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September 22, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

Re: PECO Energy Company; Securities Certificate No. S-2012-2317815

Dear Secretary Chiavetta:

Pursuant to the Securities Certificate registered by the Commission on October 24, 2012 in the above-captioned proceeding, on September 15, 2014, PECO Energy Company (the "Company") issued \$300,000,000 in principal amount of its First and Refunding Mortgage Bonds, 4.150% Series due 2044. The proceeds of the offering were used to pay at maturity \$250,000,000 aggregate principal amount of our 5.0% first and refunding mortgage bonds due October 1, 2014 and for other general corporate purposes. The Company hereby submits copies of the following documents:

- (1) Prospectus Supplement, dated September 8, 2014;
- (2) Free Writing Prospectus, dated September 8, 2014;
- (3) 111<sup>th</sup> Supplemental Indenture, dated as of September 1, 2014;
- (4) Underwriting Agreement, dated September 8, 2014;
- (5) Executed form of First and Refunding Mortgage Bonds; and
- (6) Resolutions of the Executive Committee of the Board of Directors of the Company.

Should you have any questions concerning this filing, please contact me at my direct-dial number above.

Very truly yours,



Kimberly W. Klayman

KWK/mbf  
Enclosures

**RECEIVED**

SEP 30 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Rosemary Chiavetta, Secretary  
September 22, 2014  
Page 2

cc: Brian Collins  
Larry Bachman  
*Patrick R. Gillard, Esquire*

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SECRETARY'S BUREAU

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OCT 1 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

PROSPECTUS SUPPLEMENT  
(To Prospectus dated May 23, 2014)

\$300,000,000



# PECO Energy Company

## First and Refunding Mortgage Bonds, 4.150% Series due 2044

PECO Energy Company is offering \$300,000,000 First and Refunding Mortgage Bonds, 4.150% Series due 2044 (the Bonds). The per annum interest rate on the Bonds will be 4.150%. The Bonds will mature on October 1, 2044.

Interest on the Bonds is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on April 1, 2015.

We may redeem some or all of the Bonds at any time at the redemption prices described under the caption "Description of Bonds and First and Refunding Mortgage—Redemption at Our Option."

The Bonds will be secured equally with all other mortgage bonds outstanding or hereafter issued under our First and Refunding Mortgage. There is no sinking fund for the Bonds.

**Please see "Risk Factors" on page S-3 of this prospectus supplement for a discussion of factors you should consider in connection with a purchase of the Bonds.**

	<u>Per Bond</u>	<u>Total</u>
Public Offering Price (1) .....	99.657%	\$298,971,000
Underwriting Discount .....	0.875%	\$ 2,625,000
Proceeds, before expenses, to PECO Energy Company .....	98.782%	\$296,346,000

(1) Plus accrued interest from September 15, 2014, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Bonds are expected to be delivered in book-entry only form through the facilities of The Depository Trust Company, including Clearstream Banking, société anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York on or about September 15, 2014.

*Joint Book-Running Managers*

**Mizuho Securities**

**MUFG**

**RBS**

**BNY Mellon Capital Markets, LLC**

**TD Securities**

*Senior Co-Manager*

**PNC Capital Markets LLC**

*Co-Managers*

CastleOak Securities, L.P.

Mischler Financial Group, Inc.

The date of this prospectus supplement is September 8, 2014.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the Bonds, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission (SEC). We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these Bonds in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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### Prospectus

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about PECO Energy Company and about the Bonds. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about Exelon Corporation (Exelon) and our affiliates Exelon Generation Company, LLC (Generation), Commonwealth Edison Company (ComEd) and Baltimore Gas and Electric Company (BGE) and their securities, which does not apply to us or the Bonds. PECO Energy Company is a subsidiary of Exelon. The Bonds are solely our obligations and not obligations of Exelon or of any of our affiliates.

Unless the context otherwise indicates, when we refer to "PECO," "the Company," "we," "our" or "us" in this prospectus supplement, we mean PECO Energy Company and, unless the context otherwise indicates, not any of our subsidiaries or affiliates.

## FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (b) those factors discussed in the following sections of PECO's 2013 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data; Note 22; (c) those factors discussed in the following sections of PECO's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014: Part I, Financial Information, ITEM 1. Financial Statements; Note 15 and Note 18, respectively; and (d) other factors discussed herein and in other filings with the SEC by PECO, as applicable. You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

## PECO ENERGY COMPANY

PECO is a subsidiary of Exelon, and is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is a public utility under the Pennsylvania Public Utility Code subject to regulation by the Pennsylvania Public Utility Commission with respect to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by Federal Energy Regulatory Commission with respect to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other areas of gas operations. Specific operations of PECO are subject to the jurisdiction of various other Federal, state, regional and local agencies. Additionally, PECO is also subject to North American Electric Reliability Corporation mandatory reliability standards.

PECO's combined electric and natural gas retail service territory has an area of approximately 2,100 square miles and an estimated population of 4.0 million. PECO provides electric distribution service in an area of approximately 1,900 square miles, with a population of approximately 3.9 million, including approximately 1.5 million in the City of Philadelphia. PECO provides natural gas distribution service in an area of approximately 1,900 square miles in southeastern Pennsylvania adjacent to the City of Philadelphia, with a population of approximately 2.4 million. PECO delivers electricity to approximately 1.6 million customers and natural gas to approximately 501,000 customers.

PECO was incorporated in the Commonwealth of Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, PA 19103, and its telephone number is 215-841-4000.

### SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here from the financial statements we have incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read the summary information together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	Year Ended December 31,			Six Months Ended June 30,	
	2013	2012	2011	2014	2013
	(\$ in millions)			(\$ in millions) (unaudited)	
<b>Income Statement Data</b>					
Operating revenues	\$3,100	\$3,186	\$3,720	\$1,649	\$1,567
Operating income	666	623	655	283	341
Net income on common stock	388	377	385	173	193
<b>Cash Flow Data</b>					
Cash interest paid, net of amount capitalized (a)	\$ 95	\$ 113	\$ 128	\$ 48	\$ 48
Capital expenditures (b)	(537)	(422)	(481)	(308)	(254)
Net cash flows provided by operating activities	747	878	818	340	467
Net cash flows used in investing activities	(531)	(328)	(557)	(302)	(514)
Net cash flows used in financing activities	(361)	(382)	(589)	(162)	(259)
	As of December 31,			As of June 30,	
	2013	2012	2011	2014	
	(\$ in millions)			(\$ in millions) (unaudited)	
<b>Balance Sheet Data</b>					
Property, plant and equipment, net	\$6,384	\$6,078	\$5,874	\$6,545	
Regulatory assets, including current portion	1,465	1,410	1,255	1,524	
Total assets	9,617	9,353	9,156	9,761	
Long-term debt, including due within one year (a)	2,197	1,947	1,972	2,197	
Long-term debt to financing trusts (a)	184	184	184	184	
Total liabilities	6,552	6,284	6,131	6,683	
Preferred securities	—	87	87	—	
Total shareholder's equity	3,065	2,982	2,938	3,078	

(a) Amounts owed to PECO Energy Capital Trust IV, PECO Energy Capital Trust III for the years ended December 31, 2013, 2012 and 2011 is recorded as debt to financing trusts within PECO's consolidated balance sheet.

(b) These amounts include investment in plant and plant removals, net.

## RATIO OF EARNINGS TO FIXED CHARGES

The following table provides our consolidated ratio of earnings to fixed charges:

	Years Ended December 31,					Six Months Ended June 30, 2014
	2009	2010	2011	2012	2013	
Ratio of earnings to fixed charges .....	3.7	3.3	4.7	4.9	5.6	4.7

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

## RISK FACTORS

Your investment in the Bonds will involve certain risks. You should carefully consider the following discussion and the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the period ended June 30, 2014 incorporated by reference in this prospectus supplement and the accompanying prospectus, the factors listed under "Forward Looking Statements" in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the Bonds. See "Where You Can Find More Information."

### **There is no public market for the Bonds.**

We can give no assurances concerning the liquidity of any market that may develop for the Bonds offered hereby, the ability of any investor to sell any of the Bonds, or the price at which investors would be able to sell them. If a market for the Bonds does not develop, investors may be unable to resell the Bonds for an extended period of time, if at all. If a market for the Bonds does develop, it may not continue or it may not be sufficiently liquid to allow holders to resell any of their Bonds. Consequently, investors may not be able to liquidate their investments readily, and lenders may not readily accept the Bonds as collateral for loans.

## USE OF PROCEEDS

We expect to receive the proceeds from the sale of the Bonds of approximately \$295,546,000 after deducting underwriters' discounts and other estimated fees and expenses. We intend to use the net proceeds to pay at maturity \$250,000,000 aggregate principal amount of our 5.0% first and refunding mortgage bonds due October 1, 2014 and for general corporate purposes. To the extent that we do not use the net proceeds immediately, we may temporarily invest such proceeds in short-term interest-bearing obligations.

## CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2014, and as adjusted to give effect to the issuance and sale of the Bonds and the use of the net proceeds from this offering as set forth under "Use of Proceeds" above. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	<u>As of June 30, 2014</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	(\$ in millions)	
Long-term debt:		
First and refunding mortgage bonds, including \$250 million of current maturities (1) .....	\$2,197	\$2,497
Long-term debt to financing trusts .....	184	184
Total shareholders' equity .....	<u>3,078</u>	<u>3,078</u>
Total capitalization, including \$250 million of current maturities (1) .....	<u>\$5,459</u>	<u>\$5,759</u>

- (1) Includes \$250 million of our 5.0% first and refunding mortgage bonds due October 1, 2014 that will be repaid at maturity using a portion of the proceeds of this offering. See "Use of Proceeds."

## DESCRIPTION OF THE BONDS AND FIRST AND REFUNDING MORTGAGE

The following description of the particular terms of the offered Bonds is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. References in this description of the Bonds and our First and Refunding Mortgage (Mortgage) to “we,” “our,” “us” or the “Company” are to PECO Energy Company only and not its subsidiaries and references to “mortgage bonds” means first and refunding mortgage bonds issued under the Mortgage, including the offered Bonds.

### Securities Offered

The Bonds will be issued under our Mortgage as proposed to be further supplemented by a supplemental mortgage indenture relating to the Bonds. The Bonds will initially be limited in aggregate principal amount to \$300,000,000. We may issue additional mortgage bonds under our Mortgage with the same priority as the Bonds offered by this prospectus supplement, including mortgage bonds having the same series designation and terms (except for the public offering price, the issue date and, in some cases, the first interest payment date) as the Bonds offered by this prospectus supplement, without the approval of the holders of the outstanding mortgage bonds issued under our Mortgage, including the Bonds offered by this prospectus supplement. The Bonds will be secured equally with all other mortgage bonds outstanding or hereafter issued under our Mortgage. The Bonds will be issued in book-entry form only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

### Principal, Maturity and Interest

Interest on the Bonds will be payable semi-annually in arrears on April 1 and October 1 of each year, beginning on April 1, 2015, until the principal is paid or made available for payment.

Interest on the Bonds will accrue from the most recent date to which interest has been paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Bonds will mature on October 1, 2044.

The record date for determining the registered holders of the Bonds entitled to interest payments shall be the date that is fourteen calendar days prior to any interest payment date for the Bonds. Only the registered holder on such record date will be entitled to receive a payment, notwithstanding any transfer of the Bonds subsequent to such record date.

### Redemption at our Option

At any time prior to April 1, 2044, we may, at our option, redeem the Bonds in whole or in part at a redemption price equal to the greater of:

- 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, or
- as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus 15 basis points, plus accrued interest to the redemption date.

At any time on or after April 1, 2044, we may, at our option, redeem the Bonds in whole or in part at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

We will mail notice of any redemption at least 30 days, but not more than 45 days before the redemption date to each registered holder of the Bonds to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Bonds or portions of the Bonds called for redemption.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“Business Day” means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

“Comparable Treasury Price” means, with respect to any redemption date:

- the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or
- if the trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“Quotation Agent” means the Reference Treasury Dealer appointed by us.

“Reference Treasury Dealer” means (1) each of Mizuho Securities USA Inc., RBS Securities Inc. and a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”) selected by Mitsubishi UFJ Securities (USA), Inc. and their respective successors, in each case, unless such entity ceases to be a Primary Treasury Dealer, in which case the Company shall substitute another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

## **Form**

We will issue the Bonds in the form of one or more global bonds in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global bonds will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through

electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Bonds by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of Bonds under the DTC system must be made by or through direct participants, which will receive a credit for the Bonds in DTC's records. The ownership interest of each actual purchaser of Bonds is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Bonds will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written

confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Bonds; DTC's records reflect only the identity of the direct participants to whose accounts such Bonds are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global bonds from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

*So long as DTC's nominee is the registered owner of the global bonds, such nominee for all purposes will be considered the sole owner or holder of the Bonds for all purposes under the Mortgage. Except as provided below, beneficial owners will not be entitled to have any of the Bonds registered in their names, will not receive or be entitled to receive physical delivery of the Bonds in definitive form and will not be considered the owners or holders thereof under the Mortgage.*

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depository with respect to the Bonds at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In the event that a successor securities depository is not obtained under the above circumstances, or, alternatively, if an event of default with respect to

the Bonds has occurred and is continuing. Bonds certificates in fully registered form are required to be printed and delivered to beneficial owners of the global bonds representing such Bonds.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Bonds to or receiving interests in the Bonds from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositories.

Because of time-zone differences, credits of interests in the Bonds received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Bonds settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Bonds by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Bonds, or payments to, or the providing of notice to direct participants or beneficial owners.

## **Security**

The Bonds will be secured equally with all other mortgage bonds outstanding or hereafter issued under our *Mortgage by the lien of our Mortgage*, subject to (1) minor exceptions and certain excepted encumbrances that are defined in the Mortgage and (2) the Mortgage trustee's prior lien for compensation and expenses, constitutes a first lien on substantially all of our properties. Our Mortgage does not constitute a lien on any property owned by our subsidiaries or affiliates. Our properties consist principally of electric transmission and distribution lines and substations, gas distribution facilities and general office and service buildings.

