or $612 million, respectively, as of December 31, 2008 related to its financial instruments, including derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements and the application of collateral. See Note 18 of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

Beginning in 2007, under the Illinois auction rules and the SFCs that ComEd entered into with counterparty suppliers, including Generation, collateral postings are one-sided from suppliers. Generation entered into similar SFCs with Ameren, with one-sided collateral postings only from Generation. If market prices fall below ComEd's or Ameren's benchmark price levels, ComEd or Ameren are not required to post collateral; however, when market prices rise above benchmark price levels with ComEd or Ameren, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of the five-year financial swap contract between Generation and ComEd, if a party is downgraded below investment grade by Moody's or S&P, collateral postings would be required by that party depending on how market prices compare to the benchmark price levels. Under the terms of the financial swap contracts, collateral postings will never exceed $200 million from either ComEd or Generation. Beginning in June 2009, under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of December 31, 2009, there was no cash collateral or letters of credit posted between energy suppliers, including Generation, and ComEd, under any of the above-mentioned contracts. See Note 2—Regulatory Issues for further information.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Net Credit Exposure by Type of Counterparty		December 31, 2009
Financial institutions		259
Investor-owned utilities, marketers and power producers		431
Other		68
Total	$	758

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on the price of energy in the spot market compared to the benchmark prices. The benchmark prices are the future prices of energy projected through the contract term and are set at the point of contract execution. If the price of energy in the spot market exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of December 31, 2009, ComEd's net credit exposure to energy suppliers was immaterial and either did not exceed the allowed unsecured credit levels or did not exceed the allowed unsecured credit levels by an amount necessary to trigger a collateral call.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation as well as the ICC-approved procurement tariffs. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 2—Regulatory Issues for further information.

PECO has a PPA with Generation under which Generation has agreed to supply PECO with all of PECO's electric supply needs through 2010 at prices that are below current market prices. The price for this electricity is essentially equal to the energy revenues earned from customers. PECO could be negatively affected if Generation could not perform under the PPA.

PECO's supplier master agreements that govern the terms of its DSP program contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from S&P, Fitch or Moody's and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. As of December 31, 2009, PECO had no net credit exposure to energy suppliers.

PECO is permitted to recover its costs of procuring electric generation following the expiration of its electric generation rate caps on December 31, 2010 through its PAPUC-approved DSP program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 2—Regulatory Issues for further information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and management agreements. As of December 31, 2009, PECO had credit exposure of $13 million under its natural gas supply and management agreements.

Combined Notes to Consolidated Financial Statements—(Continued)
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Credit Risk (Exelon, Generation, ComEd and PECO)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross-product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, which includes contracts that qualify for the normal purchases and normal sales exception, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of December 31, 2009. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the maturity of a company's credit risk by credit rating of the counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs and NYMEX and ICE commodity exchanges, which are discussed below. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd and PECO of $123 million and $174 million, respectively. See Note 21—Related-Party Transactions for further information.

Rating as of December 31, 2009	Total Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,183	$ 464	$ 719	1	$ 76
Non-investment grade	15	5	10	—	—
No external ratings					
Internally rated—investment grade	34	5	29	—	—
Internally rated—non-investment grade	1	1	—	—	—
Total	$ 1,233	$ 475	$ 758	1	$ 76

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2009	Exelon and Generation		
	Purchased Power	Fuel	Total
Change in fair value	$ 206	$ (72)	$ 134
Reclassification to realized at settlement	(97)	159	62
Net mark-to-market gains (losses)	$ 109	$ 87	$ 196

For the Year Ended December 31, 2008	Exelon and Generation		
	Purchased Power	Fuel	Total
Change in fair value	$ 315	$ 180	$ 495
Reclassification to realized at settlement	55	(143)	(88)
Net mark-to-market gains (losses)	$ 370	$ 37	$ 407

For the Year Ended December 31, 2007 [(a)]	Exelon and Generation		
	Purchased Power	Fuel	Total
Change in fair value	$ (6)	$ (37)	$ (43)
Reclassification to realized at settlement	(218)	118	(100)
Net mark-to-market gains (losses)	$ (224)	$ 81	$ (143)

(a) Table excludes $4 million related to ComEd included within revenue and $27 million related to other included within fuel expense.

Proprietary Trading Activities (Exelon and Generation). For the years ended December 31, 2009, 2008 and 2007, Exelon and Generation recognized the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts entered into for proprietary trading purposes. Gains and losses associated with proprietary trading are reported as revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in Net fair value changes related to derivatives in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	For the Year Ended December 31,		
		2009	2008	2007
Change in fair value	Operating Revenue	$ 3	$ 106	$ 42
Reclassification to realized at settlement	Operating Revenue	(86)	(43)	(8)
Net mark-to-market gains (losses)	Operating Revenue	$ (83)	$ 63	$ 34

(a) Includes $585 million gain, $275 million gain and $275 million loss, net of taxes, related to the fair value of the five-year financial swap contract with ComEd for the years ended December 31, 2009, 2008 and 2007, respectively, and $1 million of gains, net of taxes, related to the fair value of the block contracts with PECO as of December 31, 2009.

(b) Includes $471 million and $535 million of gains, net of taxes, of the effective portion of changes in fair value of the five-year financial swap contract with ComEd for the years ended December 31, 2009 and 2008, respectively, and $1 million of gain, net of taxes, of the effective portion of changes in fair value of the block contracts with PECO for the year ended December 31, 2009.

(c) Includes $161 million loss and $15 million gain, net of taxes, of reclassifications from accumulated OCI to net income related to the settlements of the five-year financial swap contract with ComEd for the years ended December 31, 2009 and 2008, respectively.

(d) Excludes $5 million of gains, net of taxes, related to interest rate swaps settled in 2009. See Note 9 – Debt and Credit Agreements for further information.

During the years ended December 31, 2009, 2008 and 2007, Generation's cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $1,559 million pre-tax gain, a $544 million pre-tax loss and a $15 million pre-tax gain, respectively. Given that the cash flow hedges primarily consist of forward power sales and power swaps and do not include gas options or sales, the ineffectiveness of Generation's cash flow hedges is primarily the result of differences between the locational settlement prices of the cash flow hedges and the hedged generating units. This price difference is actively managed through other instruments which include financial transmission rights, whose changes in fair value are recognized in earnings each period, and auction revenue rights. Changes in cash flow hedge ineffectiveness, primarily due to changes in market prices, were $15 million, $44 million and $29 million for the years ended December 31, 2009, 2008, and 2007, respectively. At December 31, 2008 cash flow hedge ineffectiveness resulted in an adjustment of $15 million to accumulated OCI on the balance sheet in order to reflect the effective portion of derivative gains or losses. At December 31, 2009, cash flow hedge ineffectiveness was not significant.

Exelon's energy related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $1,292 million pre-tax gain, $521 million pre-tax loss and $10 million pre-tax gain for the years ended December 31, 2009, 2008 and 2007, respectively. Changes in cash flow hedge ineffectiveness, primarily due to changes in market prices, were $15 million, $44 million and $29 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Other Derivatives (Exelon and Generation). Other derivative contracts are those that do not qualify or are not designated for hedge accounting. These instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, and forward sales. For the years ended December 31, 2009, 2008 and 2007, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in fuel and purchased power expense at Exelon and Generation in the Consolidated Statements of Operations and are included in net fair value changes related to derivatives in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

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

(c) Current and noncurrent assets are shown net of collateral of $355 million and $333 million, respectively and current liabilities are shown inclusive of collateral of $65 million, respectively. The allocation of collateral had no impact to noncurrent liabilities. The total cash collateral received net of cash collateral posted and offset against mark-to-market assets and liabilities was $753 million at December 31, 2008.

(d) Exelon and Generation retrospectively reclassified certain assets and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform with current year presentation, as discussed within this footnote.

Cash Flow Hedges (Exelon and Generation). Economic hedges that qualify as cash flow hedges primarily consist of forward power sales and power swaps on base load generation. At December 31, 2009, Generation had net unrealized pre-tax gains on effective cash flow hedges of $1,912 million being deferred within accumulated OCI, including approximately $971 million related to the financial swap with ComEd. Amounts recorded in accumulated OCI related to changes in energy commodity cash flow hedges are reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs. Reclassifications from OCI are included in operating revenues, purchased power and fuel in Exelon's and Generation's Consolidated Statements of Operations, depending on the commodities involved in the hedged transaction. Based on market prices at December 31, 2009, approximately $860 million of these net pre-tax unrealized gains within accumulated OCI are expected to be reclassified from accumulated OCI during the next twelve months by Generation, including approximately $302 million related to the financial swap with ComEd. However, the actual amount reclassified from accumulated OCI could vary due to future changes in market prices. Generation expects the settlement of the majority of its cash flow hedges will occur during 2010 through 2012, and the ComEd financial swap contract during 2010 through 2013.

Exelon discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item, in the case of forward-starting hedges, or when it is no longer probable that the forecasted transaction will occur. For the year ended December 31, 2009, amounts reclassified into earnings as a result of the discontinuance of cash flow hedges were immaterial.

The table below provides the activity of accumulated OCI related to cash flow hedges for the year ended December 31, 2009 and 2008, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
	Income Statement Location	Energy Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain (loss) at January 1, 2008		$(548) (a)	$ (292)
Effective portion of changes in fair value		1,101 (b)	567
Reclassifications from accumulated OCI to net income	Operating Revenue	328 (c)	314
Ineffective portion recognized in income	Purchased Power	(26)	(26)
Accumulated OCI derivative gain at December 31, 2008		$855 (a)	$ 563
Effective portion of changes in fair value		1,227 (b)	757
Reclassifications from accumulated OCI to net income	Operating Revenue	(939) (c)	(778)
Ineffective portion recognized in income	Purchased Power	9	9
Accumulated OCI derivative gain (loss) at December 31, 2009		$1,152 (a)(c)	$ 551

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

(b) Represents the netting of fair value balances with the same counterparty and the application of collateral.

(c) Current and noncurrent assets are shown net of collateral of $502 million and $376 million, respectively, and current liabilities are shown inclusive of collateral of $69 million, respectively. The allocation of collateral had no impact to noncurrent liabilities. The total cash collateral received net of cash collateral posted and offset against mark-to-market assets and liabilities was $947 million at December 31, 2009.

(d) Includes a noncurrent liability for PECO and a noncurrent asset for Generation of $2 million related to the fair value of PECO's block contracts with Generation. There were no netting adjustments or collateral received as of December 31, 2009.

The following table provides a summary of the derivative fair value balances recorded by Exelon, Generation and ComEd as of December 31, 2008:

	Generation					ComEd	Other		Exelon
Derivatives	Cash Flow Hedges (a)(d)	Other Derivatives (d)	Proprietary Trading (d)	Collateral and Netting (b)(d)	Subtotal (c)(d)	IL Settlement Swap (a)	Other Derivatives	Inter-company Eliminations (a)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 610	$ 1,295	$ 376	$ (1,801)	$ 480	$ —	$ —	$ —	$ 480
Mark-to-market derivative assets with affiliate (current assets)	111	—	—	—	111	—	—	(111)	—
Mark-to-market derivative assets (noncurrent assets)	438	752	123	(651)	662	—	17	—	679
Mark-to-market derivative assets with affiliate (noncurrent assets)	345	—	—	—	345	—	—	(345)	—
Total mark-to-market derivative assets	$ 1,504	$ 2,047	$ 499	$ (2,452)	$ 1,598	$ —	$ 17	$ (456)	$ 1,159
Mark-to-market derivative liabilities (current liabilities)	$ (47)	$ (1,253)	$ (291)	$ 1,379	$ (212)	$ —	$ —	$ —	$ (212)
Mark-to-market derivative liability with affiliate (current liabilities)	—	—	—	—	—	(111)	—	111	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(20)	(223)	(100)	320	(23)	—	—	—	(23)
Mark-to-market derivative liability with affiliate (noncurrent liabilities)	—	—	—	—	—	(345)	—	345	—
Total mark-to-market derivative liabilities	(67)	(1,476)	(391)	1,699	(235)	(456)	—	456	(235)
Total mark-to-market derivative net assets (liabilities)	$ 1,437	$ 571	$ 108	$ (753)	$ 1,363	$ (456)	$ 17	$ —	$ 924

(a) Includes current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $111 million and $346 million, respectively, related to the fair value of Generation's and ComEd's five-year financial swap contract, as described above. At Exelon, the fair value balances are eliminated upon consolidation.

(b) Represents the netting of fair value balances with the same counterparty and the application of collateral.

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The following table provides a summary of the derivative fair value balances recorded by Exelon, Generation, ComEd and PECO as of December 31, 2009:

	Generation					ComEd	PECO	Other		Exelon
Derivatives	Cash Flow Hedges (a,d)	Other Derivatives	Proprietary Trading	Collateral and Netting (b)	Subtotal (c)	IL Settlement Swap (a)	Other Derivatives (d)	Other Derivatives	Inter-company Eliminations (a)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 576	$ 913	$ 193	$ (1,306)	$ 376	$ —	$ —	$ —	$ —	$ 376
Mark-to-market derivative assets with affiliate (current assets)	302	—	—	—	302	—	—	—	(302)	—
Mark-to-market derivative assets (noncurrent assets)	423	792	102	(678)	639	—	—	10	—	649
Mark-to-market derivative assets with affiliate (noncurrent assets)	671	—	—	—	671	—	—	—	(671)	—
Total mark-to-market derivative assets	$ 1,972	$ 1,705	$ 295	$ (1,984)	$ 1,988	$ —	$ —	$ 10	$ (973)	$ 1,025
Mark-to-market derivative liabilities (current liabilities)	$ (18)	$ (743)	$ (172)	$ 735	$ (198)	$ —	—	$ —	$ —	$ (198)
Mark-to-market derivative liability with affiliate (current liabilities)	—	—	—	—	—	(302)	—	—	302	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(42)	(183)	(98)	302	(21)	—	(2)	—	—	(23)
Mark-to-market derivative liabilities with affiliate (noncurrent liabilities)	—	—	—	—	—	(669)	(2)	—	671	—
Total mark-to-market derivative liabilities	(60)	(926)	(270)	1,037	(219)	(971)	(4)	—	973	(221)
Total mark-to-market derivative net assets (liabilities)	$ 1,912	$ 779	$ 25	$ (947)	$ 1,769	$ (971)	$ (4)	$ 10	$ —	$ 804

(a) Includes current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $302 million and $669 million, respectively, related to the fair value of Generation's and ComEd's five-year financial swap contract, as described above.

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changes as opposed to hedging an exposure and is subject to limits established by Exelon's RMC. The proprietary trading activities which included volumes of 7,578 GWh, 8,891 GWh and 20,323 GWh for years ended December 31, 2009, 2008 and 2007, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. Neither ComEd nor PECO enter into derivatives for proprietary trading purposes.

Interest Rate Risk (Exelon, Generation and ComEd)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to achieve a lower cost of capital. A hypothetical 10% increase in the interest rates associated with variable-rate debt would result in less than a $1 million decrease in Exelon's, Generation's, and ComEd's pre-tax income for the year ended December 31, 2009.

Fair Value Hedges. For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows for the year ended December 31, 2009:

Income Statement Classification	Loss on Swaps	Gain on Borrowings
Interest expense	$ (7)	$ 7

At December 31, 2009 and 2008, Exelon had $100 million of notional amounts of fair value hedges outstanding related to interest rate swaps, with fair value assets of $10 million and $17 million, respectively. During the years ended December 31, 2009 and 2008, there was no impact on the results of operations as a result of ineffectiveness from fair value hedges.