We may not issue securities which will rank ahead of the mortgage bonds as to security. We may acquire property subject to prior liens. If such property is made the basis for the issuance of additional mortgage bonds after we acquire it, all additional mortgage bonds issued under the prior lien must be pledged with the Mortgage trustee as additional security under our Mortgage.

### **Authentication and Delivery of Additional Bonds**

Our Mortgage permits the issuance from time to time of additional mortgage bonds, without limit as to aggregate amount. Additional mortgage bonds of any series may be issued, subject to the provisions of the Mortgage, in principal amount equal to:

- (1) the principal amount of underlying mortgage bonds secured by a prior lien upon property acquired by us after March 1, 1937 and deposited with the Mortgage trustee under the Mortgage;
- (2) the principal amount of any such underlying mortgage bonds redeemed or retired, or for the payment, redemption or retirement of which funds have been deposited in trust;
- (3) the principal amount of mortgage bonds previously authenticated under the Mortgage on or after March 1, 1937, which have been delivered to the Mortgage trustee;
- (4) the principal amount of mortgage bonds previously issued under the Mortgage on or after March 1, 1937, which are being refunded or redeemed, if funds for the refunding or redemption have been deposited with the Mortgage trustee;
- (5) an amount not exceeding 60% of the actual cost or the fair value, whichever is less, of the net amount of permanent additions to the property subject to the lien of the Mortgage, made or acquired after November 30, 1941, and of additional plants or property acquired by us after November 30, 1941, and to be used in connection with its electric or gas business as part of one connected system and located in Pennsylvania or within 150 miles of Philadelphia; and
- (6) the amount of cash deposited with the Mortgage trustee, which cash shall not at any time exceed \$3,000,000 or 10% of the aggregate principal amount of mortgage bonds then outstanding under the Mortgage, whichever is greater, and which cash may subsequently be withdrawn to the extent of 60% of capital expenditures, as described in clause (5) above.

No additional mortgage bonds may be issued under our Mortgage as outlined in clauses (5) and (6) and, in certain cases, clause (3) above, unless the net earnings test of the Mortgage is satisfied. The net earnings test of the Mortgage, which relates only to the issuance of additional mortgage bonds, requires for 12 consecutive calendar months, within the 15 calendar months immediately preceding the application for such mortgage bonds, that our net earnings, after deductions for amounts set aside for renewal and replacement or depreciation reserves and before provision for income taxes, must have been equal to at least twice the annual interest charges on all mortgage bonds outstanding under the Mortgage (including those then applied for) and any other Bonds secured by a lien on our property.

### **Release and Substitution of Property**

While no event of default exists, we may obtain the release of the lien of the Mortgage on mortgaged property which is sold or exchanged if (1) we deposit or pledge cash or purchase money obligations with the Mortgage trustee, or (2) in certain instances, if we substitute other property of equivalent value. The Mortgage also contains certain requirements relating to our withdrawal or application of proceeds of released property and other funds held by the Mortgage trustee.

### **Corporate Existence**

We may consolidate or merge with or into or convey, transfer or lease all, or substantially all, of the mortgaged property to any corporation lawfully entitled to acquire or lease and operate the property, provided that: such consolidation, merger, conveyance, transfer or lease in no respect impairs the lien of the Mortgage or any rights or powers of the Mortgage trustee or the holders of the outstanding mortgage bonds; and such successor corporation executes and causes to be recorded a supplemental indenture which assumes all of the terms, covenants and conditions of the Mortgage and any indenture supplement thereto.

The Mortgage does not contain any covenant or other provision that specifically is intended to afford holders of our mortgage bonds special protection in the event of a highly leveraged transaction. The issuance of long-term debt securities by us requires the approval of the Pennsylvania Public Utility Commission.

### **Defaults**

Events of default are defined in the Mortgage as (1) default for 60 days in the payment of interest on mortgage bonds or sinking funds deposits under the Mortgage, (2) default in the payment of principal of Bonds under the Mortgage at maturity or upon redemption, (3) default in the performance of any other covenant in the Mortgage continuing for a period of 60 days after written notice from the trustee, and (4) certain events of bankruptcy or insolvency of our company.

Upon the authentication and delivery of additional mortgage bonds or the release of cash or property, we are required to file documents and reports with the Mortgage trustee with respect to the absence of default.

### **Rights of Bondholders upon Default**

Upon the occurrence of an event of default, the Mortgage trustee may, or if requested by the holders of a majority in principal amount of all of the outstanding mortgage bonds must, accelerate the maturity of the mortgage bonds and enforce the lien of the Mortgage. Prior to any sale of mortgaged property by the Mortgage trustee under the Mortgage, and upon the remedying of all defaults, any such acceleration of the maturity of the mortgage bonds may be annulled by the holders of at least a majority in principal amount of all the outstanding mortgage bonds. The Mortgage permits the Mortgage trustee to require indemnity before proceeding to enforce the lien of the Mortgage.

### **Amendments**

We and the Mortgage trustee may amend the Mortgage without the consent of the holders of the mortgage bonds: (1) to subject additional property to the lien to the Mortgage; (2) to define the covenants and provisions permitted under or not inconsistent with the Mortgage; (3) to add to the limitations of the authorized amounts, date of maturity, method, conditions and purposes of issue of any Bonds issued under the Mortgage; (4) to evidence the succession of another corporation to us and the assumption by a successor corporation of our covenants and obligations under the Mortgage; or (5) to make such provision in regard to matters or questions arising under the Mortgage as may be necessary or desirable and not inconsistent with the Mortgage.

We and the Mortgage trustee may amend the Mortgage or modify in any manner the rights of the holders of the mortgage bonds with the written consent of at least 66 2/3% of the principal amount of the mortgage bonds then outstanding; provided, that no such amendment shall, without the written consent of the holder of each outstanding mortgage bond affected thereby: (1) change the date of maturity of the principal of, or any installment hereof on, any mortgage bond, or reduce the principal amount of any mortgage Bond or the interest thereon or any premium payable on the redemption thereof, or change any place of payment where, or currency in which, any mortgage bond or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the date of maturity thereof; or (2) reduce the percentage in principal amount of the outstanding mortgage bonds, the consent of whose holders is required for any amendment, waiver of compliance with the provisions of the Mortgage or certain defaults and their consequences; or (3) modify any of the amendment provisions or Section 22 of Article VIII (relating to waiver of default), except to increase any such percentage or to provide that certain other provisions of the Mortgage cannot be modified or waived without the consent of the holder of each mortgage bond affected thereby.

### **Governing Law**

The Mortgage is governed by the laws of the Commonwealth of Pennsylvania.

**Mortgage Trustee**

U.S. Bank National Association, the trustee under the Mortgage, is the registrar and disbursing agent for our mortgage bonds. U.S. Bank National Association is also our depository, from time to time makes loans to us and is trustee for senior unsecured notes of our affiliate, Generation.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the material United States federal income tax consequences of the ownership and disposition of the Bonds. This discussion deals only with Bonds that are beneficially held as capital assets (as that term is defined in section 1221 of the Internal Revenue Code of 1986, as amended, or the Code) by a purchaser of the Bonds at their original offering price when originally offered by us. The statements set forth in the following discussion, to the extent they constitute matters of United States federal income tax law or legal conclusions with respect thereto, represent the opinion of Ballard Spahr LLP.

This discussion is based on the Code, regulations issued under the Code and associated administrative and judicial interpretations, all as they currently exist as of the date of this prospectus supplement. The Code, regulations and interpretations, however, may change at any time, and any change could be retroactive. This discussion does not represent a detailed description of the United States federal income tax consequences to purchasers of the Bonds in light of their particular circumstances. It does not represent a detailed description of the United States federal income tax consequences applicable to beneficial owners of Bonds subject to special treatment under the United States federal income tax laws (including, without limitation, insurance companies, tax-exempt organizations, banks, thrifts and other financial institutions, retirement plans, real estate investment trusts, regulated investment companies, dealers or traders in securities, currencies or notional principal contracts, persons holding a Bond as a position in a straddle, hedging, constructive sale or conversion transaction, or who mark their securities to market for federal income tax purposes, partners or other owners in partnerships or other pass-through entities, "controlled foreign corporations," "passive foreign investment companies" and their shareholders, government instrumentalities, certain part-year nonresident aliens, former citizens or residents of the United States, or "United States persons" (within the meaning of the Code) whose functional currency is other than the United States dollar). Accordingly, all such persons should consult their own tax advisors regarding the United States federal income tax consequences to them of the ownership and disposition of the Bonds in their particular circumstances.

This discussion does not address United States federal estate and gift tax consequences, alternative minimum tax consequences, any foreign, state or local tax consequences, tax treaties or any non-income tax consequences of the ownership and disposition of the Bonds to the beneficial owner of a Bond. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to the possible consequences to them of any such other taxes.

There can be no assurance that a change in law will not alter significantly the tax considerations described in this discussion. No rulings have been sought or are expected to be sought from the Internal Revenue Service, or the IRS, with respect to any of the tax consequences discussed below and no assurances can be given that the IRS will not successfully assert contrary positions.

If an entity or an arrangement treated as a partnership (or other flow-through entity) for United States federal income tax purposes holds a Bond, the tax consequences to a partner or other owner of the entity will generally depend upon the status of the partner (or other owner) and the activities of such entity. Partners or other owners in an entity or arrangement treated as a partnership (or other flow-through entity) holding a Bond should consult their tax advisors.

### U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to a U.S. Holder. As used herein, the term U.S. Holder means a beneficial owner of a Bond that, for U.S. federal income tax purposes, is:

- a citizen or resident alien of the U.S.;
- a corporation created or organized in or under the laws of the U.S. or any state thereof (including the District of Columbia);

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if such trust has in effect a valid election to continue to be treated as a “United States person” (within the meaning of the Code) for U.S. federal income tax purposes or if (1) a court within the U.S. is able to exercise primary supervision over its administration and (2) one or more “United States persons” have the authority to control all of the substantial decisions of such trust.

#### *Interest*

In general, stated interest on a Bond will be taxed to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

#### *Original Issue Discount*

It is expected, and this discussion assumes, that the Bonds will not be issued with “original issue discount” for U.S. federal income tax purposes. If, however, a Bond’s stated principal amount exceeds its issue price by an amount that is equal to or greater than a specified de minimis amount (1/4 of 1 percent (0.25%) of the stated principal amount multiplied by the number of complete years to maturity from the issue date), a U.S. Holder (whether a cash method or accrual basis taxpayer) will be required to include the excess in income as “original issue discount,” as it accrues, in accordance with a constant-yield-to-maturity method based on a compounding of interest, before the receipt of cash payments attributable to this income (and a U.S. Holder will make appropriate adjustments to its tax basis in respect of accrued “original issue discount”).

#### *Taxable Disposition of a Bond*

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Bond, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between (a) the amount realized on the sale, exchange, redemption or other taxable disposition (except to the extent the cash or property is attributable to accrued and unpaid stated interest, which is taxable as ordinary interest income to the extent not previously included in income) and (b) the U.S. Holder’s adjusted tax basis in the Bond. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under “*Interest*.” In general, a U.S. Holder’s adjusted tax basis in a Bond will be equal to the initial purchase price of the Bond paid by the U.S. Holder.

Gain or loss recognized on the sale, exchange, retirement, redemption or other taxable disposition of a Bond generally will be capital gain or loss, and will be long-term capital gain or loss if at the time of sale, exchange, redemption or other taxable disposition the Bond has been held for more than one year. For individuals and other noncorporate U.S. Holders, the excess of net long-term capital gains over net short-term capital losses generally is taxed at a lower rate than ordinary income. The distinction between capital gain or loss and ordinary income or loss is also relevant for purposes of, among other things, limitations on the deductibility of capital losses.

#### *Tax on Net Investment Income*

A 3.8% tax is imposed on the “net investment income” of certain individuals, trusts and estates, if their income exceeds certain thresholds. In the case of an individual, the net investment income tax will be imposed on the lesser of (i) an individual’s “net investment income” and (ii) the amount by which an individual’s modified adjusted gross income exceeds \$250,000 (if the individual is married and filing jointly or a surviving spouse), \$125,000 (if the individual is married and filing separately) or \$200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed “net investment income,” and (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (for taxable years beginning in 2014, \$12,150).

For these purposes, "net investment income" will generally include interest (including interest paid on a Bond), net gain attributable to the disposition of property not held in a trade or business (including gain from the sale, exchange, redemption or other taxable disposition of a Bond) and certain other types of income, reduced by permitted deductions properly allocable to the income or gain. Prospective U.S. Holders should consult their own tax advisors regarding the implications of this net investment income tax based upon their particular circumstances.

#### *Information Reporting and Backup Withholding*

Information reporting requirements apply to interest and principal payments made to, and to the proceeds of sales or other dispositions before maturity by, certain noncorporate U.S. Holders. Generally, we must report annually to the IRS the amount of interest that we paid to the U.S. Holder and the amount of tax that we withheld on that interest. In addition, backup withholding is required on such payments unless a U.S. Holder furnishes a correct taxpayer identification number (which for an individual is generally the individual's Social Security Number) and certifies on an IRS Form W-9, under penalties of perjury, that the U.S. Holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules or such U.S. Holder otherwise establishes an exemption.

The current rate of backup withholding is 28% of the amount paid (whether as interest, principal or gross proceeds from sale). Backup withholding does not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. Any amounts withheld under backup withholding rules will be allowed as a credit against a U.S. Holder's federal income tax liability, if any, or a refund may be obtained if amounts withheld exceed a U.S. Holder's federal income tax liability and such U.S. Holder timely provides the required information or appropriate claim form to the IRS.

#### **Non-U.S. Holders**

The following is a summary of the material U.S. federal income tax consequences that will apply to a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes that is an individual, corporation, estate or trust (other than a grantor trust) for U.S. federal income tax purposes and that is not a U.S. Holder.