Cash Flow Hedges. At December 31, 2009 and 2008, the Registrants did not have any interest rate swaps designated as cash flow hedges outstanding. In connection with Generation's September 2009 $1.5 billion debt issuance, Generation entered into forward-starting interest rate swaps in the aggregate notional amount of $1.1 billion. The interest rate swaps were settled on September 16, 2009 with Generation recording a $7 million pre-tax gain. The gain was recorded to OCI within Generation's Consolidated Balance Sheets and will be amortized to income over the life of the related debt as a reduction in interest expense.

Fair Value Measurement (Exelon, Generation, ComEd and PECO)

Fair value accounting guidance requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. In the table below, Generation's cash flow hedges, other derivatives and proprietary trading derivatives are shown gross and the impact of the netting of fair value balances with the same counterparty, as well as netting of collateral, is aggregated in the collateral and netting column. Excluded from the tables below are economic hedges that qualify for the normal purchases and normal sales exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

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load service requirements. The remaining swap contract volumes are 2,000 MW for the period extending June 2009 through May 2010 and 3,000 MW from June 2010 through May 2013. The terms of the financial swap contract require Generation to pay the market price for a portion of ComEd's electricity supply requirement, while ComEd pays a fixed price. The contract is to be settled net, for the difference between the fixed and market pricing, and the financial terms only cover energy costs and do not cover capacity or ancillary services. The financial swap contract is a derivative financial instrument that has been designated by Generation as a cash flow hedge. Consequently, Generation records the fair value of the swap on its balance sheet and records changes in fair value to OCI. ComEd has not elected hedge accounting for this derivative financial instrument and records the fair value of the swap on its balance sheet. However, since the financial swap contract was deemed prudent by the Illinois Settlement Legislation, ComEd receives full cost recovery for the contract in rates and the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 2—Regulatory Issues for additional information regarding the Illinois Settlement. In Exelon's consolidated financial statements, all financial statement effects of the financial swap recorded by Generation and ComEd are eliminated.

PECO has transferred substantially all of its commodity price risk related to its procurement of electric supply to Generation through a PPA that expires December 31, 2010. The PPA is not considered a derivative under current derivative authoritative guidance.

As part of the preparation for the expiration of the PPA, PECO has entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved DSP Program, which is further discussed in Note 2—Regulatory Issues. Based on Pennsylvania legislation and the DSP Program permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement will be limited. PECO will lock in fixed prices for a significant portion of its commodity price risk following the expiration of the electric generation rate caps through full requirements contracts and block contracts. PECO's full requirements fixed price contracts qualify for the normal purchases and normal sales scope exception. PECO accounts for the block contracts as other derivatives, which are recorded on its balance sheet at fair value and the change in fair value each period is recorded as a regulatory asset or liability.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy deliverability requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and management agreements that are derivatives qualify for the normal purchases and normal sales exception. Additionally, in accordance with the 2009 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2009 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program covers 22% to 29% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into purely to profit from market price generation and for sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 18 – Commitments and Contingencies. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Commodity Price Risk (Exelon, Generation, ComEd and PECO)

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power sales, fuel and energy purchases, and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include financial transmission rights, whose changes in fair value are recognized in earnings each period, and auction revenue rights.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Generation hedges commodity risk on a ratable basis over three-year periods. As of December 31, 2009, the percentage of expected generation hedged was 91%—94%, 69%—72 %, and 37%—40 % for 2010, 2011 and 2012, respectively. *The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation.* Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include cash flow hedges, other derivatives and certain non-derivative contracts including sales to ComEd and PECO to serve their retail load.

ComEd has locked in a fixed price for a significant portion of its commodity price risk through the five-year financial swap contract with Generation that expires on May 31, 2013, which is discussed in more detail below. In addition, the contracts that Generation has entered into with ComEd and that ComEd has entered into with Generation and other suppliers as part of the ComEd power procurement agreements, which are further discussed in Note 2—Regulatory Issues, qualify for the normal purchases and normal sales scope exception. Based on the Illinois Settlement Legislation and ICC-approved procurement methodologies permitting ComEd to recover its electricity procurement costs from retail customers with no mark-up, ComEd's price risk related to power procurement is limited.

In order to fulfill a requirement of the Illinois Settlement, Generation and ComEd entered into a five-year financial swap contract effective August 28, 2007. The financial swap is designed to hedge spot market purchases, which along with ComEd's remaining energy procurement contracts, meet its authoritative guidance for servicing of assets and extinguishment of liabilities. The servicing liability is included in other current liabilities in Exelon's and PECO's Consolidated Balance Sheets. The fair value of the liability has been determined using internal estimates based on provisions in the agreement, which are categorized as Level 3 inputs in the fair value hierarchy. See Note 18—Commitments and Contingencies for further discussion on the accounts receivable agreement.

Non-recurring Fair Value Measurements

Asset Impairment (Exelon and Generation)

As discussed in Note 4—Property, Plant and Equipment, as of March 31, 2009, Generation tested its Texas plants for potential impairment and recognized an impairment charge of $223 million in the first quarter of 2009 to reduce the carrying value of the Handley and Mountain Creek stations to fair value.

The impairment charge recorded by Generation for the Handley and Mountain Creek stations incorporated the fair values of the plants using unobservable inputs falling within Level 3 of the fair value hierarchy. Generation determined fair value considering multiple valuation techniques including the income (discounted cash flow), market (available comparables) and cost (replacement cost) valuation approaches. The results were evaluated and weighted, considering the reasonableness of the range indicated by those results. Significant inputs used under the income approach included forecasted cash flows based on forecasted generation, forward prices of natural gas and electricity, overall generation availability ERCOT and discount rate assumptions. Significant inputs under the transaction approach included market multiples that were derived from comparable transactions for peaking plants in ERCOT and other market regions and discount rate assumptions.

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

The Registrants are exposed to certain risks related to ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, the Registrants are exposed to market fluctuations in the prices of electricity, fossil fuels, and other commodities. The Registrants employ established policies and procedures to manage their risks associated with market fluctuations by entering into physical contracts as well as financial derivative contracts including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices. Exposure to interest rate risk exists as a result of the issuance of variable and fixed-rate debt, commercial paper and lines of credit.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value. Under these provisions, economic hedges are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and normal sales scope exception. The Registrants have applied the normal purchases and normal sales scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. For economic hedges that qualify and are designated as cash flow hedges, the portion of the derivative gain or loss that is effective in offsetting the change in value of the underlying exposure is deferred in accumulated OCI and later reclassified into earnings when the underlying transaction occurs. For economic hedges that do not qualify or are not designated as cash flow hedges, changes in the fair value of the derivative are recognized in earnings each period and are classified as other derivatives in the following tables. Non-derivative contracts for access to additional available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of non-exchange-based derivative contracts is valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For non-exchange-based derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' non-exchange-based derivatives are predominately at liquid trading points. For non-exchange-based derivatives that trade in less liquid markets with limited pricing information, such as the financial swap contract between Generation and ComEd, model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 1, 2 and 3, including both historical and current market data in their assessment of credit and nonperformance risk. The impacts of credit and nonperformance risk were not material to the financial statements.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings, which are typically designated as cash flow hedges. Exelon uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk and market parameters such as interest rates and volatility. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 8—Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd and PECO). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized in Level 2 in the fair value hierarchy.

Servicing Liability (Exelon and PECO). PECO is party to an agreement with a financial institution under which it sold an undivided interest, adjusted daily, in up to $225 million of designated accounts receivable. A servicing liability was recorded for the agreement in accordance with the current

The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized in Level 2. To draw parallels from the trading and quoting of fixed income securities with similar features, pricing services consider various characteristics including the issuer, maturity, purpose of loan, collateral attributes, prepayment speeds, interest rates and credit ratings in order to properly value these securities.

Commingled funds, which are similar to mutual funds, are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of short-term commingled funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining commingled funds in which Exelon and Generation invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. In general, equity commingled funds are redeemable on the 15th of the month and the last business day of the month, however, the fund manager may designate any day as a valuation date for the purpose of purchasing or redeeming units. Commingled funds are categorized in Level 2 at December 31, 2009 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets of the underlying equity securities and because they are offered to a limited group of investors and, therefore, not traded in an active market. See Note 11—Asset Retirement Obligations for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, ComEd and PECO). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The investments in the Rabbi trusts are included in investments in the Registrants' Consolidated Balance Sheets. The fair values of the shares of the funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

The Registrants evaluate the securities held in their Rabbi trusts for other-than-temporary impairment by analyzing the historical performance, cost basis and market value of securities in unrealized loss positions in comparison to related market indices. During June 2009, ComEd concluded that certain investments were other-than-temporarily impaired based on various factors assessed in the aggregate, including the duration and severity of the impairment, the anticipated recovery of the securities and considerations of ComEd's ability and intent to hold the investments until the recovery of their cost basis. This analysis resulted in an impairment charge of $7 million (pre-tax) recorded in other income and deductions associated with ComEd's investments held in Rabbi trusts.

Mark-to-Market Derivatives (Exelon, Generation, ComEd and PECO). Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain non-exchange-based derivatives are valued using indicative price quotations

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The following table presents the fair value reconciliation of Level 3 assets measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

For the Year Ended December 31, 2009	Mark-to-Market Derivatives	Servicing Liability	Total
Balance as of January 1, 2009	$ —	$ (2)	$ (2)
Total unrealized losses included in regulatory assets	(4)	—	(4)
Balance as of December 31, 2009	$ (4)	$ (2)	$ (6)

For the Year Ended December 31, 2008	Mark-to-Market Derivatives	Servicing Liability	Total
Balance as of January 1, 2008	$ —	$ (1)	$ (1)
Total unrealized losses included in net income	—	(1)	(1)
Balance as of December 31, 2008	$ —	$ (2)	$ (2)

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd and PECO). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value table are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments (Exelon and Generation). The trust fund investments have been established to satisfy Exelon's and Generation's nuclear decommissioning obligations. The NDT funds hold debt and equity securities directly and indirectly through commingled funds. Generation's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the trusts. These policies restrict the trust funds from holding alternative investments and limit the trust funds' exposures to investments in highly illiquid markets. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities, are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ—Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security.

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PECO

The following table presents assets and liabilities measured and recorded at fair value on PECO's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2009 and 2008:

December 31, 2009	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [(a)]	$ 281	$ —	$ —	$ 281
Rabbi trust investments—mutual funds [(b)(c)]	7	—	—	7
Total assets	288	—	—	288
Liabilities				
Deferred compensation obligation	—	(25)	—	(25)
Mark-to-market derivative liabilities [(d)]	—	—	(4)	(4)
Servicing liability	—	—	(2)	(2)
Total liabilities	—	(25)	(6)	(31)
Total net assets (liabilities)	$ 288	$ (25)	$ (6)	$ 257

As of December 31, 2008	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [(a)]	$ 26	$ —	$ —	$ 26
Rabbi trust investments—mutual funds [(b)(c)]	6	—	—	6
Total assets	32	—	—	32
Liabilities				
Deferred compensation obligation	—	(28)	—	(28)
Servicing liability	—	—	(2)	(2)
Total liabilities	—	(28)	(2)	(30)
Total net assets (liabilities)	$ 32	$ (28)	$ (2)	$ 2

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.

(b) The mutual funds held by the Rabbi Trust invest in the common stock of S&P 500 companies and Pennsylvania municipal bonds that are primarily rated as investment grade.

(c) Excludes $12 million and $10 million of the cash surrender value of life insurance investments at December 31, 2009 and December 31, 2008, respectively.

(d) The Level 3 balance represents a noncurrent liability of $4 million at December 31, 2009 related to the fair value of PECO's block contracts, which includes a $2 million noncurrent liability related to the fair value of PECO's block contracts with Generation that eliminates upon consolidation in Exelon's Consolidated Financial Statements.

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As of December 31, 2008	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)	$ 16	$ —	$ —	$ 16
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds (d)	32	—	—	32
Rabbi trust investment subtotal	34	—	—	34
Total assets	50	—	—	50
Liabilities				
Deferred compensation obligation	—	(7)	—	(7)
Mark-to-market derivative liabilities (c)	—	—	(456)	(456)
Total liabilities	—	(7)	(456)	(463)
Total net assets (liabilities)	$ 50	$ (7)	$ (456)	$ (413)

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.

(b) During the second quarter of 2009, ComEd recorded an other-than-temporary impairment of $7 million (pre-tax) related to Rabbi trust investments in other income and deductions.

(c) The Level 3 balance is comprised of the current and noncurrent liability of $302 million and $669 million at December 31, 2009, respectively, and $111 million and $345 million at December 31, 2008, respectively, related to the fair value of ComEd's financial swap contract with Generation which eliminates upon consolidation in Exelon's Consolidated Financial Statements.

(d) The mutual funds held by the Rabbi trusts invest in stocks in the Russell 1000 index and municipal securities that are primarily rated as investment grade.

The following tables present the fair value reconciliation of Level 3 assets measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

For the Year Ended December 31, 2009	Mark-to-Market Derivatives
Balance as of January 1, 2009	$ (456)
Total realized / unrealized gains (losses) included in regulatory assets (a)	(515)
Balance as of December 31, 2009	$ (971)

(a) Includes $782 million of changes in the fair value and $267 million of realized gains due to settlements associated with ComEd's financial swap with Generation. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

For the Year Ended December 31, 2008	Mark-to-Market Derivatives
Balance as of January 1, 2008	$ 456
Total realized / unrealized losses included in regulatory assets (a)	(912)
Balance as of December 31, 2008	$ (456)

(a) Includes $888 million of changes in the fair value and $24 million of realized losses due to settlements associated with ComEd's financial swap with Generation. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(a) Includes the reclassification of $90 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

(b) Includes $888 million of changes in the fair value and $24 million of realized gains due to settlements associated with Generation's financial swap with ComEd. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

The following table presents total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

	Operating Revenue	Purchased Power	Fuel	Other, net
Total gains (losses) included in income for the year ended December 31, 2009	$ (86)	$ (11)	[illegible]	$ 119
Change in the unrealized losses relating to assets and liabilities held as of the year ended December 31, 2009	$ (2)	$ (8)	$ (69)	$ —

	Operating Revenue	Purchased Power	Fuel	Other, net
Total gains (losses) included in income for the year ended December 31, 2008	$ 63	$ (12)	$ (16)	$ (321)
Change in the unrealized gains (losses) relating to assets and liabilities held as of the year ended December 31, 2008	$ 107	$ (34)	$ 52	$ (310)

ComEd

The following table presents assets measured and recorded at fair value on ComEd's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2009 and 2008:

As of December 31, 2009	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [a]	$ 25	$ —	$ —	$ 25
Rabbi trust investments [b]				
Cash equivalents	28	—	—	28
Total assets	53	—	—	53
Liabilities				
Deferred compensation obligation [c]	—	(8)	—	(8)
Mark-to-market derivative liabilities	—	—	(971)	(971)
Total liabilities	—	(8)	(971)	(979)
Total net assets (liabilities)	$ 53	$ (8)	$ (971)	$ (926)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(i) Exelon and Generation retrospectively reclassified certain assets and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform with the current year presentation. Refer to Note 8-Derivative Financial Instruments for further discussion. The impact of the reclassification was an increase of $245 million to Level 2 mark-to-market derivative net assets.