#### *Interest*

Subject to the discussion below under "--Information Reporting and Backup Withholding" and "--Foreign Account Tax Compliance," all payments of interest on the Bonds made to a Non-U.S. Holder will be exempt from U.S. federal withholding tax, provided that: (i) the interest is not effectively connected with a U.S. trade or business of the Non-U.S. Holder (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, (iii) such Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, (iv) such Non-U.S. Holder is not a bank receiving certain types of interest, and (v) either (A) the Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for individuals, or, IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for entities, as appropriate (or a suitable substitute or applicable successor form) that it is not a United States person, (as defined in the Code) and provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Bonds on behalf of the Non-U.S. Holder certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Holder, and furnishes a copy thereof.

Except as described below under "--Effectively Connected Income," a Non-U.S. Holder that does not qualify for exemption from withholding as described above, generally will be subject to withholding of U.S. federal income tax at a rate of 30% on payments of interest on the Bonds. A Non-U.S. Holder may be entitled to the

benefits of an income tax treaty under which interest on the Bonds is subject to a reduced rate of U.S. withholding tax or is exempt from U.S. withholding tax, in which case the Non-U.S. Holder will be required to furnish a properly completed and executed IRS Form W-8BEN, or IRS Form W-8BEN-E, as appropriate (or a suitable substitute form or applicable successor form), claiming the reduction or exemption and comply with any other applicable procedures.

#### *Disposition of a Bond*

Subject to the discussion below under “-Information Reporting and Backup Withholding” and “-Foreign Account Tax Compliance,” a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange, surrender, conversion or other disposition of Bonds unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

#### *Effectively Connected Income*

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on the Bonds or gain realized on a taxable disposition of Bonds is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. Holder (unless an applicable treaty provides otherwise). In addition, if such a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a dividend equivalent amount deemed to have been remitted from the United States out of its effectively connected earnings and profits for the taxable year.

#### *Information Reporting and Backup Withholding*

The amount of interest paid to each Non-U.S. Holder and the tax withheld with respect to such interest, regardless of whether withholding was required, will be reported annually to the IRS. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty or information exchange agreement.

A Non-U.S. Holder will be subject to backup withholding on interest paid to such Non-U.S. Holder unless such Non-U.S. Holder certifies under penalties of perjury that it is not a “United States person” as defined under the Code (and the payor does not have actual knowledge or reason to know that it is a “United States person”) or it otherwise establishes an exemption from backup withholding.

Information reporting and, depending on the circumstances, backup withholding, generally will apply to the proceeds of a disposition of Bonds effected within the United States or through certain U.S.-related financial intermediaries by a Non-U.S. Holder, unless the Non-U.S. Holder certifies under penalties of perjury that it is not a “United States person” (and the payor does not have actual knowledge or reason to know that it is a United States person) or otherwise establishes an exemption from such requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder’s U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own advisors regarding the application of U.S. federal withholding and backup withholding in their particular circumstance and the availability of, and procedure for, obtaining an exemption from, or refund of, withholding and backup withholding under the Code and current Treasury regulations.

### **Foreign Account Tax Compliance**

Certain provisions of the Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, Bonds paid to certain foreign entities unless various information reporting and diligence requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries that do not agree to satisfy such information reporting requirements. Under current IRS regulations and other guidance, FATCA applies to certain withholdable payments of interest and, after December 31, 2016, will apply to certain withholdable payments made in the case of gross proceeds arising from the disposition of debt instruments. Foreign entities located in jurisdictions that have entered into an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules. Prospective holders of the Bonds should consult their tax advisors regarding the possible implications of FATCA on their ownership and disposition of the Bonds.

**The United States federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Prospective holders of the Bonds should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of Bonds, including the tax consequences under state, local, foreign and other tax laws, any applicable tax treaties and the possible effects of changes in United States or other tax laws.**

## UNDERWRITING

We are selling the Bonds to the underwriters named in the table below pursuant to an underwriting agreement dated the date hereof, and each of the underwriters has severally agreed to purchase from us the respective amount of the Bonds set forth opposite its name below:

<u>Underwriter</u>	<u>Principal Amount</u>
Mitsubishi UFJ Securities (USA), Inc. ....	\$ 72,000,000
Mizuho Securities USA Inc. ....	72,000,000
RBS Securities Inc. ....	72,000,000
BNY Mellon Capital Markets, LLC ....	27,000,000
TD Securities (USA) LLC ....	27,000,000
PNC Capital Markets LLC ....	15,000,000
CastleOak Securities, L.P. ....	7,500,000
Mischler Financial Group, Inc. ....	7,500,000
Total .....	<u><u>\$300,000,000</u></u>

The obligations of the several underwriters to purchase the Bonds are subject to certain conditions as set forth in the underwriting agreement. The underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may be increased or the offering of Bonds may be terminated. The offering of the Bonds by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters may be required to make in respect of any of those liabilities.

We expect to deliver the Bonds on or about the date specified on the cover page of this prospectus supplement, which will be the fifth business day following the date of this prospectus supplement (T + 5). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Bonds on the date of this prospectus supplement or the next succeeding business day will be required, by virtue of the fact that the Bonds initially will settle in T + 5, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisors.

### Commissions and Discounts

The underwriters have advised us that they propose initially to offer the Bonds to the public at the public offering price on the cover page of this prospectus supplement, and may offer the Bonds to dealers at that price less a concession not to exceed 0.500% of the principal amount of the Bonds. The underwriters may allow, and the dealers may reallow, a discount not to exceed 0.250% of the principal amount of the Bonds. After the initial public offering, the public offering price and other selling terms may be changed.

Our expenses associated with the offer and sale of the Bonds, excluding underwriting discounts, are estimated to be approximately \$800,000.

### New Issue of Bonds

The Bonds are a new issue of securities with no established trading market. We do not intend to apply for listing of the Bonds on any securities exchange. The underwriters have advised us that they intend to make a market in the Bonds but are not obligated to do so and may discontinue such market-making activities at any

time without notice. We cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the Bonds, the ability of the holders to sell their Bonds or the price at which holders will be able to sell their Bonds.

### **Price Stabilization and Short Positions**

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the Bonds. These transactions may include purchases for the purpose of fixing or maintaining the price of the Bonds.

The underwriters may create a short position in the Bonds in connection with the offering. That means they sell a larger principal amount of the Bonds than is shown on the cover page of this prospectus supplement. If they create a short position, the underwriters may purchase Bonds in the open market to reduce the short position.

If the underwriters purchase the Bonds to stabilize the price or to reduce their short position, the price of the Bonds could be higher than it might be if they had not made such purchases. The underwriters make no representation or prediction about any effect that purchases may have on the price of the Bonds and any of such transactions may be discontinued at any time without notice.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters or their affiliates have repurchased Bonds sold by or for the account of such underwriter in stabilizing or short covering transactions.

### **Other Relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. The underwriters or their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates has a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Bonds offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Selling Restrictions**

#### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from

and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Bonds shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

#### *United Kingdom*

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

#### *Hong Kong*

The Bonds may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Bonds may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

#### *Japan*

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell

any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

#### *Singapore*

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Bonds under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

## LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Bonds for us, and certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

## EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing *and accounting*.

## WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Exchange Act. Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to PECO is incorporated by reference in this prospectus supplement and the accompanying prospectus. PECO does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than PECO in determining whether to invest in the Bonds. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014, our Current Reports on Form 8-K filed with the SEC on June 4, 2014 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Bonds are sold in this offering. You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

PROSPECTUS

**EXELON CORPORATION**

Senior Debt Securities  
Subordinated Debt Securities  
Common Stock  
Stock Purchase Contracts  
Stock Purchase Units  
Preferred Stock  
Depository Shares

**EXELON GENERATION COMPANY, LLC**

Senior Debt Securities  
Preferred Securities

**COMMONWEALTH EDISON COMPANY**

First Mortgage Bonds  
Notes

**PECO ENERGY COMPANY**

First and Refunding Mortgage Bonds  
Preferred Stock

**BALTIMORE GAS AND ELECTRIC COMPANY**

Unsecured Debt Securities  
Senior Secured Bonds  
Preferred Stock

**RECEIVED**

SEP 30 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- *subordinated debt securities*;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depository shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

**Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a “shelf” registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms “we,” “our” and “us” generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

**None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.**

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

**You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.**

**Please see “Risk Factors” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.**

## **FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts" and "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

## **RISK FACTORS**

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

## **EXELON CORPORATION**

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

## **EXELON GENERATION COMPANY, LLC**

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

#### **COMMONWEALTH EDISON COMPANY**

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

#### **PECO ENERGY COMPANY**

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

#### **BALTIMORE GAS AND ELECTRIC COMPANY**

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

#### **USE OF PROCEEDS**

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

**RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED  
FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS**

**Exelon**

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>Years Ended December 31,</u>					<u>Three Months Ended</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>March 31, 2014</u>
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	<u>Years Ended December 31,</u>					<u>Three Months Ended</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>March 31, 2014</u>
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

**Generation**

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>Years Ended December 31,</u>					<u>Three Months Ended</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>March 31, 2014</u>
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of \$380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

**ComEd**

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>Years Ended December 31,</u>					<u>Three Months Ended</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>March 31, 2014</u>
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

## PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

## BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of \$14 million in order to achieve a coverage ratio of 1:1.

## DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

## PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

#### **By Agents**

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

#### **By Underwriters or Dealers**

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

#### **Direct Sales**

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

#### **General Information**

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

## LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

## EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation  
Attn: Investor Relations  
10 South Dearborn Street—52<sup>nd</sup> Floor  
P.O. Box 805398  
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at <http://www.exeloncorp.com>. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

### **Exelon Corporation (Exchange Act File No. 1-16169)**

- Exelon’s Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon’s common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon’s Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

### **Exelon Generation Company, LLC (Exchange Act File No. 333-85496)**

- Generation’s Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation’s Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

### **Commonwealth Edison Company (Exchange Act File No. 1-1839)**

- ComEd’s Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd’s Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

### **PECO Energy Company (Exchange Act File No. 000-16844)**

- PECO’s Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

### **Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)**

- BGE’s Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE’s Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52<sup>nd</sup> Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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**\$300,000,000**



**PECO Energy Company**

**First and Refunding Mortgage Bonds, 4.150% Series due 2044**

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**PROSPECTUS SUPPLEMENT**

**September 8, 2014**

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*Joint Book-Running Managers*

**Mizuho Securities  
MUFG  
RBS**

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**BNY Mellon Capital Markets, LLC  
TD Securities**

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*Senior Co-Manager*

**PNC Capital Markets LLC**

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*Co-Managers*

**CastleOak Securities, L.P.  
Mischler Financial Group, Inc.**

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2000uhjLbrs1jfr

Filed Pursuant to Rule 433  
Registration Statement No. 333-196220-02  
Dated September 8, 2014

**PECO Energy Company**  
**\$300,000,000 First and Refunding Mortgage Bonds, 4.150% Series Due 2044**

**Pricing Term Sheet**


Issuer:	PECO Energy Company
Ratings:	A- (S&P); A (Fitch)
Securities:	First and Refunding Mortgage Bonds
Settlement Date:	September 15, 2014 (T+5)
Principal Amount:	\$300,000,000
Maturity:	October 1, 2044
Coupon:	4.150%
Benchmark Treasury:	3.375% due May 15, 2044
Benchmark Treasury Price and Yield:	102-30; 3.220%
Spread to Benchmark Treasury:	95 basis points
Yield to Maturity:	4.170%
Offering Price:	99.657%
Interest Payment Dates:	April 1 and October 1 of each year, commencing April 1, 2015
Redemption Provisions:	At any time prior to April 1, 2044, at the greater of (i) 100% of the principal amount of the bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed (excluding interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year comprised of twelve 30-day months) at the Treasury rate plus 15 basis points, plus, in each case accrued interest to the redemption date
	At any time on or after April 1, 2044, at 100% of the principal amount, plus accrued interest to the redemption date
CUSIP:	693304 AS6
Joint Book Running Managers:	Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. RBS Securities Inc. BNY Mellon Capital Markets, LLC TD Securities (USA) LLC
Senior Co-Manager:	PNC Capital Markets LLC
Co-Managers:	CastleOak Securities, L.P. Mischler Financial Group, Inc.

**Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Mitsubishi UFJ Securities (USA), Inc. at 1-877- 649-6848, Mizuho Securities USA Inc. at 1-866-271-7403 and RBS Securities Inc. at 1-866-884-2071.