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

Year Ended December 31, 2009	Nuclear Decommissioning Trust Fund Investments	Mark-to-Market Derivatives	Total
Balance as of January 1, 2009	$ 1,220	$ 562	$ 1,782
Total unrealized / realized gains (losses)			
Included in income	119	(134)(a)	(15)
Included in other comprehensive income	—	522(b)	522
Included in noncurrent payables to affiliates	275	—	275
Change in Collateral	—	(2)	(2)
Purchases, sales, issuances and settlements, net	337	—	337
Transfers out of Level 3	(1,951)(c)	(17)	(1,968)
Balance as of December 31, 2009	$ —	$ 931	$ 931
The amount of total gains losses included in income attributed to the change in unrealized losses related to assets and liabilities held as of December 31, 2009	$ —	$ (79)	$ (79)

(a) Includes the reclassification of $55 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

(b) Includes $782 million of changes in the fair value and $267 million of realized losses due to settlements associated with Generation's financial swap with ComEd. Also includes $2 million of changes in the fair value of Generation's block contracts with PECO. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

(c) As of December 31, 2009, investments in NDT commingled funds, stated at NAV, were transferred out of Level 3 and into Level 2, in accordance with FASB issued authoritative guidance noted above.

Year Ended December 31, 2008	Nuclear Decommissioning Trust Fund Investments	Mark-to-Market Derivatives	Total
Balance as of January 1, 2008	$ 2,019	$ (403)	$ 1,616
Total unrealized / realized (losses) gains			
Included in income	(321)	35(a)	(286)
Included in other comprehensive income	—	879(b)	879
Included in noncurrent payables to affiliates	(553)	—	(553)
Change in Collateral	—	(1)	(1)
Purchases, sales, issuances and settlements, net	109	—	109
Transfers into or (out of) Level 3	(34)	52	18
Balance as of December 31, 2008	$ 1,220	$ 562	$ 1,782
The amount of total (losses) gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held as of December 31, 2008	$ (310)	$ 125	$ (185)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

As of December 31, 2008	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [a]	$ 1,103	$ —	$ —	$ 1,103
Nuclear decommissioning trust fund investments				
Cash equivalents [b]	13	—	—	13
Equity securities	903	—	—	903
Commingled funds [c]	—	94	1,220	1,314
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	419	91	—	510
Debt securities issued by states of the United States and political subdivisions of the states	—	414	—	414
Corporate debt securities	—	764	—	764
Federal agency mortgage-backed securities	6	1,495	—	1,501
Commercial mortgage-backed securities (non-agency)	—	111	—	111
Other debt obligations	—	107	—	107
Nuclear decommissioning trust fund investments subtotal [d]	1,341	3,076	1,220	5,637
Rabbi trust investments [e][f]	—	4	—	4
Mark-to-market derivative net assets [g][h][i]	12	789	562	1,363
Total assets	2,456	3,869	1,782	8,107
Liabilities				
Deferred compensation	—	(25)	—	(25)
Total liabilities	—	(25)	—	(25)
Total net assets	$ 2,456	$ 3,844	$ 1,782	$ 8,082

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.

(b) Generation's NDT funds hold equity portfolios whose performance is benchmarked against the S&P 500 Index, Russell 3000 Index or Morgan Stanley Capital International EAFE Index.

(c) Generation's NDT funds own commingled funds that invest in both equity and fixed income securities. The commingled funds that invest in equity securities seek to match the performance of the S&P 500 Index, Morgan Stanley Capital International EAFE Index and Russell 3000 Index. The commingled funds that hold fixed income securities invest primarily in a diversified portfolio of high grade money market instruments and other short-term fixed income securities.

(d) Excludes net assets of $76 million and net liabilities of $137 million at December 31, 2009 and December 31, 2008, respectively. These items consist of payables related to pending securities purchases net of cash, interest and dividend receivables and receivables related to pending securities sales.

(e) The mutual funds held by the Rabbi trusts that are invested in common stock of S&P 500 companies and Pennsylvania municipal bonds that are primarily rated as investment grade.

(f) Excludes $7 million and $6 million of the cash surrender value of life insurance investments at December 31, 2009 and December 31, 2008, respectively.

(g) Includes both current and noncurrent mark-to-market derivative assets, and is net of current and noncurrent mark-to-market derivative liabilities. In addition, the Level 3 balance includes current and noncurrent assets for Generation of $302 million and $669 million at December 31, 2009 and $111 million and $345 million at December 31, 2008, respectively, related to the fair value of Generation's financial swap contract with ComEd, and a noncurrent asset of $2 million at December 31, 2009 related to the fair value of Generation's block contracts with PECO. All of the mark-to-market balances Generation carries associated with the financial swap contract with ComEd and the block contracts with PECO eliminate upon consolidation in Exelon's Consolidated Financial Statements.

(h) Includes collateral postings received from and paid to counterparties. Collateral received from counterparties, net of collateral paid to counterparties, totaled $3 million, $941 million and $3 million that are netted against Level 1, Level 2 and Level 3 mark-to-market derivative net assets, respectively, as of December 31, 2009. Collateral received from counterparties, net of collateral paid to counterparties, totaled $11 million, $741 million and $1 million that are netted against Level 1, Level 2 and Level 3 mark-to-market derivative net assets, respectively, as of December 31, 2008.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Generation

The following table presents assets and liabilities measured and recorded at fair value on Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2009 and December 31, 2008:

As of December 31, 2009	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [(a)]	$ 1,040	$ —	$ —	$ 1,040
Nuclear decommissioning trust fund investments				
Cash equivalents [(b)]	2	120	—	122
Equity securities	1,528	—	—	1,528
Commingled funds [(c)]	—	2,086	—	2,086
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	511	119	—	630
Debt securities issued by states of the United States and political subdivisions of the states	—	454	—	454
Corporate debt securities	—	710	—	710
Federal agency mortgage-backed securities	—	887	—	887
Commercial mortgage-backed securities (non-agency)	—	91	—	91
Residential mortgage-backed securities (non-agency)	—	9	—	9
Other debt obligations	—	76	—	76
Nuclear decommissioning trust fund investments subtotal [(d)]	2,041	4,552	—	6,593
Rabbi trust investments [(e)(f)]	4	—	—	4
Mark-to-market derivative net (liabilities) assets [(g)(h)]	(4)	842	931	1,769
Total assets	3,081	5,394	931	9,406
Liabilities				
Deferred compensation	—	(23)	—	(23)
Total liabilities	—	(23)	—	(23)
Total net assets	$ 3,081	$ 5,371	$ 931	$ 9,383

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

For the Year Ended December 31, 2008	Nuclear Decommissioning Trust Fund Investments	Mark-to-Market Derivatives	Servicing Liability	Total
Balance as of January 1, 2008	$ 2,019	$ 52	$ (1)	$ 2,070
Total realized / unrealized (losses) gains				
Included in income	(321)	35 (a)	(1)	(287)
Included in other comprehensive income	—	(32) (b)	—	(32)
Included in regulatory liabilities	(553)	—	—	(553)
Change in collateral	—	(1)	—	(1)
Purchases, sales and issuances, net	109	—	—	109
Transfers into (out of) Level 3	(34)	52	—	18
Balance as of December 31, 2008	$ 1,220	$ 106	$ (2)	$ 1,324
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held as of December 31, 2008	$ (310)	$ 125	$ —	$ (185)

(a) Includes the reclassification of $90 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

(b) Excludes $888 *million of changes in the fair value and* $24 million of realized gains due to settlements associated with Generation's financial swap contract with ComEd. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

The following table presents total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

	Operating Revenue	Purchased Power	Fuel	Other, net
Total (losses) gains included in income for the year ended December 31, 2009	$ (66)	$ (11)	[illegible]	$ 110
Change in the unrealized losses relating to assets and liabilities held as of the year ended December 31, 2009	$ (2)	$ (8)	$ (69)	$ —

	Operating Revenue	Purchased Power	Fuel	Other, net
Total gains (losses) included in income for the year ended December 31, 2008	$ 63	$ (12)	[illegible]	$ (321)
Change in the unrealized gains (losses) relating to assets and liabilities held as of the year ended December 31, 2008	$ 107	$ (34)	$ 52	$ (310)

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(g) Includes both current and noncurrent mark-to-market derivative assets and interest rate swaps, and is net of current and noncurrent mark-to-market derivative liabilities. In addition, the Level 3 balance does not include current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $302 million and $669 million at December 31, 2009 and $111 million and $345 million at December 31, 2008, respectively, related to the fair value of Generation's financial swap contract with ComEd, and a noncurrent asset of $2 million at December 31, 2009 related to the fair value of Generation's block contracts with PECO, which eliminate upon consolidation in Exelon's Consolidated Financial Statements.

(h) Includes collateral postings received from and paid to counterparties. Collateral received from counterparties, net of collateral paid to counterparties, totaled $3 million, $941 million and $3 million that are netted against Level 1, Level 2 and Level 3 mark-to-market derivative net assets, respectively, as of December 31, 2009. Collateral received from counterparties, net of collateral paid to counterparties, totaled $11 million, $741 million and $1 million that are netted against Level 1, Level 2 and Level 3 mark-to-market derivative net assets, respectively, as of December 31, 2008.

(i) Exelon and Generation reclassified certain assets and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform with the current year presentation. Refer to Note 8-Derivative Financial Instruments for further discussion. The impact of the reclassification was an increase of $245 million to Level 2 mark-to-market derivative net assets.

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2009 and 2008:

For the Year Ended December 31, 2009	Nuclear Decommissioning Trust Fund Investments	Mark-to-Market Derivatives	Servicing Liability	Total
Balance as of January 1, 2009	$ 1,220	$ 106	$ (2)	$ 1,324
Total realized / unrealized gains (losses)				
Included in income	119	(134)[(a)]	—	(15)
Included in other comprehensive income	—	5[(b)]	—	5
Included in regulatory assets/liabilities	275	(2)	—	273
Change in collateral	—	(2)	—	(2)
Purchases, sales and issuances, net	337	—	—	337
Transfers out of Level 3	(1,951)[(c)]	(17)	—	(1,968)
Balance as of December 31, 2009	$ —	$ (44)	$ (2)	$ (46)
The amount of total losses included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held as of December 31, 2009	$ —	$ (79)	$ —	$ (79)

(a) Includes the reclassification of $55 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

(b) Excludes $782 million of changes in the fair value and $267 million of realized losses due to settlements associated with Generation's financial swap contract with ComEd, and $2 million of changes in the fair value of Generation's block contracts with PECO. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

(c) As of December 31, 2009, investments in NDT commingled funds, stated at NAV, were transferred out of Level 3 and into Level 2 in accordance with FASB issued authoritative guidance noted above.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

As of December 31, 2008	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)	$ 1,228	$ —	$ —	$ 1,228
Nuclear decommissioning trust fund investments				
Cash equivalents (b)	13	—	—	13
Equity securities (c)	903	—	—	903
Commingled funds	—	94	1,220	1,314
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	419	91	—	510
Debt securities issued by states of the United States and political subdivisions of the states	—	414	—	414
Corporate debt securities	—	784	—	784
Federal agency mortgage-backed securities	6	1,495	—	1,501
Commercial mortgage-backed securities (non-agency)	—	111	—	111
Other debt obligations	—	107	—	107
Nuclear decommissioning trust fund investments subtotal (d)	1,341	3,076	1,220	5,637
Rabbi trust investments				
Cash equivalents (e)(f)	2	—	—	2
Mutual funds	43	—	—	43
Rabbi trust investments subtotal	45	—	—	45
Mark-to-market derivative net assets (g)(h)(i)	12	806	106	924
Total assets	2,626	3,882	1,326	7,834
Liabilities				
Deferred compensation	—	(85)	—	(85)
Servicing liability	—	—	(2)	(2)
Total liabilities	—	(85)	(2)	(87)
Total net assets	$ 2,626	$ 3,797	$ 1,324	$ 7,747

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.

(b) Generation's NDT funds hold equity portfolios whose performance is benchmarked against the S&P 500 Index, Russell 3000 Index or Morgan Stanley Capital International Europe, Australasia and Far East (EAFE) Index.

(c) Generation's NDT funds own commingled funds that invest in both equity and fixed income securities. The commingled funds that invest in equity securities seek to track the performance of the S&P 500 Index, Morgan Stanley Capital International EAFE Index and Russell 3000 Index. The commingled funds that hold fixed income securities invest primarily in a diversified portfolio of high grade money market instruments and other short-term fixed income securities.

(d) Excludes net assets of $76 million and net liabilities of $137 million consisting of payables related to pending securities purchases net of cash, interest receivables and receivables related to pending securities sales at December 31, 2009 and December 31, 2008, respectively.

(e) The mutual funds held by the Rabbi trusts invest in large cap equity securities and municipal debt securities. During the second quarter of 2009, Exelon and ComEd recorded an other-than-temporary impairment of $7 million (pre-tax) related to Rabbi trust investments in other income and deductions.

(f) Excludes $23 million and $19 million of the cash surrender value of life insurance investments at December 31, 2009 and December 31, 2008, respectively.

Combined Notes to Consolidated Financial Statements—(Continued)
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date or at a future date, it shall be classified as Level 2 in the fair value hierarchy. As of December 31, 2009, Exelon and Generation continue to report these investments at NAV without adjustment and have classified them within Level 2 of the fair value hierarchy.

See Note 13—Retirement Benefits for further information regarding the fair value and related valuation techniques for pension and postretirement plan assets.

Exelon

The following table presents assets and liabilities measured and recorded at fair value on Exelon's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2009 and 2008:

As of December 31, 2009	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents [(a)]	$ 1,845	$ —	$ —	$ 1,845
Nuclear decommissioning trust fund investments				
Cash equivalents [(b)]	2	120	—	122
Equity securities	1,528	—	—	1,528
Commingled funds [(c)]	—	2,086	—	2,086
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	511	119	—	630
Debt securities issued by states of the United States and political subdivisions of the states	—	454	—	454
Corporate debt securities	—	710	—	710
Federal agency mortgage-backed securities	—	887	—	887
Commercial mortgage-backed securities (non-agency)	—	91	—	91
Residential mortgage-backed securities (non-agency)	—	9	—	9
Other debt obligations	—	76	—	76
Nuclear decommissioning trust fund investments subtotal [(d)]	2,041	4,552	—	6,593
Rabbi trust investments				
Cash equivalents	28	—	—	28
Mutual funds [(e)(f)]	13	—	—	13
Rabbi trust investments subtotal	41	—	—	41
Mark-to-market derivative net (liabilities) assets [(g)(h)]	(4)	852	(44)	804
Total assets	3,923	5,404	(44)	9,283
Liabilities				
Deferred compensation	—	(82)	—	(82)
Servicing liability	—	—	(2)	(2)
Total liabilities	—	(82)	(2)	(84)
Total net assets (liabilities)	$ 3,923	$ 5,322	$ (46)	$ 9,199

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

ComEd

The carrying amounts and fair values of ComEd's long-term debt as of December 31, 2009 and 2008 were as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including amounts due within one year)	$ 4,711	$ [illegible]	$ [illegible]	$ [illegible]
Long-term debt to financing trust	206	167	206	100

PECO

The carrying amounts and fair values of PECO's long-term debt and preferred securities as of December 31, 2009 and 2008 were as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including amounts due within one year)	$ 2,221	$ 2,346	$ 1,971	$ 1,954
Long-term debt to PETT (including amounts due within one year)	415	426	1,124	1,193
Long-term debt to other financing trusts	184	158	184	100
Preferred securities	87	63	87	63

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds priced at NAV per fund share and fair value hedges.

- Level 3—unobservable inputs, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded non-exchange-based derivatives.

Upon Exelon's and Generation's initial adoption of the authoritative guidance for fair value measurements, and in periods since adoption, Exelon and Generation have classified investments in NDT commingled funds, reported at NAV, within Level 3 of the fair value hierarchy. The FASB issued authoritative guidance in September 2009, effective for periods ending after December 15, 2009, indicating that if a reporting entity has the ability to redeem its investment at NAV at the measurement

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Renewable Energy Credits and Alternative Energy Credits (Exelon, Generation and PECO). Exelon's, Generation's, and PECO's other intangible assets, included in other deferred debits and other assets on the Consolidated Balance Sheets, include RECs (Exelon and Generation) and AECs (PECO). As of December 31, 2009 and December 31, 2008, PECO had AECs of $13 million and $1 million, respectively. As of December 31, 2009 and December 31, 2008, the balances of RECs for Generation were $6 million and $2 million, respectively. See Note 2—Regulatory Issues for additional information on RECs and AECs.

7. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd and PECO)

Non-Derivative Financial Assets and Liabilities. As of December 31, 2009 and 2008, the Registrants' carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are representative of fair value because of the short-term nature of these instruments.

Fair Value of Financial Liabilities Recorded at the Carrying Amount

Exelon

The carrying amounts and fair values of Exelon's long-term debt and SNF obligation as of December 31, 2009 and 2008 were as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including amounts due within one year)	$ 11,634	$ 12,223	$ 11,426	$ 10,803
Long-term debt to PETT (including amounts due within one year)	415	426	1,124	1,193
Long-term debt to other financing trusts	390	325	390	200
Spent nuclear fuel obligation	1,017	832	1,015	544
Preferred securities of subsidiary	87	63	87	63

Fair values of long-term debt are determined by a valuation model, which is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. The fair value of preferred securities of subsidiaries is determined using observable market prices as these securities are actively traded. The carrying amount of Exelon's and Generation's SNF obligation resulted from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. Exelon's and Generation's obligation to the DOE accrues at the 13-week Treasury rate and fair value was determined by comparing the carrying amount of the obligation at the 13-week Treasury rate to the present value of the obligation discounted using the prevailing Treasury rate for a long-term obligation with an estimated maturity of 2020 (after being adjusted for Generation's credit risk).

Generation

The carrying amounts and fair values of Generation's long-term debt and SNF obligation as of December 31, 2009 and 2008 were as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including amounts due within one year)	$ 2,993	$ 3,132	$ 2,514	$ 2,402
Spent nuclear fuel obligation	1,017	832	1,015	544

Combined Notes to Consolidated Financial Statements—(Continued)
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therefore the second step was not required. Although financial markets have stabilized over the past year, current economic conditions continue to impact the market-related assumptions used in the 2009 annual assessment. While the estimated fair value of ComEd has increased since the 2008 assessment, deterioration of the market related factors used in the impairment review could possibly result in a future impairment loss of ComEd's goodwill, which could be material.

2008 Annual Goodwill Impairment Assessment. The 2008 annual goodwill impairment assessment was performed as of November 1, 2008. The first step of the annual impairment analysis, comparing the fair value of ComEd to its carrying value, including goodwill, indicated no impairment of goodwill, therefore the second step was not required. The order in the 2007 Rate Case and the implementation of a formula-based transmission rate provided more certainty related to ComEd's future cash flows. However, the economic downturn and the capital and credit market crisis affected the market-related assumptions resulting in a significant decrease in estimated fair value of ComEd since the 2007 assessment.

2007 Annual Goodwill Impairment Assessment. The 2007 annual goodwill impairment assessment was performed as of November 1, 2007. The first step of the annual impairment analysis, comparing the fair value of ComEd to its carrying value, including goodwill, indicated no impairment of goodwill, therefore the second step was not required.

Other Intangible Assets

Exelon's and ComEd's other intangible assets, included in deferred debits and other assets in their Consolidated Balance Sheets, consisted of the following as of December 31, 2009:

				Estimated amortization expense				
December 31, 2009	Gross	Accumulated Amortization	Net	2010	2011	2012	2013	2014
Chicago settlement—1999 agreement [a]	$ 100	$ (61)	$39	$ 3	$ 3	$ 3	$ 3	$ 3
Chicago settlement—2003 agreement [b]	62	(25)	37	4	4	4	4	4
Total intangible assets	$ 162	$ (86)	$76	$ 7	$ 7	$ 7	$ 7	$ 7

(a) In March 1999, ComEd entered into a settlement agreement with the City of Chicago associated with ComEd's franchise agreement. Under the terms of the settlement, ComEd agreed to make payments of $25 million to the City of Chicago each year from 1999 to 2002. The intangible asset recognized as a result of these payments is being amortized ratably over the remaining term of the franchise agreement, which ends in 2020.

(b) In February 2003, ComEd entered into separate agreements with the City of Chicago and with Midwest Generation, LLC (Midwest Generation). Under the terms of the settlement agreement with the City of Chicago, ComEd agreed to pay the City of Chicago a total of $60 million over a ten-year period, beginning in 2003. The intangible asset recognized as a result of the settlement agreement is being amortized ratably over the remaining term of the City of Chicago franchise agreement, which ends in 2020. As required by the settlement, ComEd also made a payment of $2 million to a third party on the City of Chicago's behalf. Pursuant to the agreement discussed above, ComEd received payments of $32 million from Midwest Generation to relieve Midwest Generation's obligation under its 1999 fossil sale agreement with ComEd to build the generation facility in the City of Chicago. The payments received by ComEd, which have been recorded in other long-term liabilities, are being recognized ratably (approximately $2 million annually) as an offset to amortization expense over the remaining term of the franchise agreement.

For each of the years ended December 31, 2009, 2008 and 2007, Exelon's and ComEd's amortization expense related to intangible assets was $7 million.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

6. Intangible Assets (Exelon, Generation, ComEd and PECO)

Goodwill

Exelon's and ComEd's gross amount of goodwill, accumulated impairment losses and carrying amount of goodwill for the years ended December 31, 2009 and 2008 were as follows:

	2009			2008		
	Gross Amount (a)	Accumulated Impairment Losses	Carrying Amount	Gross Amount (a)	Accumulated Impairment Losses	Carrying Amount
Balance, January 1	$ 4,608	$ 1,983	$ 2,625	$ 4,608	$ 1,983	$ 2,625
Impairment losses	—	—	—	—	—	—
Balance, December 31	$ 4,608	$ 1,983	$ 2,625	$ 4,608	$ 1,983	$ 2,625

(a) Reflects goodwill recorded in 2000 from the PECO/Unicom merger net of amortization, resolution of tax matters and other non-impairment-related changes as allowed under previous authoritative guidance.

Goodwill is not amortized, but is subject to an assessment for impairment at least annually, or more frequently if events or circumstances indicate that goodwill might be impaired. The impairment assessment is performed using a two-step, fair value based test. The first step compares the fair value of the reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step is performed. The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss is recorded as a reduction to goodwill and a charge to operating expense.

Exelon assesses goodwill impairment at its ComEd reporting unit. Accordingly, any goodwill impairment charge at ComEd will affect Exelon's consolidated results of operations. As a result of new authoritative guidance for fair value measurement effective January 1, 2009, Exelon and ComEd now estimate the fair value of the ComEd reporting unit using a weighted combination of a discounted cash flow analysis and a market multiples analysis instead of the expected cash flow approach used in 2008 and prior years. The discounted cash flow analysis relies on a single scenario reflecting "base case" or "best estimate" projected cash flows for ComEd's business and includes an estimate of ComEd's terminal value based on these expected cash flows using the generally accepted Gordon Dividend Growth formula, which derives a valuation using an assumed perpetual annuity based on the entity's residual cash flows. The discount rate is based on the generally accepted Capital Asset Pricing Model and represents the weighted average cost of capital of comparable companies. The market multiples analysis utilizes multiples of business enterprise value to earnings, before interest, taxes, depreciation and amortization (EBITDA) of comparable companies in estimating fair value. Significant assumptions used in estimating the fair value include ComEd's capital structure, discount and growth rates, utility sector market performance, operating and capital expenditure requirements, fair value of debt, the selection of peer group companies and recent transactions. Management performs a reconciliation of the sum of the estimated fair value of all Exelon reporting units to Exelon's enterprise value based on its trading price to corroborate the results of the discounted cash flow analysis and the market multiple analysis.

2009 Annual Goodwill Impairment Assessment. The 2009 annual goodwill impairment assessment was performed as of November 1, 2009. The first step of the annual impairment analysis, comparing the fair value of ComEd to its carrying value, including goodwill, indicated no impairment of goodwill,

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

5. Jointly Owned Electric Utility Plant (Exelon, Generation and PECO)

Exelon's, Generation's and PECO's undivided ownership interests in jointly owned electric plants at December 31, 2009 and 2008 were as follows:

	Nuclear generation			Fossil fuel generation			Transmission		Other
	Quad Cities	Peach Bottom	Salem (a)	Keystone	Conemaugh	Wyman	PA (b)	DE/NJ (c)	Other (d)
Operator	Generation	Generation	PSEG Nuclear	Reliant	Reliant	FPL	First Energy	[illegible]	[illegible]
Ownership interest	75.00%	50.00%	42.59%	20.99%	20.72%	5.89%	22.00%	42.55%	44.24%
Exelon's share at December 31, 2009:									
Plant	$ 570	$ 520	$ 386	$ 357	$ 236	$ 3	$ 5	$ 60	$ 1
Accumulated depreciation	101	263	79	119	151	2	4	26	—
Construction work in progress	107	56	46	1	11	—	—	—	—
Exelon's share at December 31, 2008:									
Plant	$ 512	$ 490	$ 379	$ 192	$ 233	$ 2	$ 5	$ 60	$ 1
Accumulated depreciation	85	256	73	114	148	1	4	27	—
Construction work in progress	60	21	37	107	2	1	—	—	—

(a) Generation also owns a proportionate share in the fossil fuel combustion turbine at Salem, which is fully depreciated. The gross book value was $3 million at December 31, 2009 and 2008.

(b) PECO owns a 22.00% share in 127 miles of 500,000 voltage lines located in Pennsylvania.

(c) PECO owns a 42.55% share in 131 miles of 500,000 voltage lines located in Delaware and New Jersey.

(d) Generation has a 44.24% ownership interest in Merrill Creek Reservoir located in New Jersey.

Exelon's, Generation's and PECO's undivided ownership interests are financed with their funds and all operations are accounted for as if such participating interests were wholly owned facilities. Exelon's, Generation's and PECO's share of direct expenses of the jointly owned plants are included in fuel and operating and maintenance expenses on Exelon's and Generation's Consolidated Statements of Operations and in operating and maintenance expenses on PECO's Consolidated Statements of Operations.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

(a) Represents unregulated property.

(b) Includes accumulated depreciation related to unregulated property of $4 million and $4 million as of December 31, 2009 and 2008, respectively.

The annual depreciation provisions as a percentage of average service life for electric transmission and distribution assets were 2.57%, 2.53% and 2.49% for the years ended December 31, 2009, 2008 and 2007, respectively.

PECO

The following table presents a summary of property, plant and equipment by asset category as of December 31, 2009 and 2008:

Asset Category	Average Service Life (years)	2009	2008
Electric—transmission and distribution	5-65	$ 5,410	$ 5,174
Gas—transportation and distribution	5-66	1,679	1,631
Common—electric and gas	5-50	517	496
Construction work in progress	N/A	117	103
Other property, plant and equipment (a)	45-50	16	15
Total property, plant and equipment		7,739	7,419
Less: accumulated depreciation (b)		2,442	2,345
Property, plant and equipment, net		$ 5,297	$ 5,074

(a) Represents unregulated property.

(b) Includes accumulated depreciation related to unregulated property of $2 million and $2 million as of December 31, 2009 and 2008, respectively.

The following table presents the annual depreciation provisions as a percentage of average service life for each asset category.

Average Service Life Percentage by Asset Category	2009	2008	2007
Electric—transmission and distribution	1.97%	2.03%	2.03%
Gas	1.75%	1.74%	1.69%
Common—electric and gas	6.41%	6.51%	6.36%

See Note 1—Significant Accounting Polices for further information regarding property, plant and equipment policies and accounting for capitalized software costs. See Note 9—Debt and Credit Agreements for further information regarding property, plant and equipment subject to mortgage liens.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The annual depreciation provisions as a percentage of average service life for electric generation assets were 2.28%, 2.02% and 1.90% for the years ended December 31, 2009, 2008 and 2007, respectively.

License Renewals. Generation's depreciation provisions are based on the estimated useful lives of its generating stations, which assume the renewal of the licenses for all nuclear generating stations. As a result, the receipt of license renewals has no impact on the Consolidated Statements of Operations. See Note 2—Regulatory Issues for additional information regarding license renewals.

Long-Lived Asset Impairments. Generation regularly evaluates the economic viability of its generating plants. During 2009, Generation assessed whether there had been any triggering events requiring an impairment assessment for any of its generating stations. Based on this analysis, it was determined that Generation did not have any triggering events requiring impairment assessments for any of its generating stations, except as noted below.

In connection with the decline in market conditions and the potential divestiture of the Texas plants (Handley, Mountain Creek and LaPorte generating stations) associated with the proposed merger with NRG that has since been terminated, Generation evaluated its Texas plants for potential impairment as of December 31, 2008. The impairment evaluation was performed to assess whether the carrying values of the plants were not recoverable. Generation's evaluation indicated that the estimated undiscounted future cash flows exceeded the carrying values of the plants and an impairment did not exist as of December 31, 2008 under the held and used model.

Due to the continued decline in forward energy prices in the first quarter of 2009, Generation again evaluated its Texas plants for recoverability as of March 31, 2009. As the estimated undiscounted future cash flows and fair value of the Handley and Mountain Creek stations were less than the stations' carrying values, the stations were determined to be impaired at March 31, 2009. LaPorte station was determined not to be impaired. Accordingly, the Handley and Mountain Creek stations were written down to fair value, and an impairment charge of $223 million was recorded in operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations in the first quarter of 2009. The fair value of the stations was determined using the income (discounted cash flow), market (available comparables) and cost (replacement cost) valuation approaches.

ComEd

The following table presents a summary of property, plant and equipment by asset category as of December 31, 2009 and 2008:

Asset Category	Average Service Life (years)	2009	2008
Electric—transmission and distribution	5-75	$ 14,031	$ 13,335
Construction work in progress (a)	N/A	178	140
Other property, plant and equipment	50	45	46
Total property, plant and equipment (a)		14,254	13,521
Less: accumulated depreciation		2,129	1,866
Property, plant and equipment, net		$ 12,125	$ 11,655

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

(a) Includes nuclear fuel that is in the fabrication and installation phase of $711 million and $490 million at December 31, 2009 and 2008, respectively.