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Prepared by :

  
Ronald Zack  
Assistant General Counsel  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19103  
(215) 841-4419

Return to : Ronald Zack  
Assistant General Counsel  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19103  
(215) 841-4419

Counterpart 30 of 30

**RECEIVED**

SEP 30 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

PECO ENERGY COMPANY

TO

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE

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ONE HUNDRED AND ELEVENTH SUPPLEMENTAL  
INDENTURE DATED AS OF  
SEPTEMBER 1, 2014

TO

FIRST AND REFUNDING MORTGAGE

OF

THE COUNTIES GAS AND ELECTRIC  
COMPANY

TO

FIDELITY TRUST COMPANY, TRUSTEE  
DATED MAY 1, 1923

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4.150% SERIES DUE 2044  
(New Series)

THIS SUPPLEMENTAL INDENTURE dated as of September 1, 2014 by and between PECO ENERGY COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called the Company), party of the first part, and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (hereinafter called the Trustee), as Trustee under the Mortgage hereinafter mentioned, party of the second part, *Witnesseth that*

WHEREAS, The Counties Gas and Electric Company (hereinafter called Counties Company), a Pennsylvania corporation and a predecessor to the Company, duly executed and delivered to Fidelity Trust Company, a Pennsylvania corporation to which the Trustee is successor, as Trustee, a certain indenture of mortgage and deed of trust dated May 1, 1923 (hereinafter called the Mortgage), to provide for the issue of, and to secure, its First and Refunding Mortgage Bonds, issuable in series and without limit as to principal amount except as provided in the Mortgage, the initial series of Bonds being designated the 6% Series of 1923, and the terms and provisions of other series of bonds secured by the Mortgage to be determined as provided in the Mortgage; and

WHEREAS, thereafter Counties Company, Philadelphia Suburban-Counties Gas and Electric Company (hereinafter called Suburban Company), and the Company, respectively, have from time to time executed and delivered indentures supplemental to the Mortgage, providing for the creation of additional series of bonds secured by the Mortgage and for amendment of certain of the terms and provisions of the Mortgage and of indentures supplemental thereto, or evidencing the succession of Suburban Company to Counties Company and of the Company to Suburban Company, such indentures supplemental to the Mortgage, the respective dates, parties thereto, and purposes thereof, being as follows:

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>First</i> September 1, 1926	Counties Company to Fidelity-Philadelphia Trust Company (Successor to Fidelity Trust Company)	Bonds of 5% Series of 1926
<i>Second</i> May 1, 1927	Suburban Company to Fidelity-Philadelphia Trust Company	Evidencing succession of Suburban Company to Counties Company
<i>Third</i> May 1, 1927	Suburban Company to Fidelity-Philadelphia Trust Company	Bonds of 4-1/2% Series due 1957; amendment of certain provisions of Mortgage
<i>Fourth</i> November 1, 1927	Suburban Company to Fidelity-Philadelphia Trust Company	Additional Bonds of 4-1/2% Series due 1957
<i>Fifth</i> January 31, 1931	Company to Fidelity-Philadelphia Trust Company	Evidencing succession of Company to Suburban Company
<i>Sixth</i> February 1, 1931	Company to Fidelity-Philadelphia Trust Company	Bonds of 4% Series due 1971
<i>Seventh</i> March 1, 1937	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-1/2% Series due 1967; amendment of certain provisions of Mortgage
<i>Eighth</i> December 1, 1941	Company to Fidelity-Philadelphia Trust Company	Bonds of 2-3/4% Series due 1971; amendment of certain provisions of Mortgage
<i>Ninth</i> November 1, 1944	Company to Fidelity-Philadelphia Trust Company	Bonds of 2-3/4% Series due 1967 and 2-3/4% Series due 1974; amendment of certain provisions of Mortgage
<i>Tenth</i> December 1, 1946	Company to Fidelity-Philadelphia Trust Company	Bonds of 2-3/4% Series due 1981; amendment of certain provisions of Mortgage*
<i>Eleventh</i> February 1, 1948	Company to Fidelity-Philadelphia Trust Company	Bonds of 2-7/8% Series due 1978*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Twelfth</i> January 1, 1952	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-1/4% Series due 1982*
<i>Thirteenth</i> May 1, 1953	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-7/8% Series due 1983*
<i>Fourteenth</i> December 1, 1953	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-1/8% Series due 1983*
<i>Fifteenth</i> April 1, 1955	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-1/8% Series due 1985*
<i>Sixteenth</i> September 1, 1957	Company to Fidelity-Philadelphia Trust Company	Bonds of 4-5/8% Series due 1987; amendment of certain provisions of Mortgage*
<i>Seventeenth</i> May 1, 1958	Company to Fidelity-Philadelphia Trust Company	Bonds of 3-3/4% Series due 1988; amendment of certain provisions of Mortgage*
<i>Eighteenth</i> December 1, 1958	Company to Fidelity-Philadelphia Trust Company	Bonds of 4-3/8% Series due 1986*
<i>Nineteenth</i> October 1, 1959	Company to Fidelity-Philadelphia Trust Company	Bonds of 5% Series due 1989*
<i>Twentieth</i> May 1, 1964	Company to Fidelity-Philadelphia Trust Company	Bonds of 4-1/2% Series due 1994*
<i>Twenty-first</i> October 15, 1966	Company to Fidelity-Philadelphia Trust Company	Bonds of 6% Series due 1968-1973*
<i>Twenty-second</i> June 1, 1967	Company to The Fidelity Bank (formerly Fidelity-Philadelphia Trust Company)	Bonds of 5-1/4 % Series due 1968-1973 and 5-3/4 % Series due 1977*
<i>Twenty-third</i> October 1, 1967	Company to The Fidelity Bank	Bonds of 6-1/8 % Series due 1997*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Twenty-fourth</i> March 1, 1968	Company to The Fidelity Bank	Bonds of 6-1/2% Series due 1993; amendment of Article XIV of Mortgage*
<i>Twenty-fifth</i> September 10, 1968	Company to The Fidelity Bank	Bonds of 1968 Series due 1969-1976*
<i>Twenty-sixth</i> August 15, 1969	Company to The Fidelity Bank	Bonds of 8% Series due 1975*
<i>Twenty-seventh</i> February 1, 1970	Company to The Fidelity Bank	Bonds of 9% Series due 1995*
<i>Twenty-eighth</i> May 1, 1970	Company to The Fidelity Bank	Bonds of 8-1/2% Series due 1976*
<i>Twenty-ninth</i> December 15, 1970	Company to The Fidelity Bank	Bonds of 7-3/4% Series due 2000*
<i>Thirtieth</i> August 1, 1971	Company to The Fidelity Bank	Bonds of 8-1/4% Series due 1996*
<i>Thirty-first</i> December 15, 1971	Company to The Fidelity Bank	Bonds of 7-3/8% Series due 2001; amendment of Article XI of Mortgage*
<i>Thirty-second</i> June 15, 1972	Company to The Fidelity Bank	Bonds of 7-1/2% Series due 1998*
<i>Thirty-third</i> January 15, 1973	Company to The Fidelity Bank	Bonds of 7-1/2% Series due 1999*
<i>Thirty-fourth</i> January 15, 1974	Company to The Fidelity Bank	Bonds of 8-1/2% Series due 2004
<i>Thirty-fifth</i> October 15, 1974	Company to The Fidelity Bank	Bonds of 11% Series due 1980*
<i>Thirty-sixth</i> April 15, 1975	Company to The Fidelity Bank	Bonds of 11-5/8% Series due 2000*
<i>Thirty-seventh</i> August 1, 1975	Company to The Fidelity Bank	Bonds of 11% Series due 2000*
<i>Thirty-eighth</i> March 1, 1976	Company to The Fidelity Bank	Bonds of 9-1/8% Series due 2006*
<i>Thirty-ninth</i> August 1, 1976	Company to The Fidelity Bank	Bonds of 9-5/8% Series due 2002*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Fortieth</i> February 1, 1977	Company to The Fidelity Bank	Bonds of Pollution Control Series A and Pollution Control Series B*
<i>Forty-first</i> March 15, 1977	Company to The Fidelity Bank	Bonds of 8-5/8% Series due 2007*
<i>Forty-second</i> July 15, 1977	Company to The Fidelity Bank	Bonds of 8-5/8% Series due 2003*
<i>Forty-third</i> March 15, 1978	Company to The Fidelity Bank	Bonds of 9-1/8% Series due 2008*
<i>Forty-fourth</i> October 15, 1979	Company to The Fidelity Bank	Bonds of 12-1/2% Series due 2005*
<i>Forty-fifth</i> October 15, 1980	Company to The Fidelity Bank	Bonds of 13-3/4% Series due 1992*
<i>Forty-sixth</i> March 1, 1981	Company to The Fidelity Bank	Bonds of 15-1/4% Series due 1996; amendment of Article VIII of Mortgage*
<i>Forty-seventh</i> March 1, 1981	Company to The Fidelity Bank	Bonds of 15% Series due 1996; amendment of Article VIII of Mortgage*
<i>Forty-eighth</i> July 1, 1981	Company to The Fidelity Bank	Bonds of 17-5/8% Series due 2011*
<i>Forty-ninth</i> September 15, 1981	Company to The Fidelity Bank	Bonds of 18-3/4% Series due 2009*
<i>Fiftieth</i> April 1, 1982	Company to The Fidelity Bank	Bonds of 18% Series due 2012*
<i>Fifty-first</i> October 1, 1982	Company to The Fidelity Bank	Bonds of 15-3/8% Series due 2010*
<i>Fifty-second</i> June 15, 1983	Company to The Fidelity Bank	Bonds of 13-3/8% Series due 2013*
<i>Fifty-third</i> November 15, 1984	Company to Fidelity Bank, National Association (formerly The Fidelity Bank)	Bonds of 13.05% Series due 1994; amendment of Article VIII of Mortgage*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Fifty-fourth</i> December 1, 1984	Company to Fidelity Bank, National Association	Bonds of 14% Series due 1988-1994; amendment of Article VIII of Mortgage*
<i>Fifty-fifth</i> May 15, 1985	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series C*
<i>Fifty-sixth</i> October 1, 1985	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series D*
<i>Fifty-seventh</i> November 15, 1985	Company to Fidelity Bank, National Association	Bonds of 10-7/8% Series due 1995*
<i>Fifty-eighth</i> November 15, 1985	Company to Fidelity Bank, National Association	Bonds of 11-3/4% Series due 2014*
<i>Fifty-ninth</i> June 1, 1986	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series E*
<i>Sixtieth</i> November 1, 1986	Company to Fidelity Bank, National Association	Bonds of 10-1/4% Series due 2016*
<i>Sixty-first</i> November 1, 1986	Company to Fidelity Bank, National Association	Bonds of 8-3/4% Series due 1994*
<i>Sixty-second</i> April 1, 1987	Company to Fidelity Bank, National Association	Bonds of 9-3/8% Series due 2017*
<i>Sixty-third</i> July 15, 1987	Company to Fidelity Bank, National Association	Bonds of 11% Series due 2016*
<i>Sixty-fourth</i> July 15, 1987	Company to Fidelity Bank, National Association	Bonds of 10% Series due 1997*
<i>Sixty-fifth</i> August 1, 1987	Company to Fidelity Bank, National Association	Bonds of 10-1/4% Series due 2007*
<i>Sixty-sixth</i> October 15, 1987	Company to Fidelity Bank, National Association	Bonds of 11% Series due 1997*
<i>Sixty-seventh</i> October 15, 1987	Company to Fidelity Bank, National Association	Bonds of 12-1/8% Series due 2016*
<i>Sixty-eighth</i> April 15, 1988	Company to Fidelity Bank, National Association	Bonds of 10% Series due 1998*
<i>Sixty-ninth</i> April 15, 1988	Company to Fidelity Bank, National Association	Bonds of 11% Series due 2018*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Seventieth</i> June 15, 1989	Company to Fidelity Bank, National Association	Bonds of 10% Series due 2019*
<i>Seventy-first</i> October 1, 1989	Company to Fidelity Bank, National Association	Bonds of 9-7/8% Series due 2019*
<i>Seventy-second</i> October 1, 1989	Company to Fidelity Bank, National Association	Bonds of 9-1/4% Series due 1999*
<i>Seventy-third</i> October 1, 1989	Company to Fidelity Bank, National Association	Medium-Term Note Series A*
<i>Seventy-fourth</i> October 15, 1990	Company to Fidelity Bank, National Association	Bonds of 10-1/2% Series due 2020*
<i>Seventy-fifth</i> October 15, 1990	Company to Fidelity Bank, National Association	Bonds of 10% Series due 2000*
<i>Seventy-sixth</i> April 1, 1991	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series F and Pollution Control Series G*
<i>Seventy-seventh</i> December 1, 1991	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series H*
<i>Seventy-eighth</i> January 15, 1992	Company to Fidelity Bank, National Association	Bonds of 7-1/2% 1992 Series due 1999*
<i>Seventy-ninth</i> April 1, 1992	Company to Fidelity Bank, National Association	Bonds of 8% Series due 2002*
<i>Eightieth</i> April 1, 1992	Company to Fidelity Bank, National Association	Bonds of 8-3/4% Series due 2022*
<i>Eighty-first</i> June 1, 1992	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series I*
<i>Eighty-second</i> June 1, 1992	Company to Fidelity Bank, National Association	Bonds of 8-5/8% Series due 2022*
<i>Eighty-third</i> July 15, 1992	Company to Fidelity Bank, National Association	Bonds of 7-1/2% Series due 2002*
<i>Eighty-fourth</i> September 1, 1992	Company to Fidelity Bank, National Association	Bonds of 8-1/4% Series due 2022*
<i>Eighty-fifth</i> September 1, 1992	Company to Fidelity Bank, National Association	Bonds of 7-1/8% Series due 2002*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>Eighty-sixth</i> March 1, 1993	Company to Fidelity Bank, National Association	Bonds of 6-5/8% Series due 2003*
<i>Eighty-seventh</i> March 1, 1993	Company to Fidelity Bank, National Association	Bonds of 7-3/4% Series due 2023*
<i>Eighty-eighth</i> March 1, 1993	Company to Fidelity Bank, National Association	Bonds of Pollution Control Series J, Pollution Control Series K, Pollution Control Series L and Pollution Control Series M*
<i>Eighty-ninth</i> May 1, 1993	Company to Fidelity Bank, National Association	Bonds of 6-1/2% Series due 2003*
<i>Ninetieth</i> May 1, 1993	Company to Fidelity Bank, National Association	Bonds of 7-3/4% Series 2 due 2023*
<i>Ninety-first</i> August 15, 1993	Company to First Fidelity Bank, N.A., Pennsylvania	Bonds of 7-1/8% Series due 2023*
<i>Ninety-second</i> August 15, 1993	Company to First Fidelity Bank, N.A., Pennsylvania	Bonds of 6-3/8% Series due 2005*
<i>Ninety-third</i> August 15, 1993	Company to First Fidelity Bank, N.A., Pennsylvania	Bonds of 5-3/8% Series due 1998*
<i>Ninety-fourth</i> November 1, 1993	Company to First Fidelity Bank, N.A., Pennsylvania	Bonds of 7-1/4% Series due 2024*
<i>Ninety-fifth</i> November 1, 1993	Company to First Fidelity Bank, N.A., Pennsylvania	Bonds of 5-5/8% Series due 2001*
<i>Ninety-sixth</i> May 1, 1995	Company to First Fidelity Bank, N.A., Pennsylvania	Medium Term Note Series B*
<i>Ninety-seventh</i> October 15, 2001	Company to First Union National Bank (formerly First Fidelity Bank, N.A., Pennsylvania)	Bonds of 5.95% Series due 2011*
<i>Ninety-eighth</i> October 1, 2002	Company to Wachovia Bank, National Association	Bonds of 5.95% Series Due 2011*
<i>Ninety-ninth</i> September 15, 2002	Company to Wachovia Bank, National Association	Bonds of 4.75% Series Due 2012*
<i>One Hundredth</i> April 15, 2003	Company to Wachovia Bank, National Association	Bonds of 3.50% Series Due 2008*

<u>Supplemental Indenture and Date</u>	<u>Parties</u>	<u>Providing for:</u>
<i>One Hundred and First</i> April 15, 2004	Company to Wachovia Bank, National Association	Bonds of 5.90% Series Due 2034*
<i>One Hundred and Second</i> September 15, 2006	Company to Wachovia Bank, National Association	Bonds of 5.95% Series Due 2036; amendment of certain provisions of Mortgage*
<i>One Hundred and Third</i> March 15, 2007	Company to U.S. Bank National Association	Bonds of 5.70% Series Due 2037*
<i>One Hundred and Fourth</i> February 15, 2008	Company to U.S. Bank National Association	Bonds of 5.35% Series Due 2018*
<i>One Hundred and Fifth</i> February 15, 2008	Company to U.S. Bank National Association	Bonds of Pollution Control Series N*
<i>One Hundred and Sixth</i> September 15, 2008	Company to U.S. Bank National Association	Bonds of 5.60% Series Due 2013*
<i>One Hundred and Seventh</i> March 15, 2009	Company to U.S. Bank National Association	Bonds of 5.00% Series Due 2014*
<i>One Hundred and Eighth</i> September 1, 2012	Company to U.S. Bank National Association	Bonds of 2.375% Series Due 2022*
<i>One Hundred and Ninth</i> September 15, 2013	Company to U.S. Bank National Association	Bonds of 1.200% Series Due 2016*
<i>One Hundred and Tenth</i> September 15, 2013	Company to U.S. Bank National Association	Bonds of 4.800% Series Due 2043*

\*And amendment of certain provisions of the Ninth Supplemental Indenture.