(b) Includes Generation's buildings under capital lease with a net carrying value of $28 million and $31 million at December 31, 2009 and 2008, respectively. The original cost basis of the buildings was $53 million and total accumulated amortization was $24 million and $22 million as of December 31, 2009 and 2008, respectively. Also includes unregulated property at ComEd and PECO.

(c) Includes accumulated depreciation related to regulated property at ComEd and PECO of $4,565 million and $4,205 million as of December 31, 2009 and 2008, respectively. Includes accumulated amortization of nuclear fuel in the reactor core at Generation of $1,383 million and $1,214 million as of December 31, 2009 and 2008, respectively. On December 2, 2009, Generation announced its intention to permanently retire four of its fossil-fired generating units effective May 31, 2011. Exelon recorded approximately $32 million of additional depreciation expense to reflect changes in useful lives for the plant assets that will be taken out of service prior to their previously estimated service period. See Note 14—Corporate Restructuring and Plant Retirements for additional information.

The following table presents the annual depreciation provisions as a percentage of average service life for each asset category.

Average Service Life Percentage by Asset Category	2009	2008	2007
Electric—transmission and distribution	2.43%	2.42%	2.38%
Electric—generation	2.28%	2.02%	1.90%
Gas	1.75%	1.74%	1.69%
Common—electric and gas	6.41%	6.51%	6.36%

Generation

The following table presents a summary of property, plant and equipment by asset category as of December 31, 2009 and 2008:

Asset Category	Average Service Life (years)	2009	2008
Electric—generation	1-72	$ 9,666	$ 9,108
Nuclear fuel (a)	1-8	3,340	2,811
Construction work in progress	N/A	964	744
Other property, plant and equipment (b)	5-58	53	56
Total property, plant and equipment		14,023	12,719
Less: accumulated depreciation (c)		4,214	3,812
Property, plant and equipment, net		$ 9,809	$ 8,907

(a) Includes nuclear fuel that is in the fabrication and installation phase of $711 million and $490 million at December 31, 2009 and 2008, respectively.

(b) Includes buildings under capital lease with a net carrying value of $28 million and $31 million at December 31, 2009 and 2008, respectively. The original cost basis of the buildings was $53 million and total accumulated amortization was $24 million and $22 million as of December 31, 2009 and 2008, respectively.

(c) Includes accumulated amortization of nuclear fuel in the reactor core of $1,383 million and $1,214 million as of December 31, 2009 and 2008, respectively. On December 2, 2009, Generation announced its intention to permanently retire four of its fossil-fired generating units effective May 31, 2011. Generation recorded approximately $32 million of additional depreciation expense to reflect changes in useful lives for the plant assets that will be taken out of service prior to their previously estimated service period. See Note 14—Corporate Restructuring and Plant Retirements for additional information.

Combined Notes to Consolidated Financial Statements—(Continued)
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On August 18, 2009, PSEG submitted an application to the NRC to extend the operating license of Salem Units 1 and 2 by 20 years. Exelon is part owner of the Salem Units. The NRC is expected to spend a total of 22 to 30 months to review the application before making a decision. The current operating licenses expire in 2016 and 2020, respectively.

3. Accounts Receivable (Exelon, Generation, ComEd and PECO)

Accounts receivable at December 31, 2009 and 2008 included estimated unbilled revenues, representing an estimate for the unbilled amount of energy or services provided to customers, and is net of an allowance for uncollectible accounts as follows:

2009	Exelon	Generation	ComEd	PECO
Unbilled revenues	$ 1,035	$ 441	$ 289	$ 305
Allowance for uncollectible accounts	(225)	(31)	(77)	(117)

2008	Exelon	Generation	ComEd	PECO
Unbilled revenues	$ 1,199	$ 593	$ 310	$ 296
Allowance for uncollectible accounts	(238)	(30)	(57)	(151)

PECO is party to an agreement with a financial institution under which it sold an undivided interest, adjusted daily, in up to $225 million of designated accounts receivable, which PECO accounted for as a sale as of December 31, 2009. Under new guidance effective January 1, 2010, this agreement will be accounted for as a secured borrowing. See Note 1—Significant Accounting Policies for additional information. PECO retains the servicing responsibility for the sold receivables and has recorded a servicing liability. The agreement terminates on September 16, 2010, unless extended in accordance with its terms. As of December 31, 2009, PECO was in compliance with the requirements of the agreement. In the event the agreement is not extended, PECO has sufficient short-term liquidity and will seek alternate financing. See Note 7—Fair Value of Financial Assets and Liabilities for additional information regarding the servicing liability.

4. Property, Plant and Equipment (Exelon, Generation, ComEd and PECO)

Exelon

The following table presents a summary of property, plant and equipment by asset category as of December 31, 2009 and 2008:

Asset Category	Average Service Life (years)	2009	2008
Electric—transmission and distribution	5-75	$ 19,441	$ 18,509
Electric—generation	1-72	9,666	9,108
Gas—transportation and distribution	5-66	1,679	1,631
Common—electric and gas	5-50	517	496
Nuclear fuel	1-8	3,340	2,811
Construction work in progress	N/A	1,263	1,038
Other property, plant and equipment (b)	5-58	458	462
Total property, plant and equipment (c)		36,364	34,055
Less: accumulated depreciation		9,023	8,242
Property, plant and equipment, net		$ 27,341	$ 25,813

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

On May 30, 2008, a group of PJM load-serving entities, state commissions, consumer advocates and trade associations (referred to collectively as the RPM Buyers) filed a complaint at FERC against PJM alleging that three of the four transitional RPM auctions yielded prices that are unjust and unreasonable under the Federal Power Act. Most of the parties comprising the RPM Buyers group were parties to the settlement approved by FERC that established RPM. In the complaint, the RPM Buyers requested that the total projected payments to RPM sellers for the three auctions at issue be materially reduced. On September 19, 2008, FERC dismissed the complaint finding that no party violated PJM's tariff and the prices determined during the initial auctions implementing the RPM were in accord with the tariff provisions governing the auctions. On June 18, 2009, FERC denied the RPM Buyers' request for rehearing of FERC's September 19, 2008 order. On August 14, 2009, RPM Buyers filed a petition with the U.S. Court of Appeals for the Fourth Circuit for review of the FERC's September 19, 2008 order, rejecting their complaint that RPM resulted in unjust and unreasonable capacity prices. On September 17, 2009, PJM filed a motion to transfer the case to the D.C. Circuit on the grounds that the Fourth Circuit was an improper venue. On November 12, 2009, the court granted the motion. If the D.C. Circuit were to reverse FERC's decision, FERC would be required to conduct additional proceedings regarding the substantive allegations in the complaint. Exelon and Generation believe that it is remote that the ultimate outcome of this matter will have a material adverse impact on their respective results of operations, cash flows or financial position.

In a companion order also issued on September 19, 2008, FERC directed PJM and its stakeholders to evaluate whether prospective changes should be made to RPM and, if a consensus is reached, file such a consensus with FERC in time to be in effect for the May 2009 RPM Auction. PJM filed a report with FERC on December 12, 2008 summarizing the discussions and explaining that a consensus was not reached. PJM also filed its own proposal with FERC on December 12, 2008. On March 26, 2009, FERC issued an order accepting in part and rejecting in part PJM's December 12 filing, as amended by an Offer of Settlement filed by PJM and some members of PJM in response to the December 12 filing. A number of parties filed for rehearing and/or clarification of the March 26, 2009 Order. On August 14, 2009, the Commission granted in part and denied in part requests for rehearing and clarification. Any order may then be subject to review in the United States Court of Appeals.

License Renewals (Exelon and Generation). In July 2005, Generation applied for license renewal for Oyster Creek on a timeline consistent and integrated with the other planned license renewal filings for the Generation nuclear fleet. The application was challenged by a coalition of citizen groups (citizen groups) and the NJDEP, including filings made with the NRC's ASLB, the NRC Commissioners and the U.S. Court of Appeals for the Third Circuit. These filings and appeals were rejected or denied. On April 8, 2009, the NRC issued the renewed operating license for Oyster Creek that expires in April 2029. On May 29, 2009, the citizen groups filed a Petition for Review of the NRC's renewal of Oyster Creek's operating license in the U.S. Court of Appeals for the Third Circuit. If the appeal is successful, it is unlikely that it would result in a revocation of the renewed license; however, it could cause the NRC to impose additional conditions over the course of the period of extended operation.

On January 8, 2008, AmerGen submitted an application to the NRC to extend the operating license of TMI Unit 1 for an additional 20 years. On October 22, 2009, the NRC issued the renewed operating license for TMI Unit 1 that expires in April 2034.

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Market-Based Rates (Exelon, Generation, ComEd and PECO). Generation, ComEd and PECO are public utilities for purposes of the Federal Power Act and are required to obtain FERC's acceptance of rate schedules for wholesale electricity sales. Currently, Generation, ComEd and PECO have authority to execute wholesale electricity sales at market-based rates. As is customary with market-based rate schedules, FERC has reserved the right to suspend market-based rate authority on a retroactive basis if it subsequently determines that Generation, ComEd or PECO has violated the terms and conditions of its tariff or the Federal Power Act. FERC is also authorized to order refunds if it finds that the market-based rates are not just and reasonable under the Federal Power Act.

In June 2007, FERC issued a Final Rule on Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities (Order No. 697), which updated and modified the tests that FERC had implemented in 2004. That order was clarified in December 2007. Subsequently, Order No. 697 was largely affirmed and further clarified in Order No. 697-A, Order No. 697-B and Order No. 697-C. The Registrants do not expect that the Final Rule will have a material effect on their results of operations in the short-term. The longer-term impact will depend on the future application by FERC of Order Nos. 697 and future actions involving market-based rates.

During 2008, Generation, ComEd and PECO filed an analysis for generation in the Northeast region covering generation in PJM and ISO-New England and Generation filed an analysis for generation in the Southeast region covering generation in the Southern Company and Entergy areas; and in 2009, Generation filed an analysis for generation in the Central region covering generation in the MISO market. In each case, the filing used FERC's updated screening tests, as required by the Final Rule. These analyses demonstrated that Exelon does not have market power in those areas and, therefore, is entitled to continue to sell at market-based rates in them. FERC accepted the 2008 filings on January 15, 2009 and September 2, 2009 and accepted the 2009 filing on October 26, 2009, affirming Exelon's affiliates' continued right to make sales at market-based rates.

Reliability Pricing Model (Exelon and Generation). On August 31, 2005, PJM submitted a proposal to FERC for a new capacity payment construct to replace PJM's then-existing capacity obligation rules. The proposal provided for a forward capacity procurement auction to establish capacity and payment obligations using a demand curve and locational deliverability zones for capacity. The FERC affirmed PJM's proposal for forward commitments and other matters, but encouraged PJM and the parties to that FERC proceeding to resolve other RPM issues by settlement. A settlement was reached on September 29, 2006 and was approved by FERC on December 22, 2006. The settlement provided for an auction 36 months in advance of each delivery year beginning with the delivery year ending May 31, 2012 and an expedited phase-in process for four transitional auctions covering delivery years ending on May 31 in 2008 through 2011. All but one appeal of FERC's order approving RPM were withdrawn on February 27, 2009 and the remaining appeal was denied by the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) on March 17, 2009.

PJM's four transitional RPM auctions took place in April 2007, July 2007, October 2007 and January 2008 and established prices for the period from June 1, 2007 through May 31, 2011. Subsequent auctions will take place 36 months ahead of the scheduled delivery year. The auction for the delivery year ending May 31, 2012 and May 31, 2013 occurred in May 2008 and May 2009, respectively. Thus far, the RPM capacity auctions have secured capacity for the PJM market through 2013. While auction results produced varying prices, as anticipated, the RPM has been beneficial for owners of generation facilities, particularly for such facilities located in constrained zones, as compared to the prior capacity-payment construct.

facilities 500 kV and above. On October 20, 2009, the court denied the rehearing petition. On January 21, 2010, FERC issued an order establishing paper hearing procedures to supplement the record. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006 should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO also has the right to file with the PAPUC for a change in retail rates to reflect changes in its wholesale transmission costs. PECO cannot predict the long-term impact of any rate design changes due to the uncertainty as to whether new facilities will be built and how the costs of new facilities less than 500 kV will be allocated; however, the impact may be material to its results of operations, cash flows, or financial position.

PJM-MISO Regional Rate Design (Exelon, ComEd and PECO). The current PJM-MISO Regional Rate Design is used to specify the pricing of transmission service between PJM and MISO and impacts ComEd and PECO due to purchases by suppliers from MISO. In August 2007, ComEd and PECO and several other transmission owners in PJM and MISO, as directed by a FERC order, filed with FERC to continue the existing transmission rate design between PJM and MISO. Additional transmission owners and certain other entities filed protests urging FERC to reject the filing. In September 2007, a complaint was filed asking FERC to find that the PJM-MISO rate design was unjust and unreasonable and to substitute a rate design that socializes the costs of all existing and new transmission facilities of 345 kV and above across PJM and MISO. In December 2008, FERC denied a request for rehearing of these orders and an appeal was filed in the United States Court of Appeals. On November 9, 2009, the court dismissed the appeal at the request of the appellant.

Authorized Return on Rate Base (Exelon, ComEd and PECO). In the September 2008 order in the 2007 Rate Case, the ICC authorized a return on ComEd's distribution rate base using a weighted average debt and equity return of 8.36%, an increase over the 8.01% return previously authorized in the 2005 Rate Case. ComEd's formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 9.43%, an increase over the 9.37% return previously authorized. As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.5% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the formula transmission rate is currently capped at 57%. This equity cap is reduced to 56% in June 2010 and 55% in June 2011 and subsequent years. This transmission rate base return is updated annually in accordance with the formula-based rate calculation discussed above.

PECO's transition period includes caps on electric generation rates that will expire on December 31, 2010 pursuant to the Competition Act. The electric distribution and transmission components of PECO's rates continue to be regulated. PECO's most recently approved weighted average debt and equity return on electric rate base, which included electric generation, was 11.23% (approved in 1990). PECO's purchased gas cost rates are not subject to caps and do not earn a return. As part of the gas distribution rate case filed in March 2008, PECO requested that the PAPUC authorize it to establish base rates for natural gas distribution service using a weighted average debt and equity return on gas rate base of 8.90%. The joint settlement petition in that matter, approved in October 2008 by the PAPUC, did not specify the rate of return upon which the settlement rates are based, but rather provided for an increase in annual revenue. Prior to the 2008 gas distribution rate case, the most recently approved weighted average debt and equity return on gas rate base was 11.45% (approved in 1988).

The Pennsylvania Legislature is currently considering HB 80, which, if enacted into law, would increase the minimum required percentage of electric energy purchased and sold to retail electric customers from alternative energy resources and extend the period for such purchases and sales. HB 80 would increase the Tier 1 and solar purchase and sale requirements, limit eligible solar purchases to Pennsylvania generating sources and incorporate advanced coal combustion with limited carbon emissions as an acceptable alternative energy resource. Generation has proposed amendments to include extended nuclear uprates as a qualifying alternative energy source.

In 2007, the PAPUC approved PECO's plan to acquire and bank approximately 450,000 non-solar Tier I AECs (corresponding to the expected annual output of approximately 240 MW of wind power) annually for a five-year term in order to prepare for 2011, the first year of PECO's required compliance following the completion of its electric generation rate cap transition period. The banked AECs may be used in either of the two consecutive AEPS reporting periods after PECO's electric generation rate cap transition period. All costs incurred in connection with AEC procurement prior to 2011 are being deferred as a regulatory asset with a return on the unamortized balance and will be recovered from customers in 2011. Those costs, and PECO's AEPS Act compliance costs incurred thereafter, will be recovered from customers on a full and current basis through a reconcilable ratemaking mechanism as contemplated by the AEPS Act. In conformance with the approved plan, PECO has entered into five-year agreements with accepted bidders, including Generation, totaling 452,000 AECs to be purchased annually.

On August 27, 2009, the PAPUC approved a settlement of PECO's petition for early procurement and banking of up to 8,000 solar Tier 1 AECs annually for ten years. PECO's procurement would employ the same surcharge cost-recovery mechanism that the PAPUC previously approved for non-solar Tier 1 AECs. The settlement provides for no cap on bid price, provides the PAPUC a 10 calendar day review period, permits facilities capable of generating a minimum of 300 AECs annually to bid and provides that no changes to the agreement with AEC suppliers will be accepted after PAPUC approval. On January 25, 2010, the PAPUC approved the fixed-price agreement solar AEC procurement results. PECO plans to enter into the fixed-price agreements by February 8, 2010.

PJM Transmission Rate Design (Exelon, ComEd and PECO). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd and PECO incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. In the short term, based on new transmission facilities approved by PJM, it is likely that allocating across PJM the costs of new facilities 500 kV and above will increase charges to ComEd and reduce charges to PECO, as compared to the allocation methodology in effect before the FERC order. After FERC ultimately denied all requests for rehearing on all issues, several parties filed petitions in the U.S. Court of Appeals for the Seventh Circuit for review of the decision. On August 6, 2009, the court issued its decision affirming FERC's order with regard to the costs of existing facilities but reversing and remanding to FERC for further consideration its decision with regard to the costs of new facilities 500 kV and above. On September 21, 2009, two parties filed a petition for rehearing by the full court concerning the court's decision to remand to FERC the part of the decision regarding the allocation of the costs of new

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On August 6, 2009, PECO filed with the DOE an application seeking $200 million in ARRA of 2009 matching grant funds under the Smart Grid Investment Grant Program. PECO's "Smart Future Greater Philadelphia" project will increase the number of smart meters initially installed to 600,000, accelerate universal smart meter deployment by five years and increase Smart Grid investments up to approximately $100 million over the next three years. On October 27, 2009, the DOE announced its intent to award PECO a $200 million stimulus grant to fund its smart meter and smart grid investments. Assuming successful completion of the DOE negotiations and PECO's receipt of the full award on reasonable terms, PECO is committed to implementing expanded initial deployment of 600,000 smart meters within three years and then accelerating universal smart meter deployment from 15 years to 10 years.

Energy Efficiency and Alternative Energy Programs (Exelon and PECO).

Energy Efficiency Programs. Pursuant to Act 129's energy efficiency and conservation/demand (EE&C) reduction targets, PECO filed its EE&C plan with the PAPUC on July 1, 2009. The plan set forth how PECO will reduce electric consumption by at least 1% in its service territory by May 31, 2011 from expected consumption for the period June 1, 2009 through May 31, 2010 and by 3% by May 31, 2013. In accordance with Act 129, PECO also plans to reduce peak demand by a minimum of 4.5% of PECO's annual system peak demand in the 100 hours of highest demand by May 31, 2013, measured against its peak demand during the period of June 1, 2007 through May 31, 2008. If PECO fails to achieve the required reductions in consumption within the stated deadlines, PECO will be subject to civil penalties of up to $20 million, which would not be recoverable from ratepayers. Act 129 mandates that the total cost of any EE&C plan may not exceed 2% of the electric company's total annual revenue as of December 31, 2006. On October 28, 2009, the PAPUC issued an order providing partial approval of PECO's EE&C plan. The approved plan totals more than $330 million and includes the CFL program, weatherization programs, an energy efficiency appliance rebate and trade-in program, rebates and energy efficiency programs for non-profit, educational, governmental and business customers, customer incentives for energy management programs and incentives to help customers reduce energy demand during peak periods. On December 24, 2009, PECO filed revisions to the portions of the plan not approved based on PAPUC feedback.

Alternative Energy Portfolio Standards. In November 2004, Pennsylvania adopted the AEPS Act. The AEPS Act mandated that beginning in 2007, or following the end of an electric distribution company's retail electric generation rate cap transition period, certain percentages of electric energy sold by an electric distribution company or electric generation supplier to Pennsylvania retail electric customers shall be generated from certain alternative energy resources as measured in AECs. The requirement for electric energy that must come from Tier I alternative energy resources (including solar or wind power, low-impact hydropower, geothermal energy, biologically derived methane gas, fuel cells, biomass energy generated within Pennsylvania and coal mine methane) ranges from 1.5% to 8.0% and the requirement for Tier II alternative energy resources (including waste coal, biomass energy generated outside of Pennsylvania, demand-side management, large-scale hydropower, municipal solid waste, generation of electricity utilizing by-products of the pulping process and wood, distributed generation systems and integrated combined coal gasification technology) ranges from 4.2% to 10.0%. These Tier I and Tier II alternative energy resources include acceptable energy sources as set forth in Act 129 in addition to those outlined in the AEPS Act. The AEPS Act mandates the 8.0% requirement for Tier I resources and the 10.0% requirement for Tier II resources must be met by the year ending May 31, 2021.

default electric service following the expiration of electric generation rate caps on December 31, 2010. The DSP Program, which has a 29-month term beginning January 1, 2011 and ending May 31, 2013, complies with electric supply procurement guidelines set forth in Act 129. Under the settlement, PECO will also expand its low-income assistance initiatives and offer a market rate deferral program under which certain customers can elect to phase-in, with interest, any post-electric generation rate cap increases in 2011 if they exceed 25%.

PECO's default electric service customers have been divided into four procurement classes: a residential class, a small commercial class (for non-residential customers with peak demand up to 100 kW), a medium commercial class (for non-residential customers with peak demand of greater than 100 kW up to 500 kW) and a large commercial and industrial class (for non-residential customers with peak demand in excess of 500 kW).

Seventy-five percent of the residential class load, 90% of the small commercial class load and 85% of the medium commercial class load will be served through competitively procured contracts for load-following, fixed price full requirements default electric supply. For the remaining portion of the residential class load, PECO will competitively procure through block contracts, which represent 20% of the load and will balance the remaining load through sales and purchases of energy in the PJM day-ahead wholesale "spot" energy market (spot market). For the remaining portion of the small commercial and medium commercial class loads, as well as the large commercial and industrial class load, PECO will competitively procure contracts for load-following, full requirements default electric supply with the price for energy in each contract set to be the hourly price of the spot market during the term of delivery. In addition, PECO will offer large commercial and industrial customers a fixed-price optional service during the first year of PECO's DSP Program.

In 2009, PECO completed two competitive procurements in accordance with the DSP Program for electric supply for default electric service customers commencing January 2011. As of December 31, 2009, PECO has entered into contracts with terms of 17 to 29 months covering 49% of planned full requirements contracts for the residential customer class, contracts with 17-month terms covering 24% of planned full requirements contracts for the small commercial customer class and contracts with 17-month terms covering 16% of planned full requirements contracts for the medium commercial customer class. PECO also entered into block contracts with 12-month terms for a total of 80 MW for service to the residential customer class in 2011. PECO will conduct seven additional competitive procurements in accordance with the DSP Program.

Smart Meter and Smart Grid Investments (Exelon and PECO). PECO is planning to spend up to approximately $650 million on its smart meter and smart grid infrastructure. On November 25, 2009, PECO filed a joint petition for partial settlement of its $550 million Smart Meter Procurement and Installation Plan with the PAPUC, which was filed on August 14, 2009 in accordance with the requirements of Act 129. PECO is requesting PAPUC approval to install more than 1.6 million smart meters and deploy advanced communication networks over a 15 year period. The first phase of the plan includes the procurement and deployment of automated meter infrastructure and an initial deployment of 100,000 smart meters over the next three years. On January 28, 2010, the ALJ issued an initial decision approving the partial settlement and determining remaining cost allocation issues subject to final PAPUC approval. PECO plans to file for PAPUC approval of an initial dynamic pricing and customer acceptance program in June 2010 and for approval of a universal meter deployment plan for its remaining customers in 2012.

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Fund is used to assist low-income residential customers. As one way to assist such customers, the legislation creates a new percentage of income payment program (PIPP) that includes an arrearage reduction component for participating customers. The program will be paid for from the Fund and other state monies.

As a result of the ICC order, ComEd will record the $70 million benefit and the $10 million one-time charge in the first quarter of 2010. ComEd will record a regulatory asset and an offsetting reduction in operating and maintenance expense for the cumulative under-collections from 2008 and 2009. Recovery of the initial regulatory asset will take place over an approximate 14-month time frame beginning in April 2010.

Pennsylvania Gas Distribution Rate Case (Exelon and PECO). In October 2008, the PAPUC voted to approve the joint settlement related to PECO's March 2008 filing providing for an increase of $77 million to its annual natural gas distribution revenue. As part of the settlement, PECO agreed to enhance its low-income programs as well as provide funding for new energy-efficiency programs to help customers manage their energy usage and gas bills. Additionally, PECO agreed not to file a new base rate case for natural gas distribution service before January 1, 2010. The approved rate adjustment became effective on January 1, 2009.

Pennsylvania Transition-Related Legislative and Regulatory Matters (Exelon, Generation and PECO). In Pennsylvania, despite the recent decline in wholesale electricity market prices, there has been some continuing interest from elected officials in mitigating the potential impact of electric generation price increases on customers when rate caps expire. While PECO's retail electric generation rate cap transition period does not end until December 31, 2010, transition periods have ended for seven other Pennsylvania electric distribution companies and, in most instances, post-transition electric generation price increases occurred. Over the past few years, elected officials in Pennsylvania have worked on developing legislation to address concerns over post-transition electric generation price increases. Measures suggested by legislators include rate-increase deferrals and phase-ins, rate-cap extensions, a generation tax and contributions of value by Pennsylvania utility companies toward rate-relief programs.

On March 12, 2009, the PAPUC approved the settlement of PECO's Market Rate Transition Phase-In Program. The program allows eligible residential and small-business electric-service customers to transition to market-priced generation through pre-payments made through 2010 that accrue interest at the statutory rate of 6% and are to be applied as credits to their bills in 2011 and 2012. Total collections under this program were not significant as of December 31, 2009.

On June 9, 2009, the PAPUC entered an order instituting an investigation into whether PECO's nuclear decommissioning cost adjustment clause, which is a mechanism that allows PECO to recover costs from customers for the decommissioning of seven former PECO nuclear units now owned by Generation, should continue after the termination of PECO's competitive transition cost collections on December 31, 2010 and assigned the matter for alternative dispute resolution or the prompt scheduling of such hearings as may be necessary. On October 14, 2009, a prehearing conference was held and PECO agreed to report to the ALJ on settlement progress. Settlement discussions continue and PECO has been providing the ALJ with periodic reports on settlement progress. See Note 11—Asset Retirement Obligations for additional information.

Pennsylvania Procurement Proceedings (Exelon and PECO). On June 2, 2009, the PAPUC entered an order approving the settlement of PECO's DSP Program, under which PECO will provide

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2007 Rate Case (Exelon and ComEd). ComEd filed the 2007 Rate Case with the ICC for approval to increase its delivery service revenue requirement by approximately $360 million. The ICC issued an order in the rate case approving a $274 million increase in ComEd's annual revenue requirement, which became effective in September 2008. ComEd and several other parties have filed appeals of the rate order with the courts. ComEd cannot predict the timing of resolution or the results of the appeals. In the event the order is ultimately changed, the changes are expected to be prospective.

The 2007 Rate Case filing also included a system modernization rider, which the ICC approved for the limited purpose of implementing a pilot program for AMI. The rider permits investments in AMI to be reflected in rates on a quarterly basis instead of waiting for the next rate case to begin recovery. On June 1, 2009, ComEd filed its proposed AMI pilot program with the ICC, which included revisions to the system modernization rider. On October 14, 2009, the ICC approved ComEd's proposed AMI pilot program, with minor modifications, and recovery of substantially all program costs under the rider. The AMI pilot program allows ComEd to study the costs and benefits related to automated metering and to develop the cost estimate of full system-wide implementation of AMI. In addition, the program allows customers the ability to manage energy use, improve energy efficiency and lower energy bills. The Illinois Attorney General has appealed the ICC order approving the plan. The matter is not yet briefed.

In August 2009, ComEd filed a request for $175 million of matching Federal stimulus grants with the DOE under the ARRA of 2009 to help finance AMI and Smart Grid technologies in Illinois; however, ComEd did not receive any of the matching grant awards announced by DOE in October 2009.

Transmission Rate Case (Exelon and ComEd). ComEd's transmission rates are established based on a formula that was approved by FERC in January 2008. FERC's order establishes the agreed-upon treatment of costs and revenues in the determination of network service transmission rates and the process for updating the formula rate calculation on an annual basis.

ComEd's most recent annual formula rate update filed in May 2009 reflects actual 2008 expenses and investments plus forecasted 2009 capital additions. The time for parties to challenge the update has expired; no parties have raised challenges and ComEd will move to close the docket. The update resulted in a revenue requirement of $436 million resulting in an increase of approximately $6 million from the 2008 revenue requirement, plus an additional $4 million related to the 2008 true-up of actual costs. The 2009 revenue requirement of $440 million, which includes the 2008 true-up, became effective June 1, 2009 and is recovered over the period extending through May 31, 2010. The regulatory asset associated with the true-up is being amortized as the associated revenues are received. ComEd will continue to reflect its best estimate of its anticipated true-up in the financial statements.

Illinois Legislation for Recovery of Uncollectible Accounts (Exelon and ComEd). Comprehensive legislation has been enacted in Illinois that provides utilities the ability to adjust their rates annually through a rider mechanism to reflect the increases or decreases in annual uncollectible accounts expenses starting with 2008 and prospectively. ComEd under-collected approximately $26 million during 2008 and approximately $44 million during 2009. On September 8, 2009, ComEd filed a proposed tariff in accordance with the legislation. On February 2, 2010, the ICC issued an order adopting ComEd's proposed tariffs, with minor modifications.

With the ICC approval of the tariff, ComEd is required to make a one-time contribution of approximately $10 million to the Supplemental Low-Income Energy Assistance Fund (the Fund). The being purchased through the spot market and hedged by the financial swap contract with Generation. The remainder of ComEd's expected energy purchases would be met through the purchases of standard products in the 2009 and 2010 RFP processes. The IPA's plan also includes a provision for procurement of approximately 3.5% of ComEd's fixed-price load requirements from renewable energy resources utilizing long-term contracts beginning June 2012. The long term renewables purchased would count towards satisfying ComEd's obligation under the state's RPS. See Note 8—Derivative Financial Instruments for further discussion on the financial swap contract.

The ICC has initiated a proceeding to reconcile the actual costs of power purchased in the January 2007 through May 2008 period with the costs for power that flowed through ComEd's tariffs and were collected from customers. Because the Illinois Settlement Legislation has already deemed such costs to be prudently incurred, the reconciliation proceeding is not expected to have a significant impact on ComEd.