WHEREAS, the respective principal amounts of the bonds of each series presently outstanding under the Mortgage and the several supplemental indentures above referred to, are as follows:

	<u>Series</u>	<u>PRINCIPAL AMOUNT</u>
5.90%	Series due 2034.....	\$ 75,000,000
5.95%	Series due 2036.....	300,000,000
5.70%	Series due 2037.....	175,000,000
5.35%	Series due 2018.....	500,000,000
5.00%	Series due 2014.....	250,000,000
2.375%	Series due 2022.....	350,000,000
1.20%	Series due 2016.....	300,000,000
4.80%	Series due 2043.....	250,000,000
	Total	<u>\$2,200,000,000</u>

WHEREAS, the Company deems it advisable and has determined, pursuant to Article XI of the Mortgage,

(a) to amend Article II of the Ninth Supplemental Indenture to the Mortgage as heretofore amended;

(b) to convey, pledge, transfer and assign to the Trustee and to subject specifically to the lien of the Mortgage additional property not therein or in any supplemental indenture specifically described but now owned by the Company and acquired by it by purchase or otherwise; and

(c) to create a new series of bonds to be issued from time to time under, and secured by, the Mortgage, to be designated PECO Energy Company First and Refunding Mortgage Bonds, 4.150% Series due 2044, (hereinafter sometimes called the "bonds of the New Series" or the "bonds of the 4.150% Series due 2044"); and for the above-mentioned purposes to execute, deliver and record this Supplemental Indenture; and

WHEREAS, the Company has determined by proper corporate action that the terms, provisions and form of the bonds of the New Series shall be substantially as follows:

(Form of Face of Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PECO ENERGY COMPANY

REGISTERED  
NUMBER

FIRST AND REFUNDING MORTGAGE BOND,  
4.150% SERIES DUE 2044,  
DUE OCTOBER 1, 2044

PECO Energy Company, a Pennsylvania corporation (hereinafter called the Company), for value received, hereby promises to pay to Cede & Co. or registered assigns,

Dollars on October 1, 2044, at the office or agency of the Company, in the City of Philadelphia, Pennsylvania, or, at the option of the holder, at the office or agency of the Company, in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment shall constitute legal tender for the payment of public and private debts, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) thereon from the date hereof at the rate of 4.150 percent per annum in like coin or currency, payable at either of the offices aforesaid on April 1 and October 1 of each year, beginning on April 1, 2015, until the Company's obligation with respect to the payment of such principal shall have been discharged.

The record date for determining the registered holder of this bond entitled to an interest payment shall be fourteen calendar days prior to any interest payment date. Only the registered holder on such record date shall be entitled to receive such payment, notwithstanding any transfer of this bond upon the registration books subsequent to such record date.

This bond shall not be valid or become obligatory for any purpose unless it shall have been authenticated by the certificate of the Trustee under said Mortgage endorsed hereon.

The provisions of this bond are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, PECO Energy Company has caused this instrument to be signed in its corporate name with the manual or facsimile signature of its President or a Vice President, duly attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

Dated:

PECO ENERGY COMPANY

By \_\_\_\_\_

President or Vice President

Attest \_\_\_\_\_

Secretary or Assistant Secretary

(Form of Reverse of Bond)

PECO ENERGY COMPANY  
First and Refunding Mortgage Bond,  
4.150% Series Due 2044,  
Due October 1, 2044

(CONTINUED)

This bond is one of a duly authorized issue of bonds of the Company, unlimited as to amount except as provided in the Mortgage hereinafter mentioned or in any indenture supplemental thereto, and is one of a series of said bonds known as First and Refunding Mortgage Bonds, 4.150% Series due 2044. This bond and all other bonds of said issue are issued and to be issued under and pursuant to and are all secured equally and ratably by an indenture of mortgage and deed of trust dated May 1, 1923, duly executed and delivered by The Counties Gas and Electric Company (to which the Company is successor) to Fidelity Trust Company, as Trustee (to which U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, is successor Trustee), as amended, modified or supplemented by certain supplemental indentures from the Company or its predecessors to said successor Trustee or its predecessors, said mortgage, as so amended, modified or supplemented being herein called the Mortgage. Reference is hereby made to the Mortgage for a statement of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of said bonds and of the Trustee in respect of such security, the rights, duties and immunities of the Trustee, and the terms and conditions upon which said bonds are and are to be secured, and the circumstances under which additional bonds may be issued.

As provided in the Mortgage, the bonds secured thereby may be for various principal sums and are issuable in series, which series may mature at different times, may bear interest at different rates, and may otherwise vary. The bonds of this series mature on October 1, 2044, and are issuable only in registered form without coupons in any denomination authorized by the Company.

Any bond or bonds of this series may be exchanged for another bond or bonds of this series in a like aggregate principal amount in authorized denominations, upon presentation at the office of the Trustee in the City of Philadelphia, Pennsylvania, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York, all subject to the terms of the Mortgage but without any charge other than a sum sufficient to reimburse the Company for any stamp tax or other governmental charge incident to the exchange.

The bonds of this series are redeemable at the option of the Company, as a whole or in part, at any time upon notice sent by the Company through the mail, postage prepaid, at least thirty (30) days and not more than forty-five (45) days prior to the date fixed for redemption, to the registered holder of each bond to be redeemed, addressed to such holder at his address appearing upon the registration books. At any time prior to April 1, 2044, the redemption price shall be equal to the greater of (1) 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date, or (2) as determined by the Quotation Agent, the

sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 15 basis points, plus accrued interest to the redemption date. At any time on or after April 1, 2044 the redemption price shall be equal to 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date. Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the bonds of this series or portions of the bonds of this series called for redemption.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“Business Day” means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the bonds of this series that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds of this series.

“Comparable Treasury Price” means, with respect to any redemption date:

- the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or
- if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“Quotation Agent” means the Reference Treasury Dealer appointed by the Company.

“Reference Treasury Dealer” means (1) each of Mizuho Securities USA Inc., RBS Securities Inc. and a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”) selected by Mitsubishi UFJ Securities (USA), Inc. and their respective successors, in each case, unless such entity ceases to be a Primary Treasury Dealer, in which case the Company shall substitute another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

The principal of this bond may be declared or may become due on the conditions, in the manner and with the effect provided in the Mortgage upon the happening of an event of default as in the Mortgage provided.

This bond is transferable by the registered holder hereof in person or by attorney, duly authorized in writing, at the office of the Trustee in the City of Philadelphia, Pennsylvania, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York, in books of the Company to be kept for that purpose, upon surrender and cancellation hereof, and upon any such transfer, a new registered bond or bonds, without coupons, of this series and for the same aggregate principal amount, will be issued to the transferee in exchange herefor, all subject to the terms of the Mortgage but without payment of any charge other than a sum sufficient to reimburse the Company for any stamp tax or other governmental charge incident to the transfer. The Company, the Trustee, and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this bond to any incorporator or any past, present or future stockholder, officer or director of the Company or of any predecessor or successor corporation, either directly or indirectly, by virtue of any statute or by enforcement of any assessment or otherwise, and any and all liability of the said incorporators, stockholders, officers or directors of the Company or of any predecessor or successor corporation in respect to this bond is hereby expressly waived and released by every holder hereof, except to the extent that such liability may not be waived or released under the provisions of the Securities Act of 1933, as amended, or of the rules and regulations of the Securities and Exchange Commission thereunder.

(End of Form of Reverse of Bond)

and

WHEREAS, on the face of each of the bonds of the New Series, there is to be endorsed a certificate of the Trustee in substantially the following form, to wit:

(Form of Trustee's Certificate)

This bond is one of the bonds, of the series designated therein, provided for in the within-mentioned Mortgage and in the One Hundred and Eleventh Supplemental Indenture dated as of September 1, 2014.

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

By \_\_\_\_\_

Authorized Officer

and

WHEREAS, all acts and things necessary to make the bonds of the New Series, when duly executed by the Company and authenticated by the Trustee as provided in the Mortgage and indentures supplemental thereto, and issued by the Company, the valid, binding and legal obligations of the Company, and this Supplemental Indenture a valid and enforceable supplement to the Mortgage, have been done, performed and fulfilled and the execution and delivery hereof have been in all respects duly and lawfully authorized.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to secure the payment of the principal of and interest on all bonds issued and to be issued under the Mortgage and/or under any indenture supplemental thereto, according to their tenor and effect, and according to the terms of the Mortgage and of any indenture supplemental thereto, and to secure the performance of the covenants and obligations in the bonds and in the Mortgage and any indenture supplemental thereto respectively contained, and for the proper assuring, conveying, and confirming unto the Trustee, its successors in trust and its and their assigns forever, upon the trusts and for the purposes expressed in the Mortgage and in any indentures supplemental thereto, all and singular the estates, property and franchises of the Company thereby mortgaged or intended so to be, the Company, for and in consideration of the premises and of the sum of One Dollar (\$1.00) in hand paid by the Trustee to the Company upon the execution and delivery of this Supplemental Indenture, receipt whereof is hereby acknowledged, and of other good and valuable consideration, has granted, bargained, sold, conveyed, released, confirmed, pledged, assigned, transferred and set over and by these presents does grant, bargain, sell, convey, release, confirm, pledge, assign, transfer, and set over to U.S. Bank National Association, as Trustee, and to its successors in trust and its and their assigns forever, all the following described property, real, personal and mixed of the Company, viz.:

All of the real property with any improvements thereon erected as may be owned by the Company and described in the Mortgage or in any indenture supplemental thereto as may heretofore have been executed, delivered and recorded, but excluding therefrom all real property heretofore released from the lien of the Mortgage. The purpose of restating such prior conveyances as security is to confirm that the obligations of the Company as provided in this Supplemental Indenture are included within the lien and security of the Mortgage, and that public record be made of such purpose and fact by the recording of this Supplemental Indenture.

Together with all gas works, electric works, plants, buildings, structures, improvements and machinery located upon such real estate or any portion thereof, and all rights, privileges and easements of every kind and nature appurtenant thereto, and all and singular the tenements, hereditaments and appurtenances belonging to the real estate or any part thereof hereinbefore described or referred to or intended so to be, or in any way appertaining thereto, and the reversions, remainders, rents, issues and profits thereof; also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the Company, of, in and to the same and any and every part thereof, with the appurtenances.

Also all the Company's electric transmission and distribution lines and systems, substations, transforming stations, structures, machinery, apparatus, appliances, devices and appurtenances.

Also all the Company's gas transmission and distribution mains, pipes, pipe lines and systems, storage facilities, structures, machinery, apparatus, appliances, devices and appurtenances.

Also all plants, systems, works, improvements, buildings, structures, fixtures, appliances, engines, furnaces, boilers, machinery, retorts, tanks, condensers, pumps, gas tanks, holders, reservoirs, expansion tanks, gas mains and pipes, tunnels, service pipe, pipe lines, fittings, gates, valves, connections, gas and electric meters, generators, dynamos, fans, supplies, tools and implements, tracks, sidings, motor and other vehicles, all electric light lines, electric power lines, transmission lines, distribution lines, conduits, cables, stations, substations, and distributing systems, motors, conductors, converters, switchboards, shafting, belting, wires, mains, feeders, poles, towers, mast arms, brackets, pipes, lamps, insulators, house wiring connections and all instruments, appliances, apparatus, fixtures, fittings and equipment and all stores, repair parts, materials and supplies of every nature and kind whatsoever now or hereafter owned by the Company in connection with or appurtenant to its plants and systems for production, purchase, storage, transmission, distribution, utilization and sale of gas and its by-products and residual products, and/or for the generation, production, purchase, storage, transmission, distribution, utilization and sale of electricity, or in connection with such business.

Also all the goodwill of the business of the Company, and all rights, claims, contracts, leases, patents, patent rights, and agreements, all accounts receivable, accounts, claims, demands, choses in action, books of account, cash assets, franchises, ordinances, rights, powers, easements, water rights, riparian rights, licenses, privileges, immunities, concessions and consents now or hereafter owned by the Company in connection with or appurtenant to its said business.

Also all the right, title and interest of the Company in and to all contracts for the purchase, sale or supply of gas, and its by-products and residual products of electricity and electrical energy, now or hereafter entered into by the Company with the right on the part of the Trustee, upon the happening of an event of default as defined in the Mortgage as supplemented by any supplemental indenture, to require a specific assignment of any and all such contracts, whenever it shall request the Company to make the same.