2005 Rate Case (Exelon and ComEd). In August 2005, ComEd filed a rate case with the ICC to comprehensively revise its tariffs and to adjust rates for delivering electricity effective January 2007 (2005 Rate Case). ComEd proposed a revenue increase of $317 million. During 2006, the ICC issued various orders associated with this case, which resulted in a total annual rate increase of $83 million effective January 2007. ComEd and various other parties appealed the rate order to the courts. In September 2009, the Appellate Court of Illinois affirmed the ICC's order and denied the appeals. Several parties have asked the Appellate Court to rehear various rate design issues addressed in the opinion. There is no set time in which the Court must act.

Original Cost Audit (Exelon and ComEd). In connection with ComEd's 2005 Rate Case proceeding, the ICC, with ComEd's concurrence, ordered an "original cost" audit of ComEd's distribution assets. In December 2007, the consulting firm completed the audit. The consulting firm's results of the audit were reported to the ICC in April 2008, which presented its findings regarding accounting methodology, documentation and other matters, along with proposed adjustments. The audit report recommended gross plant disallowances of approximately $350 million, before reflecting accumulated depreciation. The basis for the disallowance recommendation on approximately $80 million of the costs was that the assets were misclassified between ComEd's distribution and transmission operations. ComEd reclassified these costs in September 2007 and they were reflected correctly in ComEd's rate case filed in October 2007 (2007 Rate Case).

In April 2008, ComEd and the ICC Staff reached a stipulation (the stipulation) regarding various portions of contested issues in the Original Cost Audit as well as the 2007 Rate Case and agreed to make various joint recommendations to the ICC in the 2007 Rate Case. In September 2008, the ICC issued an order in the 2007 Rate Case, which reflected the joint recommendations made by the ICC Staff and ComEd and required ComEd to incur a charge of approximately $19 million (pre-tax) related to various items identified in the Original Cost Audit.

The ICC opened a proceeding on the Original Cost Audit in May 2008. Under the terms of the stipulation, the ICC Staff agreed not to advocate that any of the proposed adjustments in the audit report be adopted other than those reflected in the 2007 Rate Case; however, the stipulation does not preclude other parties to the rate case or to the Original Cost Audit proceeding from taking positions contrary to the stipulation. The Illinois Attorney General submitted testimony and legal briefs suggesting that ComEd improperly changed the way it capitalized certain cable faults during the rate freeze period and therefore the rate base should be reduced by $121 million and ComEd should refund at least $42 million to customers. On January 12, 2010, the ICC issued an order rejecting the Illinois Attorney General's recommendations in their entirety. The order is subject to rehearing and appeal.

Additionally, during the ten year period that began June 1, 2008, electric utilities must implement cost-effective demand response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers. The energy efficiency and demand response goals are subject to rate impact caps each year. Utilities are allowed recovery of costs for energy efficiency and demand response programs, subject to approval by the ICC. In February 2008, the ICC issued an order approving substantially all of ComEd's Energy Efficiency and Demand Response Plan, including cost recovery. This plan began in June 2008 and is designed to meet the Illinois Settlement Legislation's energy efficiency and demand response goals for an initial three-year period, including reductions in delivered energy to all retail customers and in the peak demand of eligible retail customers. During the years ended December 31, 2009 and 2008, expenses related to energy efficiency and demand response programs consisted of $59 million and $25 million, respectively.

- Since June 1, 2008, utilities have been required to procure cost-effective renewable energy resources in amounts that equal or exceed 2% of the total electricity that each electric utility supplies to its eligible retail customers. ComEd is also required to acquire amounts of renewable energy resources that will cumulatively increase this percentage to at least 10% by June 1, 2015, with an ultimate target of at least 25% by June 1, 2025, subject to customer rate cap limitations. All goals are subject to rate impact criteria set forth in the Illinois Settlement Legislation. Under a May 2008 ICC-approved RFP, ComEd procured RECs for the period June 2008 through May 2009. On May 13, 2009, the ICC approved the results of an RFP to procure RECs for the period June 2009 through May 2010. ComEd currently retires all RECs immediately upon purchase. Since June 2008, ComEd recovers procurement costs of RECs through rates. See Note 18—Commitments and Contingencies for further information regarding ComEd's procurement of RECs.

Illinois Procurement Proceedings (Exelon, Generation and ComEd). ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. Beginning on January 1, 2007, ComEd procured 100% of energy to meet its load service requirements through ICC-approved staggered SFCs with various suppliers, including Generation. For the period from June 2008 to May 2009, the ICC approved an interim procurement plan under which ComEd procured energy to meet its load service requirements through an RFP for standard wholesale products, existing SFC and spot market purchases hedged by a five-year variable to fixed financial swap contract with Generation.

Beginning in June 2009, under the Illinois Settlement Legislation, the IPA designs, and the ICC approves, an electricity supply portfolio for ComEd and administers a competitive process under which ComEd procures its electricity supply. On January 7, 2009, the ICC approved the IPA's plan for procurement of ComEd's expected energy requirements from June 2009 through May 2010, which includes approximately 38% of ComEd's expected energy requirements purchased through the spot market and hedged by the financial swap contract with Generation. The remainder of ComEd's expected energy requirements will be met through the existing SFC and standard products purchased as a result of the 2009 RFP process completed in May 2009. In addition, approximately 9% of ComEd's energy requirements from June 2010 through May 2011 were procured through the 2009 RFP process.

On September 30, 2009, the IPA filed its procurement plan with the ICC covering June 2010 through May 2015. On December 28, 2009, the ICC approved this plan which will result in approximately 66% of ComEd's expected energy purchases for the June 2010 to May 2011 period

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Settlement Legislation. ComEd committed to issue $64 million in rate relief credits to customers or to fund various programs to assist customers. Generation committed to contribute an aggregate of $747 million, consisting of $435 million to pay ComEd for rate relief programs for ComEd customers, $307.5 million for rate relief programs for customers of other Illinois utilities and $4.5 million for partially funding operations of the IPA. The contributions are recognized in the financial statements of Generation and ComEd as rate relief credits are applied to customer bills by ComEd and other Illinois utilities or as operating expenses associated with the programs are incurred.

During the years ended December 31, 2009, 2008 and 2007, Generation and ComEd recognized net costs from their contributions pursuant to the Illinois Settlement in their Consolidated Statements of Operations as follows:

Year Ended December 31, 2009	Generation	ComEd	Total Credits Issued to ComEd Customers
Credits to ComEd customers [a]	$ 45	$ 8	$ 53
Credits to other Illinois utilities' customers [a]	53	n/a	n/a
Other rate relief programs [b]	—	1	n/a
Total incurred costs	$ 98	$ 9	$ 53

Year Ended December 31, 2008	Generation	ComEd	Total Credits Issued to ComEd Customers
Credits to ComEd customers [a]	$ 131	$ 6	$ 137
Credits to other Illinois utilities' customers [a]	90	n/a	n/a
Other rate relief programs [b]	—	7	n/a
Total incurred costs	$ 221	$ 13	$ 137

Year Ended December 31, 2007	Generation	ComEd	Total Credits Issued to ComEd Customers
Credits to ComEd customers [a]	$ 246	$ 33	$ 279
Credits to other Illinois utilities' customers [a]	157	n/a	n/a
Other rate relief programs [b]	—	8	n/a
Funding of the IPA [b]	5	—	n/a
Total incurred costs	$ 408	$ 41	$ 279

(a) Recorded as a reduction in operating revenues

(b) Recorded as a charge to operating and maintenance expense

As of December 31, 2009, Generation's remaining costs to be recognized related to the rate relief commitment are $20 million, consisting of $13 million related to programs for ComEd customers and $7 million for programs for customers of other Illinois utilities. ComEd's remaining costs to be recognized related to the rate relief commitment are $1 million as of December 31, 2009.

Energy Efficiency and Renewable Energy

- Electric utilities in Illinois are required to include cost-effective energy efficiency resources in their plans to meet an incremental annual program energy savings requirement of 0.2% of energy delivered to retail customers for the year ended June 1, 2009, which increases annually to 2% of energy delivered in the year commencing June 1, 2015 and each year thereafter.

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sources of authoritative GAAP for SEC registrants. This guidance modifies the GAAP hierarchy to include only two levels of GAAP: authoritative and nonauthoritative. This guidance was effective for the Registrants as of September 30, 2009. The adoption of this guidance did not impact the Registrants' results of operations, cash flows or financial positions since the FASB Codification is not intended to change or alter existing GAAP.

Revenue Arrangements with Multiple Deliverables

In October 2009, the FASB issued authoritative guidance that amends existing guidance for identifying separate deliverables in a revenue-generating transaction where multiple deliverables exist, and provides guidance for allocating and recognizing revenue based on those separate deliverables. The guidance is expected to result in more multiple-deliverable arrangements being separable than under current guidance. This guidance is effective for the Registrants beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. The Registrants are currently assessing the impacts this guidance may have on their consolidated financial statements.

Fair Value Measurements Disclosures

In January 2010, the FASB issued authoritative guidance intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels and the reasons for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). This guidance is effective for interim and annual periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which will be effective for interim and annual periods beginning after December 15, 2010. As this guidance provides only disclosure requirements, the adoption of this standard will not impact the Registrants' results of operations, cash flows or financial positions.

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

Illinois Settlement Agreement (Exelon, Generation and ComEd). In July 2007, following extensive discussions with legislative leaders in Illinois, ComEd, Generation and other utilities and generators in Illinois reached an agreement (Illinois Settlement) with various parties concluding discussions of measures to address concerns about higher electric bills in Illinois without rate freeze, generation tax or other legislation that Exelon believes would be harmful to consumers of electricity, electric utilities, generators of electricity and the State of Illinois. Legislation reflecting the Illinois Settlement (Illinois Settlement Legislation) was signed into law in August 2007. The Illinois Settlement and the Illinois Settlement Legislation provide for the following, among other things:

Rate Relief Programs

- Various Illinois electric utilities, their affiliates and generators of electricity in Illinois agreed to contribute approximately $1 billion over a period of four years (2007-2010) to programs to provide rate relief to Illinois electricity customers and funding for the IPA created by the Illinois regarding the date through which subsequent events have been evaluated. The Registrants are required to evaluate subsequent events through the date the financial statements are issued. This guidance was effective for the Registrants for the period ended June 30, 2009. Since this guidance is not intended to significantly change the current practice of reporting subsequent events, it did not have an impact on the Registrants' results of operations, cash flows or financial positions.

Transfers of Financial Assets

In June 2009, the FASB issued authoritative guidance amending the accounting for the transfers of financial assets. Key provisions include (i) the removal of the concept of qualifying special purpose entities, (ii) the introduction of the concept of a participating interest, in circumstances in which a portion of a financial asset has been transferred and (iii) the requirement that to qualify for sale accounting, the transferor must evaluate whether it maintains effective control over transferred financial assets either directly or indirectly. Furthermore, this guidance requires enhanced disclosures about transfers of financial assets and a transferor's continuing involvement. This guidance is effective for the Registrants beginning January 1, 2010 and is required to be applied prospectively. Currently, PECO's agreement related to the sale of accounts receivable is accounted for as a sale. Under the new guidance, this agreement will be accounted for as a secured borrowing. As a result, beginning in the first quarter of 2010, the transferred accounts receivable of $225 million under this agreement will be recorded on PECO's balance sheet with an offsetting short-term note payable of $225 million.

Consolidation of Variable Interest Entities

In June 2009, the FASB issued authoritative guidance to amend the manner in which entities evaluate whether consolidation is required for VIEs. The model for determining which enterprise has a controlling financial interest and is the primary beneficiary of a VIE has changed significantly under the new guidance. Previously, variable interest holders had to determine whether they had a controlling financial interest in a VIE based on a quantitative analysis of the expected gains and/or losses of the entity. In contrast, the new guidance requires an enterprise with a variable interest in a VIE to qualitatively assess whether it has a controlling financial interest in the entity, and if so, whether it is the primary beneficiary. Furthermore, this guidance requires that companies continually evaluate VIEs for consolidation rather than assessing based upon the occurrence of triggering events. This revised guidance also requires enhanced disclosures about how a company's involvement with a VIE affects its financial statements and exposure to risks. This guidance became effective for the Registrants on January 1, 2010. As a result of the issuance of this new guidance, PECO consolidated PETT effective January 1, 2010. The consolidation of PETT had no impact on PECO's results of operations. As of January 1, 2010, Exelon's and PECO's Consolidated Balance Sheets reflect PETT's restricted cash of $413 million and $805 million for PETT's long-term debt due to bondholders. PECO's investment in PETT and long-term debt to PETT was eliminated in consolidation. The new guidance had no effect on ComEd. Generation does not anticipate a significant impact from the adoption of this accounting standard; however, due to evolving interpretations of this guidance, Generation has not fully completed its assessment.

Accounting Standards Codification

In June 2009, the FASB issued authoritative guidance which replaced the previous hierarchy of GAAP and establishes the FASB Codification as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also

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In September 2009, the FASB issued authoritative guidance that provides further clarification for measuring the fair value of investments in entities that meet the FASB's definition of an investment company. This guidance permits a company to estimate the fair value of an investment using the NAV per share of the investment if the NAV is determined in accordance with the FASB's guidance for investment companies as of the company's measurement date. This creates a practical expedient to determining a fair value estimate and allows certain attributes of the investment (such as redemption restrictions) to not be considered in measuring fair value. Additionally, companies with investments within the scope of this guidance must disclose additional information related to the nature and risks of the investments. This guidance became effective for the Registrants as of December 31, 2009 and is required to be applied prospectively. Exelon's pension and other postretirement benefit plan assets and Generation's NDT fund investments contain certain investments, including alternative investments and commingled funds, which are within the scope of this guidance. As a result of the issuance of this guidance, Exelon and Generation reclassified investments in NDT commingled funds from Level 3 in the fair value hierarchy to Level 2 in the fair value hierarchy. However, as the fair value of these investments was already determined based on NAVs per fund share, this guidance did not have a material impact on the Registrants' results of operations, cash flows or financial positions. See Note 13—Retirement Benefits and Note 7—Fair Value of Financial Assets and Liabilities for further information.

Fair Value of Financial Instruments Disclosures

In April 2009, the FASB issued revised authoritative guidance requiring disclosures about fair value of financial instruments, currently provided annually, to be included in interim financial statements. This guidance was adopted by the Registrants for the period ended June 30, 2009. Since this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 7—Fair Value of Financial Assets and Liabilities for further information.

Recognition and Presentation of Other-Than-Temporary Impairments

In April 2009, the FASB amended authoritative guidance related to accounting for certain investments in debt and equity securities and accounting for certain investments held by not-for-profit organizations. This revised guidance establishes a new method of recognizing and reporting other-than-temporary impairments of debt securities. If it is more likely than not that an impaired debt security will be sold before the recovery of its cost basis, either due to the investor's intent to sell or because it will be required to sell the security, the entire impairment is recognized in earnings. Otherwise, only the portion of the impaired debt security related to estimated credit losses is recognized in earnings, while the remainder of the impairment is recorded in OCI and recognized over the remaining life of the debt security. In addition, the guidance expands the presentation and disclosure requirements for other- than-temporary impairments for both debt and equity securities. This guidance was adopted for the period ended June 30, 2009 and did not have a material impact on the Registrants' results of operations, cash flows or financial positions. See Note 7—Fair Value of Financial Assets and Liabilities for further information.