Also all rents, tolls, earnings, profits, revenues, dividends and income arising or to arise from any property now owned, leased, operated or controlled or hereafter acquired, leased, operated or controlled by the Company and subject to the lien of the Mortgage and indentures supplemental thereto.

Also all the estate, right, title and interest of the Company, as lessee, in and to any and all demised premises under any and all agreements of lease now or at any time hereafter in force, insofar as the same may now or hereafter be assignable by the Company.

Also all other property, real, personal and mixed not hereinbefore specified or referred to, of every kind and nature whatsoever, now owned, or which may hereafter be owned by the Company (except shares of stock, bonds or other securities not now or hereafter specifically pledged under the Mortgage and indentures supplemental thereto or required to be pledged thereunder by the provisions of the Mortgage or any indenture supplemental thereto), together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining and the reversions, remainder or remainders, rents, issues and profits thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever as well in law as in equity of the Company of, in and to the same and every part and parcel thereof.

It is the intention and it is hereby agreed that all property and the earnings and income thereof acquired by the Company after the date hereof shall be as fully embraced within the provisions hereof and subject to the lien hereby created for securing the payment of all bonds, together with the interest thereon, as if the property were now owned by the Company and were specifically described herein and conveyed hereby, provided nevertheless, that no shares of stock, bonds or other securities now or hereafter owned by the Company, shall be subject to the lien of the Mortgage and indentures supplemental thereto unless now or hereafter specifically pledged or required to be pledged thereunder by the provisions of the Mortgage or any indenture supplemental thereto.

TO HAVE AND TO HOLD, all and singular the property, rights, privileges and franchises hereby conveyed, transferred or pledged or intended so to be, including after-acquired property, together with all and singular the reversions, remainders, rents, revenues, income, issues and profits, privileges and appurtenances, now or hereafter belonging or in any way appertaining thereto, unto the Trustee and its successors in the trust hereby created, and its and their assigns forever;

IN TRUST NEVERTHELESS, for the equal and pro rata benefit and security of each and every person or corporation who may be or become the holders of bonds secured by the Mortgage and indentures supplemental thereto, without preference, priority or distinction (except as provided in Section 1 of Article VIII of the Mortgage) as to lien or otherwise of any bond of

any series over or from any other bond, so that (except as aforesaid) each and every of the bonds issued or to be issued, of whatsoever series, shall have the same right, lien, privilege under the Mortgage and indentures supplemental thereto and shall be equally secured thereby and hereby, with the same effect as if the bonds had all been made, issued and negotiated simultaneously on the date of the Mortgage.

AND THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH:

It is hereby covenanted that all bonds secured by the Mortgage and indentures supplemental thereto with the coupons appertaining thereto, are issued to and accepted by each and every holder thereof, and that the property aforesaid and all other property subject to the lien of the Mortgage and indentures supplemental thereto is held by or hereby conveyed to the Trustee, under and subject to the trusts, conditions and limitations set forth in the Mortgage and indentures supplemental thereto and upon and subject to the further trusts, conditions and limitations hereinafter set forth, as follows, to wit:

ARTICLE I

AMENDMENTS OF MORTGAGE

Section 1. Article II of the Ninth Supplemental Indenture to the Mortgage, as heretofore amended, is hereby further amended as follows:

By adding to paragraph (d) of Section 5 and to the first clause of Section 9, the following:

“4.150% Series due 2044”

ARTICLE II.

BONDS OF THE NEW SERIES

Section 1. The bonds of the New Series shall be designated as hereinabove specified for such designation in the recital immediately preceding the form of bonds of the New Series, subject however, to the provisions of Section 2 of Article I of the Mortgage, as amended, and are issuable only as registered bonds without coupons, substantially in the form hereinbefore recited. Subject to the provisions of the Mortgage, the bonds of the New Series shall be issuable without limitation as to the aggregate principal amount thereof.

The bonds of the New Series shall bear interest from the date thereof and shall be dated as of the interest payment date to which interest was paid next preceding the date of issue unless (a) such date of issue is an interest payment date to which interest was paid, in which event such bonds shall be dated as of such interest payment date, or (b) issued prior to the occurrence of the first interest payment date on which interest is to be paid, in which event such bonds shall be dated September 15, 2014. The bonds of the New Series shall mature on October 1, 2044.

The bonds of the New Series shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rate provided in the form of bond hereinbefore recited, payable on April 1 and October 1 of each year, beginning on April 1, 2015, until the Company's

obligation with respect to the payment of principal thereof shall have been discharged. Both principal and interest on bonds of the New Series shall be payable at the office or agency of the Company in the City of Philadelphia, Pennsylvania, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York, and shall be payable in such coin or currency of the United States of America as at the time of payment shall constitute legal tender for the payment of public and private debts.

The bonds of the New Series shall be in any denomination authorized by the Company.

Any bond or bonds of the New Series shall be exchangeable for another bond or bonds of the New Series in a like aggregate principal amount. Any such exchange may be made upon presentation at the office of the Trustee in the City of Philadelphia, Pennsylvania, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York, without any charge other than a sum sufficient to reimburse the Company for any stamp tax or other governmental charge incident to the exchange.

Section 2. (a) Initially, the bonds of the New Series shall be issued pursuant to a book-entry system administered by The Depository Trust Company (or its successor, referred to herein as the "Depository") as a global security with no physical distribution of bond certificates to be made except as provided in this Section 2. Any provisions of the Mortgage or the bonds of the New Series requiring physical delivery of bonds shall, with respect to any bonds of the New Series held under the book-entry system, be deemed to be satisfied by a notation on the bond registration books maintained by the Trustee that such bonds are subject to the book-entry system.

(b) So long as the book-entry system is being used, one or more bonds of the New Series in the aggregate principal amount of the bonds of the New Series and registered in the name of the Depository's nominee (the "Nominee") will be issued and required to be deposited with the Depository and held in its custody. The book-entry system will be maintained by the Depository and its participants and indirect participants and will evidence beneficial ownership of the bonds of the New Series, with transfers of ownership effected on the records of the Depository, the participants and the indirect participants pursuant to rules and procedures established by the Depository, the participants and the indirect participants. The principal of and any premium on each bond of the New Series shall be payable to the Nominee or any other person appearing on the registration books as the registered holder of such bond or its registered assigns or legal representative at the office of the office or agency of the Company in the City of Philadelphia, Pennsylvania or the Borough of Manhattan, The City of New York. So long as the book-entry system is in effect, the Depository will be recognized as the holder of the bonds of the New Series for all purposes. Transfers of principal, interest and any premium payments or notices to participants and indirect participants will be the responsibility of the Depository, and transfers of principal, interest and any premium payments or notices to beneficial owners will be the responsibility of participants and indirect participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Depository, the participants or the indirect participants. While the Nominee or the Depository, as the case may be, is the registered owner of the bonds of the New Series, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the bonds of the New Series shall be made to the

Nominee or the Depository, as the case may be, by wire transfer in immediately available funds to the account of such holder. Without notice to or consent of the beneficial owners, the Trustee with the consent of the Company and the Depository may agree in writing to make payments of principal, redemption price and interest in a manner different from that set forth herein. In such event, the Trustee shall make payment with respect to the bonds of the New Series in such manner as if set forth herein.

(c) The Company may at any time elect (i) to provide for the replacement of any Depository as the depository for the bonds of the New Series with another qualified depository, or (ii) to discontinue the maintenance of the bonds of the New Series under book-entry system. In such event, the Trustee shall give 30 days' prior notice of such election to the Depository (or such fewer number of days acceptable to such Depository).

(d) Upon the discontinuance of the maintenance of the bonds of the New Series under a book-entry system, the Company will cause the bonds to be issued directly to the beneficial owners of the bonds of the New Series, or their designees, as further described below. In such event, the Trustee shall make provisions to notify participants and beneficial owners of the bonds of the New Series, by mailing an appropriate notice to the Depository, that bonds of the New Series will be directly issued to beneficial owners of the bonds as of a date set forth in such notice (or such fewer number of days acceptable to such Depository).

(e) In the event that bonds of the New Series are to be issued to beneficial owners of the bonds, or their designees, the Company shall promptly have bonds of the New Series prepared in certificated form registered in the names of the beneficial owners of such bonds shown on the records of the participants provided to the Trustee, as of the date set forth in the notice above. Bonds issued to beneficial owners, or their designees shall be substantially in the form set forth in this Supplemental Indenture, but will not include the provision related to global securities.

(f) If the Depository is replaced as the depository for the bonds of the New Series with another qualified depository, the Company will issue a replacement global security substantially in the form set forth in this Supplemental Indenture.

(g) The Company and the Trustee shall have no liability for the failure of any Depository to perform its obligations to any participant, any indirect participant or any beneficial owner of any bonds of the New Series, and the Company and the Trustee shall not be liable for the failure of any participant, indirect participant or other nominee of any beneficial owner or any bonds of the New Series to perform any obligation that such participant, indirect participant or other nominee may incur to any beneficial owner of the bonds of the New Series.

(h) Notwithstanding any other provision of the Mortgage, on or prior to the date of issuance of the bonds of the New Series, the Trustee shall have executed and delivered to the initial Depository a Letter of Representations governing various matters relating to the Depository and its activities pertaining to the bonds of the New Series. The terms and provisions of such Letter of Representations are incorporated herein by reference and, in the event there shall exist any inconsistency between the substantive provisions of the said Letter of Representations and any provisions of the Mortgage, then, for as long as the initial Depository

shall serve as depository with respect to the bonds of the New Series, the terms of the Letter of Representations shall govern.

(i) The Company and the Trustee may rely conclusively upon (i) a certificate of the Depository as to the identity of a participant in the book-entry system; (ii) a certificate of any participant as to the identity of any indirect participant and (iii) a certificate of any participant or any indirect participant as to the identity of, and the respective principal amount of bonds of the New Series owned by, beneficial owners.

Section 3. So long as the bonds of the New Series are held by The Depository Trust Company, such bonds of the New Series shall bear the following legend:

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Section 4. So long as any of the bonds of the New Series remain outstanding, the Company shall keep at its office or agency in the Borough of Manhattan, The City of New York, as well as at the office of the Trustee in the City of Philadelphia, Pennsylvania, books for the registry and transfer of outstanding bonds of the New Series, in accordance with the terms and provisions of the bonds of the New Series and the provisions of Section 8 of Article I of said Mortgage.

Section 5. So long as any bonds of the New Series remain outstanding, the Company shall maintain an office or agency in the City of Philadelphia, Pennsylvania, and an office or agency in the Borough of Manhattan, The City of New York, for the payment upon proper demand of the principal of, the interest on, or the redemption price of the outstanding bonds of the New Series, and will from time to time give notice to the Trustee of the location of such office or agency. In case the Company shall fail to maintain for such purpose an office or agency in the City of Philadelphia or shall fail to give such notice of the location thereof, then notices, presentations and demands in respect of the bonds of the New Series may be given or made to or upon the Trustee at its office in the City of Philadelphia and the principal of, the interest on, and the redemption price of said bonds in such event be payable at said office of the Trustee. All bonds of the New Series when paid shall forthwith be cancelled.

Section 6. The record date for determining the registered holder of this bond entitled to an interest payment shall be fourteen calendar days prior to any interest payment date. Only the registered holder of such bond on such record date shall be entitled to receive such payment, notwithstanding any transfer of such bond upon the registration books subsequent to such record date.

Section 7. The bonds of the New Series shall be issued under and subject to all of the terms and provisions of the Mortgage, of the indentures supplemental thereto referred to in the recitals hereof and of this Supplemental Indenture which may be applicable to such bonds or applicable to all bonds issued under the Mortgage and indentures supplemental thereto.

### ARTICLE III.

#### ISSUE AND AUTHENTICATION OF BONDS OF THE NEW SERIES

In addition to any bonds of any series which may from time to time be executed by the Company and authenticated and delivered by the Trustee upon compliance with the provisions of the Mortgage and/or of any indenture supplemental thereto, bonds of the New Series of an aggregate principal amount of \$300,000,000 shall forthwith be executed by the Company and delivered to the Trustee, and the Trustee shall thereupon, whether or not this Supplemental Indenture shall have been recorded, authenticate and deliver said bonds to or upon the written order of the President, a Vice President, or the Treasurer of the Company, under the terms and provisions of paragraph (c) of Section 3 of Article II of the Mortgage, as amended.

### ARTICLE IV.

#### REDEMPTION OF BONDS OF THE NEW SERIES

Section 1. The bonds of the New Series shall be redeemable, at the option of the Company, as a whole or in part, at any time upon notice sent by the Company through the mail, postage prepaid, at least thirty (30) days and not more than forty-five (45) days prior to the date fixed for redemption, to the registered holder of each bond to be redeemed in whole or in part, addressed to such holder at his address appearing upon the registration books. At any time prior to April 1, 2044 the redemption price shall be equal to the greater of (1) 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date, or (2) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 15 basis points, plus accrued interest to the redemption date. At any time on or after April 1, 2044 the redemption price shall be equal to 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date. Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the bonds of this series or portions of the bonds of this series called for redemption.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“Business Day” means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the bonds of this series that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds of the New Series.

“Comparable Treasury Price” means, with respect to any redemption date:

- the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or
- if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“Reference Treasury Dealer” means (1) each of Mizuho Securities USA Inc., RBS Securities Inc. and a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”) selected by Mitsubishi UFJ Securities (USA), Inc. and their respective successors, in each case, unless such entity ceases to be a Primary Treasury Dealer, in which case the Company shall substitute another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

Section 2. In case the Company shall desire to exercise such right to redeem and pay off all or any part of such bonds of the New Series as hereinbefore provided it shall comply with all the terms and provisions of Article III of the Mortgage, as amended, applicable thereto, and such redemption shall be made under and subject to the terms and provisions of Article III and in the manner and with the effect therein provided, but at the time or times and upon mailing of notice, all as hereinbefore set forth in Section 1 of this Article. No publication of notice of any redemption of any bonds of the New Series shall be required.

## ARTICLE V.

### CERTAIN EVENTS OF DEFAULT; REMEDIES

Section 1. So long as any bonds of the New Series remain outstanding, in case one or more of the following events shall happen, such events shall, in addition to the events of default heretofore enumerated in paragraphs (a) throughout (d) of Section 2 of Article VIII of the Mortgage, constitute an “event of default” under the Mortgage, as fully as if such events were enumerated therein:

(c) default shall be made in the due and punctual payment of the principal (including the full amount of any applicable optional redemption price) of any bond or bonds of the New Series whether at the maturity of said bonds, or at a date fixed for redemption of said bonds, or any of them, or by declaration as authorized by the Mortgage;

Section 2. So long as any bonds of the New Series remain outstanding, Section 10 of Article VIII of the Mortgage, as heretofore amended, is hereby further amended by inserting in the first paragraph of such Section 10, immediately after the words "as herein provided," at the end of clause (2) thereof, the following:

"or (3) in case default shall be made in any payment of any interest on any bond or bonds secured by this indenture or in the payment of the principal (including any applicable optional redemption price) of any bond or bonds secured by this indenture, where such default is not of the character referred to in clause (1) or (2) of this Section 10 but constitutes an event of default within the meaning of Section 2 of this Article VIII."

#### ARTICLE VI.

#### CONCERNING THE TRUSTEE

The Trustee hereby accepts the trust herein declared and provided and agrees to perform the same upon the terms and conditions set forth in the Mortgage, as amended and supplemented, and upon the following terms and conditions:

*The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity of this Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely.*

#### ARTICLE VII.

#### MISCELLANEOUS

Section 1. Unless otherwise clearly required by the context, the term "Trustee," or any other equivalent term used in this Supplemental Indenture, shall be held and construed to mean the trustee under the Mortgage for the time being whether the original or a successor trustee.

Section 2. The headings of the Articles of this Supplemental Indenture are inserted for convenience of reference only and are not to be taken to be any part of this Supplemental Indenture or to control or affect the meaning of the same.

Section 3. Nothing expressed or mentioned in or to be implied from this Supplemental Indenture or in or from the bonds of the New Series is intended, or shall be construed, to give any person or corporation, other than the parties hereto and their respective successors, and the holders of bonds secured by the Mortgage and the indentures supplemental thereto, any legal or equitable right, remedy or claim under or in respect of such bonds or the Mortgage or any indenture supplemental thereto, or any covenant, condition or provision therein or in this Supplemental Indenture contained. All the covenants, conditions and provisions thereof and

hereof are for the sole and exclusive benefit of the parties hereto and their successors and of the holders of bonds secured by the Mortgage and indentures supplemental thereto.

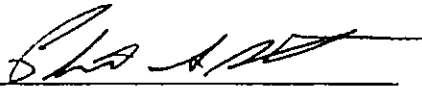
Section 4. This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.


Section 5. This Supplemental Indenture is dated and shall be effective as of September 1, 2014, but was actually executed and delivered on September 8, 2014.

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the President or a Vice President of the party of the first part and the President or a Vice President of the party of the second part, under and by the authority vested in them, have hereto affixed their signatures and their Secretaries or Assistant Secretaries have duly attested the execution hereof the 8<sup>th</sup> day of September, 2014.

PECO ENERGY COMPANY

By   
Phillip S. Barnett  
Senior Vice President,  
Chief Financial Officer and  
Treasurer

Attest   
Ronald L. Zack  
Assistant Secretary

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

By \_\_\_\_\_  
George J. Rayzis  
Vice President

Attest \_\_\_\_\_

Authorized Officer

IN WITNESS WHEREOF, the President or a Vice President of the party of the first part and the President or a Vice President of the party of the second part, under and by the authority vested in them, have hereto affixed their signatures and their Secretaries or Assistant Secretaries have duly attested the execution hereof the  9<sup>th</sup>  day of September, 2014.

PECO ENERGY COMPANY

By \_\_\_\_\_  
Phillip S. Barnett  
Senior Vice President,  
Chief Financial Officer and  
Treasurer

Attest \_\_\_\_\_  
Ronald L. Zack  
Assistant Secretary

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

By George J. Rayzis  
George J. Rayzis  
Vice President

Attest Stephen J. Kaba  
STEPHEN J. KABA Authorized Officer

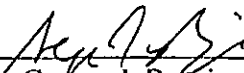




CERTIFICATE OF RESIDENCE

U.S. Bank National Association, Mortgagee and Trustee within named, hereby certifies that its precise address in the City of Philadelphia is 50 South 16<sup>th</sup> Street, Philadelphia, Pennsylvania 19102.

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

By  \_\_\_\_\_  
George J. Rayzis  
Vice President

PECO ENERGY COMPANY

**\$300,000,000 First and Refunding Mortgage Bonds, 4.150% Series Due 2044**

**Underwriting Agreement**

New York, New York  
September 8, 2014

**RECEIVED**

SEP 30 2014

To the Representatives named in  
Schedule I hereto of the Underwriters  
named in Schedule II hereto

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Ladies and Gentlemen:

PECO Energy Company, a corporation organized under the laws of the Commonwealth of Pennsylvania (the "Company"), proposes to sell to the several underwriters named in Schedule II hereto (the "Underwriters"), for whom you (the "Representatives") are acting as representatives, \$300,000,000 principal amount of the Company's First and Refunding Mortgage Bonds, 4.150% Series due 2044 (the "Securities"). The Securities are to be issued under the Company's First and Refunding Mortgage, dated as of May 1, 1923 (the "Mortgage"), as amended and supplemented through the date hereof, and as further amended by the One Hundred and Eleventh Supplemental Indenture, dated as of September 1, 2014 (the "Supplement"), between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The Mortgage, together with any and all amendments or supplements thereto, including the Supplement, is referred to herein collectively as the "Indenture." To the extent there are no additional Underwriters listed on Schedule II other than you, the term Representatives as used herein shall mean you, as Underwriters, and the terms Representatives and Underwriters shall mean either the singular or plural as the context requires. Any reference herein to the Registration Statement, the Base Prospectus, any Preliminary Prospectus or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Effective Date of the Registration Statement or the issue date of the Base Prospectus, any Preliminary Prospectus or the Final Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Base Prospectus, any Preliminary Prospectus or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement or the issue date of the Base Prospectus, any Preliminary Prospectus or the Final Prospectus, as the case may be, deemed to be incorporated therein by reference. Certain terms used herein are defined in Section 20 hereof.

1. Representations and Warranties. The Company represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1.

(a) The Company meets the requirements for use of Form S-3 under the Act and has prepared and filed with the Commission an automatic shelf registration statement

as defined in Rule 405 (the file number of which is set forth in Schedule I hereto) on Form S-3, including a related base prospectus, for registration under the Act of the offering and sale of the Securities. Such Registration Statement, including any amendments thereto filed prior to the Execution Time, became effective upon filing. The Company may have filed one or more amendments thereto, including a Preliminary Prospectus, each of which has previously been furnished to you. The Company will next file with the Commission a final term sheet as contemplated by Section 5(b) hereof and a final prospectus supplement relating to the Securities in accordance with Rules 415 and 424(b). As filed, such final prospectus supplement shall contain all 430B Information, together with all other such required information, and, except to the extent the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the Base Prospectus and any Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein. The Registration Statement, at the Execution Time, meets the requirements set forth in Rule 415(a)(1)(x).

(b) On the Effective Date, the Registration Statement did, and when the Final Prospectus is first filed in accordance with Rule 424(b) and on the Closing Date (as defined herein), the Final Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act, the Exchange Act and the Trust Indenture Act and the respective rules thereunder; on the Effective Date and at the Execution Time, the Registration Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; on the Effective Date and on the Closing Date the Indenture did or will comply in all material respects with the applicable requirements of the Trust Indenture Act and the rules thereunder; and, on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Final Prospectus (together with any supplement thereto) will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to (i) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee or (ii) the information contained in or omitted from the Registration Statement or the Final Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Underwriter through the Representatives specifically for inclusion in the Registration Statement or the Final Prospectus (or any supplement thereto), it being understood and agreed that the only such information furnished by or on behalf of any Underwriter consists of the information described as such in Section 8 hereof.

(c) The Disclosure Package did not, as of the time and date designated as the "Applicable Time of Sale" in Schedule I hereto (the "Applicable Time of Sale"), include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were

made, not misleading. The preceding sentence does not apply to statements in or omissions from the Disclosure Package based upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by or on behalf of any Underwriter consists of the information described as such in Section 8 hereof.

(d) The Company has not made and will not make (other than the final term sheet prepared and filed pursuant to Section 5(b) hereof) any offer relating to the Securities that would constitute a "free writing prospectus" (as defined in Rule 405 under the Act), without the prior written consent of the Representatives; the Company will comply with the requirements of Rule 433 under the Act with respect to any such free writing prospectus; any such free writing prospectus (including the final term sheet prepared and filed pursuant to Section 5(b) hereof) will not, as of its issue date and through the completion of the public offer and sale of the Securities, include any information that is inconsistent with the information contained in the Registration Statement, the Disclosure Package and the Final Prospectus, and any such free writing prospectus, when taken together with the information contained in the Registration Statement, the Disclosure Package and the Final Prospectus, did not, when issued or filed pursuant to Rule 433 under the Act, include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. For the purpose of clarity, nothing in this Section 1(d) shall restrict the Company from making any filings required in order to comply with its reporting obligations under the Exchange Act or the rules and regulations of the Commission promulgated thereunder.

(e) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Sections 13 or 15(d) of the Exchange Act or form of prospectus), (iii) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c)) made any offer relating to the Securities in reliance on the exemption in Rule 163, and (iv) at the Execution Time (with such date being used as the determination date for purposes of this clause (iv)), the Company was or is (as the case may be) a "well-known seasoned issuer" as defined in Rule 405. The Company agrees to pay the fees required by the Commission relating to the Securities within the time required by Rule 456(b)(1) without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r).

(f) At the earliest time after the filing of the Registration Statement that the Company or another offering participant made a bona fide offer of the Securities (within the meaning of Rule 164(h)(2)) of the Securities Act and (y) as of the Execution Time (with such date being used as the determination date for purposes of this clause (y)), the Company was not and is not an Ineligible Issuer (as defined in Rule 405), without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an Ineligible Issuer.

(g) The Company is not, and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Final Prospectus, will not be required to register as an “investment company” under the Investment Company Act.

(h) The Company has not taken, directly or indirectly, any action designed to cause or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(i) The Company has been duly organized and is validly subsisting as a corporation in good standing under the laws of the Commonwealth of Pennsylvania with full power and authority under its articles of incorporation and bylaws to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Disclosure Package and the Final Prospectus, and is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect (as defined below).

(j) Except as disclosed in the Company’s Form 10-K for the fiscal year ended December 31, 2013, the Company does not have any Significant Subsidiaries (as such term is defined in Rule 1.02 of Regulation S-X promulgated under the Act).

(k) The statements in the Disclosure Package and the Final Prospectus under the heading “Description of the Bonds and First and Refunding Mortgage” fairly summarize the matters therein described.

(l) This Agreement has been duly authorized, executed and delivered by the Company; the Indenture has been duly authorized and, assuming due authorization, execution and delivery of the Supplement by the Trustee, when the Supplement is executed and delivered by the Company, will constitute a legal, valid, binding instrument enforceable against the Company in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors’ rights generally from time to time in effect and to general principles of equity); the Securities have been duly authorized, and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters, will have been duly executed and delivered by the Company and will constitute the legal, valid and binding obligations of the Company entitled to the benefits of the Indenture (subject, as to the enforcement of remedies, to applicable bankruptcy, insolvency, moratorium or other laws affecting creditors’ rights generally from time to time in effect and to general principles of equity).

(m) The Pennsylvania Public Utility Commission (the “PAPUC”) has entered an appropriate order authorizing the Company to issue and sell the Securities as contemplated herein; such order is in full force and effect and no proceeding has been initiated upon appeal from or to review the effectiveness of such order. No other consent, approval, authorization, filing with or order of any court or state or federal governmental

agency or body, including the Commission and any applicable state regulatory authority, is required in connection with the transactions contemplated herein or in the Indenture, except such as will be obtained under the Act, the Trust Indenture Act and the Pennsylvania Public Utility Code, and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters in the manner contemplated by this Agreement, the Disclosure Package and the Final Prospectus.

(n) The Company will apply the net proceeds from the issuance and sale of the Securities, as set forth under "Use of Proceeds" in the Disclosure Package and the Final Prospectus, in a manner consistent with the order of the PAPUC authorizing the issuance and sale of the Securities.

(o) Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein contemplated, nor the fulfillment of the terms hereof will conflict with, result in a breach or violation or imposition of any lien, charge or encumbrance upon any property or assets of the Company (other than the lien of the Indenture) pursuant to, (i) the charter or bylaws of the Company; (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which its or their property is subject; or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of its or their properties.

(p) The Company has good and sufficient title to all property described or referred to in the Indenture and purported to be conveyed thereby, subject only to the lien of the Indenture and excepted encumbrances as therein defined (except as to property released from the lien of the Indenture in connection with the sale or other disposition thereof, and certain other exceptions which are not material in the aggregate).

(q) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included or incorporated by reference in the Disclosure Package and the Final Prospectus present fairly in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods indicated, comply as to form with the applicable accounting requirements of the Act and have been prepared in conformity with generally accepted accounting principles.

(r) The Company maintains systems of internal accounting controls sufficient to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorizations, transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, access to assets is permitted only in accordance with management's general or specific authorizations, and the

recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(s) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act, such disclosure controls and procedures have been designed to ensure that material information relating to the Company is made known to the Company's principal executive officer and principal financial officer by others within those entities, and such disclosure controls and procedures are effective.

(t) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property is pending or, to the best knowledge of the Company, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the Indenture, or the consummation of any of the transactions contemplated hereby or thereby; or (ii) could reasonably be expected to have a material adverse effect on the financial condition, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business (collectively, (i) and (ii), a "Material Adverse Effect"), except as set forth in or contemplated in the Disclosure Package and the Final Prospectus (exclusive of any amendment or supplement thereto).