Subsequent Events

In May 2009, the FASB issued authoritative guidance which incorporates the principles and accounting guidance for recognizing and disclosing subsequent events that originated as auditing standards into the body of authoritative literature issued by the FASB and prescribes disclosures entity uses derivative instruments, how an entity accounts for derivative instruments and related hedged items and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The revised guidance requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This guidance was effective for the Registrants as of January 1, 2009. Since this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 8—Derivative Financial Instruments for further information.

Pension and Other Postretirement Benefit Plan Asset Disclosures

In December 2008, the FASB issued authoritative guidance requiring additional disclosures for employers' pension and other postretirement benefit plan assets. This guidance requires employers to disclose information about fair value measurements of plan assets, the investment policies and strategies for the major categories of plan assets, and significant concentrations of risk within plan assets. This guidance became effective for the Registrants as of December 31, 2009. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 13—Retirement Benefits for further information.

Fair Value Measurements

The FASB's fair value measurement and disclosure guidance for all nonrecurring fair value measurements of nonfinancial assets and liabilities became effective for the Registrants as of January 1, 2009. See Note 7—Fair Value of Financial Assets and Liabilities for further information.

In April 2009, the FASB issued authoritative guidance clarifying that fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions. This new guidance requires an evaluation of whether there has been a significant decrease in the volume and level of activity for the asset or liability in relation to normal market activity for the asset or liability. If there has, transactions or quoted prices may not be indicative of fair value and an adjustment may need to be made to those prices to estimate fair value. Additionally, an entity must consider whether the observed transaction was orderly (i.e. not distressed or forced). If the transaction was orderly, the obtained price can be considered a relevant observable input for determining fair value. If the transaction is not orderly, other valuation techniques must be used when estimating fair value. This guidance was adopted for the period ending June 30, 2009. The adoption of this guidance did not have a material impact to the Registrants' results of operations, cash flows or financial positions.

In August 2009, the FASB issued authoritative guidance clarifying the measurement of the fair value of a liability in circumstances when a quoted price in an active market for an identical liability is not available. The guidance emphasizes that entities should maximize the use of observable inputs in the absence of quoted prices when measuring the fair value of liabilities. This guidance became effective for the Registrants as of October 1, 2009 and did not have a material impact on the Registrants' results of operations, cash flows or financial positions.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Exelon calculates the expected return on pension and other postretirement benefit plan assets by multiplying the EROA by the MRV of plan assets at the beginning of the year, taking into consideration anticipated contributions and benefit payments to be made during the year. In determining MRV, the authoritative guidance for pensions and postretirement benefits allows the use of either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. For pension plan assets, Exelon uses a calculated value that adjusts for 20% of the difference between fair value and expected MRV of plan assets. Use of this calculated value approach enables less volatile expected asset returns to be recognized as a component of pension cost from year to year. For other postretirement benefit plan assets, Exelon uses fair value to calculate the MRV. See Note 13—Retirement Benefits for additional discussion of Exelon's accounting for retirement benefits.

Treasury Stock (Exelon)

Treasury shares are recorded at cost. Any shares of common stock repurchased are held as treasury shares unless cancelled or reissued.

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

Exelon has identified the following new accounting pronouncements that have been recently adopted or issued that may affect the Registrants upon adoption.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007 (and clarified in January 2010), the FASB issued authoritative guidance clarifying that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. With certain exceptions, this guidance requires that a change in a parent's ownership interest in a subsidiary be reported as an equity transaction in the consolidated financial statements when it does not result in a change in control of the subsidiary. When a change in a parent's ownership interest results in deconsolidation, a gain or loss should be recognized in the consolidated financial statements. This guidance was applied prospectively as of January 1, 2009, except for the presentation and disclosure requirements, which were applied retrospectively for all periods presented.

The adoption had no impact on Exelon's consolidated financial statements. Generation reclassified its noncontrolling interest of a consolidated subsidiary from mezzanine equity to equity in its Consolidated Balance Sheets and Statements of Changes in Member's Equity for all periods presented. The noncontrolling interest is eliminated in Exelon's consolidated financial statements as it is owned by Exelon.

PECO reclassified preferred securities from shareholders' equity to mezzanine equity within its Consolidated Balance Sheets for all periods presented and separately reflects its preferred security dividends on its Statement of Operations. On Exelon's Consolidated Statements of Operations and Comprehensive Income, the dividends on PECO's preferred securities are included in interest expense and have not been reflected separately as the amounts are not considered significant.

Derivative Instrument and Hedging Activity Disclosures

In March 2008, the FASB amended and expanded the disclosure requirements related to derivative instruments and hedging activities by requiring enhanced disclosures about how and why an qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For fair value hedges, changes in fair values for both the derivative and the underlying hedged exposure are recognized in earnings each period. For cash flow hedges, the portion of the derivative gain or loss that is effective in offsetting the change in the cost or value of the underlying exposure is deferred in accumulated OCI and later reclassified into earnings when the underlying transaction occurs. Gains and losses from the ineffective portion of any hedge are recognized in earnings immediately. For other derivative contracts that do not qualify or are not designated for hedge accounting, changes in the fair value of the derivatives are recognized in earnings each period. For energy-related derivatives entered into for proprietary trading purposes, which are subject to Exelon's Risk Management Policy, changes in the fair value of the derivatives are recognized in earnings each period. Amounts classified in earnings are included in revenue, purchased power and fuel, or other, net on the Consolidated Statements of Operations. Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Consolidated Statement of Cash Flows, depending on the underlying nature of the Registrants' hedged items.

Revenues and expenses on contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. While these contracts are considered derivative financial instruments, they are not required to be recorded at fair value, but on an accrual basis of accounting. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. As part of Generation's energy marketing business, Generation enters into contracts to buy and sell energy to meet the requirements of its customers. These contracts include short-term and long-term commitments to purchase and sell energy and energy-related products in the retail and wholesale markets with the intent and ability to deliver or take delivery. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and immediately recognized through earnings at Generation or offset by a regulatory asset or liability at ComEd and PECO. See Note 8—Derivative Financial Instruments for additional information.

Retirement Benefits (Exelon, Generation, ComEd and PECO)

Exelon's defined benefit pension plans and postretirement benefit plans are accounted for and disclosed in accordance with applicable authoritative guidance. Generation, ComEd and PECO participate in Exelon's defined benefit pension plans and postretirement plans. AmerGen sponsored a separate defined benefit pension plan and postretirement plan for its employees until the merger of AmerGen into Generation on January 8, 2009. Exelon became the sponsor of those plans at that date.

The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes on pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the employees rather than immediately recognized in the income statement.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Asset Impairments (Exelon, Generation, ComEd and PECO)

Long-Lived Assets. Exelon, Generation, ComEd, and PECO evaluate the carrying value of their long-lived assets, excluding goodwill, when circumstances indicate the carrying value of those assets may not be recoverable. Conditions that could have an adverse impact on the cash flows and fair value of the long-lived assets are deteriorating business climate, including current energy and market conditions, condition of the asset, specific regulatory disallowance or plans to dispose of a long-lived asset significantly before the end of its useful life. The review of long-lived assets for impairment requires significant assumptions about operating strategies and estimates of future cash flows, which require assessments of current and projected market conditions. For the generation business, forecasting future cash flows requires assumptions regarding forecasted commodity prices for the sale of power, costs of fuel and the expected operations of assets. A variation in the assumptions used could lead to a different conclusion regarding the realizability of an asset and, thus, could have a significant effect on the consolidated financial statements. An impairment evaluation is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of assets and liabilities. For the generation business, the lowest level of independent cash flows is determined by evaluation of several factors, including the geographic dispatch of the generation units and the hedging strategies related to those units. For ComEd and PECO, the lowest level of independent cash flows is determined by evaluation of several factors including the ratemaking jurisdiction in which they operate and the type of service or commodity. For ComEd the lowest level of independent cash flows is transmission and distribution and for PECO, the lowest level of independent cash flows is transmission, distribution and gas. Impairment may occur when the carrying value of the asset or asset group exceeds the future undiscounted cash flows. When the undiscounted cash flow analysis indicates a long-lived asset or asset group is not recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value. An impairment would require the affected Registrant to reduce both the long-lived asset and current period earnings by the amount of the impairment. See Note 4—Property, Plant and Equipment for a discussion of asset impairment evaluations made by Generation.

Exelon holds certain investments in direct financing leases. Exelon determines the investment in direct financing leases by incorporating an estimate of the residual values of the leased assets. On an annual basis, Exelon reviews the estimated residual values of these leased assets to determine if the current estimate of their residual value is lower than the one used at the start of the lease. In determining the estimate of the residual value the expectation of future market conditions, including commodity prices, is considered. If the estimated residual value is lower than at the start of the lease and the decline is considered to be other than temporary, a loss will be recognized with a corresponding reduction to the carrying amount of the investment. To date, no such losses have been recognized.

Goodwill. Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized, but is tested for impairment at least annually or on an interim basis if an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying value. See Note 6—Intangible Assets for additional information regarding Exelon's and ComEd's goodwill.

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

All derivatives are recognized on the balance sheet at their fair value unless they qualify for certain exceptions, including the normal purchases and normal sales exception. Additionally, derivatives that

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios. The liabilities associated with Exelon's non-nuclear AROs are adjusted on an ongoing basis due to the passage of new laws and regulations and revisions to either the timing or amount of estimates of undiscounted cash flows and estimates of cost escalation factors. AROs are accreted each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Consolidated Statements of Operations or, in the case of the majority of ComEd's and PECO's accretion, through an increase to regulatory assets. See Note 11—Asset Retirement Obligations for additional information.

Capitalized Interest and AFUDC (Exelon, Generation, ComEd and PECO)

Exelon and Generation capitalize the costs of debt funds during construction used to finance non-regulated construction projects.

Exelon, ComEd and PECO apply the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded as a charge to construction work in progress and as a non-cash credit to AFUDC that is included in interest expense for debt-related funds and other income and deductions for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities.

The following table summarizes total cost incurred, capitalized interest and credits of AFUDC by year:

		Exelon	Generation	ComEd	PECO
2009	Total incurred interest [(a)]	$ 786	$ 162	$ 322	$ 189
	Capitalized interest	50	49	—	—
	Credits to AFUDC debt and equity	14	—	8	6
2008	Total incurred interest [(a)]	$ 867	$ 170	$ 344	$ 229
	Capitalized interest	34	33	—	—
	Credits to AFUDC debt and equity	2	—	(1)	3
2007	Total incurred interest [(a)]	$ 896	$ 196	$ 381	$ 251
	Capitalized interest	30	30	—	—
	Credits to AFUDC debt and equity	19	—	16	3

(a) Includes interest expense to affiliates.

Guarantees (Exelon, Generation, ComEd and PECO)

The Registrants recognize, at the inception of a guarantee, a liability for the fair market value of the obligations they have undertaken in issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

The liability that is initially recognized at the inception of the guarantee is reduced as the Registrants are released from risk under the guarantee. Depending on the nature of the guarantee, the release from risk of the Registrant may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee. See Note 18—Commitments and Contingencies for additional information.

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

Capitalized Software Costs (Exelon, Generation, ComEd and PECO)

Costs incurred during the application development stage of software projects that are developed or obtained for internal use are capitalized. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives, pursuant to regulatory approval or requirement. The following table presents net unamortized capitalized software costs and amortization of capitalized software costs by year:

Net unamortized software costs	Exelon	Generation	ComEd	PECO
December 31, 2009	$ 279	$ 67	$ 123	$ 55
December 31, 2008	259	45	106	55

Amortization of capitalized software costs	Exelon	Generation	ComEd	PECO
2009	$ 105	$ 24	$ 26	$ 15
2008	91	21	29	13
2007	79	19	24	11

Depreciation and Amortization (Exelon, Generation, ComEd and PECO)

Except for the amortization of nuclear fuel, depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the composite method. ComEd's depreciation includes a provision for estimated removal costs as authorized by the ICC. The estimated service lives for ComEd and PECO are primarily based on the average service lives from the most recent depreciation study for each respective company. The estimated service lives of the nuclear-fuel generating facilities are based on the remaining useful lives of the stations, which assume a 20-year license renewal extension of the operating licenses (to the extent that such renewal has not yet been granted) for all of Generation's operating nuclear generating stations. The estimated service lives of the fossil fuel generating facilities are based on the remaining useful lives of the stations, which Generation periodically evaluates based on feasibility assessments as well as economic and capital requirements. The estimated service lives of the hydroelectric generating facilities are based on the remaining useful lives of the stations, which assume a license renewal extension of the operating licenses. See Note 4—Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets is provided over the recovery period specified in the related legislation or regulatory agreement. See Note 19—Supplemental Financial Information for additional information regarding Generation's nuclear fuel, Generation's ARC and the amortization of ComEd's and PECO's regulatory assets.

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

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement is conditional on a future event. To estimate its decommissioning obligation related to its nuclear generating stations, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios based upon significant estimates and assumptions, including decommissioning cost studies, cost escalation studies, probabilistic cash flow models and discount rates. Decommissioning cost studies are updated, on a rotational basis, for each of Generation's nuclear units at least every five years. Generation generally updates its ARO annually property at ComEd and PECO. The cost of repairs and maintenance, including planned major maintenance activities and minor replacements of property, is charged to maintenance expense as incurred.

For Generation, upon retirement, the cost of property is charged to accumulated depreciation in accordance with the composite method of depreciation. Upon replacement of an asset, the costs to remove the asset, net of salvage, is capitalized when incurred to gross plant as part cost of the newly installed asset and recorded to depreciation expense over the life of the new asset. Removal costs and salvage incurred for property that will not be replaced is charged to expense as incurred.

For ComEd and PECO, upon retirement, the cost of property, net of salvage, is charged to accumulated depreciation in accordance with the composite method of depreciation. ComEd's depreciation expense includes the estimated cost of dismantling and removing plant from service upon retirement as these costs, as well as depreciation expense, are included in cost of service for rate-making purposes. ComEd's removal costs reduce the related regulatory liability. PECO's removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method.

See Note 4—Property, Plant and Equipment, Note 5—Jointly Owned Electric Utility Plant and Note 19—Supplemental Financial Information for additional information regarding property, plant and equipment.

Nuclear Fuel (Exelon and Generation)

The cost of nuclear fuel is capitalized and charged to fuel expense using the unit-of-production method. The estimated cost of disposal of SNF is established per the Standard Waste Contract with the DOE and is expensed through fuel expense at one mill ($.001) per kWh of net nuclear generation. On-site SNF storage costs are capitalized or expensed as incurred based upon the nature of the work performed. A portion of the storage costs are being reimbursed by the DOE since a DOE (or government owned) long-term storage facility has not been completed. See Note 12—Spent Nuclear Fuel Obligation for additional information.

Nuclear Outage Costs (Exelon and Generation)

Costs associated with nuclear outages, including planned major maintenance activities, are recorded in the period incurred.

New Site Development Costs (Exelon and Generation)

New site development costs represent the costs incurred in the assessment, design and construction of new power generating stations. Such costs are capitalized when management considers project completion to be likely, primarily based on management's determination that the project is economically and operationally feasible, management and the Board of Directors have approved the project and have committed to a plan to develop it, and Exelon and Generation have received the required regulatory approvals or management believes the receipt of required regulatory approvals is probable. Through the year ended December 31, 2009, there have been no significant costs capitalized related to new site development; however, approximately $23 million, $26 million and $48 million of costs were expensed by Generation for the years ended December 31, 2009, 2008 and 2007, respectively, related to the possible construction of a new nuclear plant in Texas.