(u) PricewaterhouseCoopers LLP, are independent registered public accountants with respect to the Company within the meaning of the Act and the applicable published rules and regulations thereunder.

(v) Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(w) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(x) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

Any certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

2. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, at the aggregate purchase price set forth on Schedule I hereto, severally and not jointly, to purchase from the Company the principal amount of the Securities set forth opposite such Underwriter’s name in Schedule II hereto.

3. Delivery and Payment. Delivery of and payment for the Securities shall be made on the date and at the time specified in Schedule I hereto or at such time on such later date not more than three Business Days after the foregoing date as the Representatives shall designate, which date and time may be postponed by agreement between the Representatives and the Company or as provided in Section 9 hereof (such date and time of delivery and payment for the Securities being herein called the “Closing Date”). Delivery of the Securities shall be made to the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to an account specified by the Company. Delivery of the Securities shall be made through the facilities of The Depository Trust Company unless the Representatives shall otherwise instruct.

4. Offering by Underwriters. It is understood that the several Underwriters propose to offer the Securities for sale to the public as set forth in the Final Prospectus, the Preliminary Prospectus and the final term sheet contemplated by Section 5(b) hereof.

5. Agreements. The Company agrees with the several Underwriters that:

(a) Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Registration Statement or supplement (including the Final Prospectus or any Preliminary Prospectus) to the Base Prospectus unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. The Company will cause the Final Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. The Company will promptly advise the Representatives (i) when the Final

Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (ii) when, prior to termination of the offering of the Securities, any amendment to the Registration Statement shall have been filed or become effective, (iii) of any request by the Commission or its staff for any amendment of the Registration Statement, or any Rule 462(b) Registration Statement, or for any supplement to the Final Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any notice objecting to its use or the institution or threatening of any proceeding for that purpose and (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) The Company shall prepare a final term sheet, containing solely a description of the Securities, substantially in the form of Annex I hereto and approved by the Representatives, and shall file such term sheet pursuant to Rule 433(d) under the Act within the time period prescribed by such rule; and shall file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act.

(c) Each Underwriter, severally and not jointly, represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" (as defined in Rule 405 under the Act), other than the final term sheet prepared and filed pursuant to Section 5(b) hereof or any free writing prospectus that is not required to be filed by the Company pursuant to Rule 433 (including a preliminary Bloomberg screen containing substantially the same information, but in any event not more information, than the final term sheet prepared and filed pursuant to Section 5(b)).

(d) Each Underwriter, severally and not jointly, represents and agrees that: (i) it has not solicited, and will not solicit, offers to purchase any of the Securities from, (ii) it has not sold, and will not sell, any of the Securities to, and (iii) it has not distributed, and will not distribute, the Disclosure Package or the Final Prospectus to, any person or entity in any jurisdiction outside of the United States, except, in each case, in compliance in all material respects with applicable laws and as described in the Disclosure Package and the Final Prospectus. For the purposes of this paragraph, "United States" means the United States of America, its territories, its possessions (including the Commonwealth of Puerto Rico) and other areas subject to its jurisdiction.

(e) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act (including circumstances when such requirement may be satisfied pursuant to Rule 172), any event occurs or has occurred as a result of which the Final Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it shall be necessary to amend the Registration Statement or supplement the Final Prospectus to

comply with the Act or the Exchange Act or the respective rules thereunder, the Company promptly will (i) notify the Representatives of such event, (ii) prepare and file with the Commission, subject to the first and second sentences of paragraph (a) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance and (iii) supply any supplemented Final Prospectus to you in such quantities as you may reasonably request. If, prior to the Closing Date, there occurs an event or development as a result of which the Disclosure Package would include an untrue statement of a material fact or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Disclosure Package is delivered to a purchaser, not misleading, the Company promptly will notify the Representatives so that any use of the Disclosure Package may cease until it is amended or supplemented, and will promptly prepare an amendment or supplement that will correct such statement or omission.

(f) As soon as practicable, the Company will make generally available to its security holders and to the Representatives an earnings statement or statements of the Company and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(g) The Company will furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act (including circumstances when such requirement may be satisfied pursuant to Rule 172), as many copies of each Preliminary Prospectus, the Final Prospectus and each Issuer Free Writing Prospectus and any supplement thereto as the Representatives may reasonably request. The Company will pay the expenses of printing or other production of all documents relating to the offering.

(h) The Company will arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the Securities and will pay any fee of FINRA in connection with its review of the offering; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction where it is not now so subject.

(i) The Company will not, without the prior written consent of the Representatives, offer, sell, contract to sell, pledge, or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company, directly or indirectly, or announce the offering of, any long-term debt securities issued or guaranteed by the Company or preferred stock (other than the Securities), prior to the Closing Date.

(j) The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(k) The Company agrees to pay the costs and expenses relating to the following matters: (i) the preparation of the Supplement, the issuance of the Securities and the fees of the Trustee; (ii) the preparation, printing or reproduction and filing of the Registration Statement, the Preliminary Prospectus and Final Prospectus, and each amendment or supplement to either of them, and any Issuer Free Writing Prospectus; (iii) the printing (or reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of the Preliminary Prospectus, the Final Prospectus, and all amendments or supplements to either of them, as may, in each case, be reasonably requested for use in connection with the offering and sale of the Securities; (iv) the preparation, printing, authentication, issuance and delivery of certificates for the Securities, including any stamp or transfer taxes in connection with the original issuance and sale of the Securities; (v) the printing (or reproduction) and delivery of this Agreement, any blue sky memorandum and all other agreements or documents printed (or reproduced) and delivered in connection with the offering of the Securities; (vi) any registration or qualification of the Securities for offer and sale under the securities or blue sky laws of the several states (including filing fees and the reasonable fees and expenses of counsel for the Underwriters relating to such registration and qualification); (vii) the transportation and other expenses incurred by or on behalf of Company representatives in connection with presentations to prospective purchasers of the Securities; (viii) the fees and expenses of the Company's accountants and counsel (including local and special counsel); (ix) the fees and expenses of any rating agencies rating the Securities and (x) all other costs and expenses incident to the performance by the Company of its obligations hereunder.

6. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Securities shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein as of the Applicable Time of Sale, the Execution Time and the Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Final Prospectus, and any supplement thereto, shall have been filed in the manner and within the time period required by Rule 424(b); the final term sheet contemplated by Section 5(b) hereto, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433; and no stop order suspending the effectiveness of the Registration Statement or any notice by the Commission objecting to its use shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) Ballard Spahr LLP, counsel for the Company, shall have furnished to the Representatives its opinion, dated the Closing Date and addressed to the Representatives, to the effect that:

(i) the Company has been duly organized and is validly subsisting as a corporation under the laws of the Commonwealth of Pennsylvania, with full corporate power and authority under its articles of incorporation to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Disclosure Package and the Final Prospectus;

(ii) the Securities are in due and proper form; the issue and sale of the Securities by the Company in accordance with the terms of this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Company and by orders duly entered by the Pennsylvania Public Utility Commission. The Securities have been duly executed and delivered by the duly authorized officers of the Company and, when authenticated and delivered by the Trustee against payment therefor, will constitute legal, valid and binding obligations of the Company, entitled to the benefits of the Indenture and enforceable in accordance with their terms subject to (1) the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshalling or similar laws affecting creditors' rights and remedies generally and (2) general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iii) the Indenture has been duly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by duly authorized officers of the Company. The Indenture constitutes a legal, valid and binding instrument, enforceable in accordance with its terms except as the enforceability thereof may be limited by (1) the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshalling or similar laws affecting creditors' rights and remedies generally and (2) general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Indenture has been duly qualified under the Trust Indenture Act;

(iv) the Indenture constitutes a valid mortgage lien of record upon all real property presently owned by the Company described therein as subject to the lien thereof (other than properties expressly excepted therefrom, properties properly released from the lien thereof pursuant to the terms thereof and substantially all of the Company's leaseholds), and the Securities are secured by a valid and, to the extent that it may be perfected by filing under the Uniform Commercial Code, a perfected security interest in such of the personal property of the Company as is described in the Indenture, whether such personal property is now owned or hereinafter acquired by the Company (other than properties

expressly excepted therefrom; properties released from the security interest created thereby; "proceeds" as defined in the Uniform Commercial Code to the extent limited by the terms of Section 9-315 of the Uniform Commercial Code; after-acquired property subject to Section 552 of the Federal Bankruptcy Code; property sold to a buyer in the ordinary course of business. licensed to a licensee in the ordinary course of business or leased to a lessee in the ordinary course of business; insurance policies (except to the extent that payments thereunder are "proceeds," as defined in the Uniform Commercial Code); and contract rights or general intangibles which by their terms, or by law, are not assignable); such counsel need express no opinion as to any actions that may be required to be taken periodically under the Uniform Commercial Code or other applicable law in order for the validity or perfection of any security interest to be maintained;

(v) this Agreement has been duly authorized, executed and delivered by the Company;

(vi) such counsel is not representing the Company in any pending litigation in which it is a named defendant, or in any litigation that is overtly threatened in writing against it by a potential claimant, that challenges the validity or enforceability of, or seeks to enjoin the performance of, the transactions contemplated by this Agreement, the Indenture and the Securities and, to the knowledge of such counsel, there are no material pending legal proceedings to which the Company or any subsidiary is a party and which are required to be set forth in the documents incorporated by reference in the Registration Statement and Final Prospectus other than those referred to in such documents; and the statements in any Preliminary Prospectus and the Final Prospectus under the heading "Description of the Bonds and First and Refunding Mortgage" fairly summarize the matters therein described;

(vii) the PAPUC has entered an appropriate order authorizing the Company to issue and sell the Securities as contemplated herein; such order is in full force and effect and, to the best of such counsel's knowledge after due inquiry, no proceeding has been initiated upon appeal from or to review the effectiveness of such order. No other consent, approval, authorization, filing with or order of any court or state or federal governmental agency or body is required in connection with the transactions contemplated in this Agreement, the Indenture or the Securities, except such as have been obtained under the Act, the Trust Indenture Act, and from the PAPUC, and such as may be required under the blue sky or securities laws of any jurisdiction in connection with the purchase and sale of the Securities by the Underwriters in the manner contemplated in this Agreement and the Final Prospectus and such other approvals (specified in such opinion) as have been obtained;

(viii) the Registration Statement has become effective under the Act; any required filing of the Base Prospectus, any Preliminary Prospectus and the Final Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the

knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any notice by the Commission objecting to its use has been issued, no proceedings for that purpose have been instituted or threatened, and the Registration Statement (other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion), as of the date the Registration Statement originally became effective under the Act, and together with the Preliminary Prospectus and the final Prospectus, as of each “new effective date” with respect to the Notes pursuant to and within the meaning of Rule 430B(f)(2) under the Act, complied, and the Preliminary Prospectus and the final Prospectus (other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion), as of their respective dates, complied, and the final Prospectus (other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion), as of the date hereof, complies, in each case as to form in all material respects with the applicable requirements of the Act, the Exchange Act and the Trust Indenture Act and the respective rules thereunder;

(ix) the Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Final Prospectus, will not be required to register as an “investment company” under the Investment Company Act of 1940, as amended;

(x) the execution and delivery of this Agreement, the Indenture and the Securities, the consummation of any other transactions contemplated by this Agreement, the Indenture and the Securities, and the fulfillment of the terms hereof or thereof do not, and the performance of the obligations hereunder and thereunder will not, (1) violate the articles of incorporation and bylaws of the Company; (2) violate any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of their properties; or (3) conflict with, breach or result in a default under the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which their property is subject that is listed in the Exhibit Index to the Company’s Form 10-K for the fiscal year ended December 31, 2013, Forms 10-Q for the fiscal quarters ended March 31, 2014 and June 30, 2014 and Forms 8-K filed with the Commission during the period between January 1, 2014 and the Closing Date or result in the creation or imposition of any security interest in or lien or encumbrance upon, any property or asset of the Company or any of its subsidiaries pursuant to any item referred to in this clause (3) (other than the lien of the Indenture);

(xi) the discussions in any Preliminary Prospectus and the Final Prospectus in each case under the caption “Certain United States Federal Income Tax Consequences” are fair and accurate summaries of the matters addressed

therein, based upon current law and the assumptions stated or referred to therein, and such counsel shall confirm that these discussions, to the extent they constitute matters of federal income tax law or legal conclusions with respect thereto, represent its opinion; and

(xii) such counsel has no reason to believe that (1) on the Effective Date, the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (2) as of the Applicable Time of Sale, the Disclosure Package contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (3) as of its date and on the Closing Date, the Final Prospectus included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion);

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the Commonwealth of Pennsylvania or the Federal laws of the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Final Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Representatives shall have received from Winston & Strawn LLP, counsel for the Underwriters, such opinion or opinions, dated the Closing Date and addressed to the Representatives, with respect to the issuance and sale of the Securities, the Indenture, the Registration Statement, the Final Prospectus (together with any supplement thereto) and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Winston & Strawn LLP may rely, as to matters governed by the laws of the State of Pennsylvania, upon the opinion of counsel for the Company referred to in Section 6(b).

(d) The Company shall have furnished to the Representatives a certificate of the Company, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Disclosure Package, the Final Prospectus and any amendment or supplement thereto and that:

(i) the representations and warranties of the Company in this Agreement are true and correct on and as of the Closing Date with the same effect

as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date:

(ii) no stop order suspending the effectiveness of the Registration Statement or any notice by the Commission objecting to its use has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included or incorporated by reference in the Disclosure Package and the Final Prospectus (exclusive of any supplement thereto), there has been no Material Adverse Effect, except as set forth in or contemplated in the Disclosure Package and the Final Prospectus (exclusive of any supplement thereto).

(e) At the Execution Time and at the Closing Date, the Company shall have requested and caused PricewaterhouseCoopers LLP to furnish to the Representatives letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representatives.

(f) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof), the Disclosure Package and the Final Prospectus (exclusive of any amendment or supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (e) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the financial condition, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Disclosure Package or the Final Prospectus (exclusive of any amendment or supplement thereto) the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Registration Statement (exclusive of any amendment thereof), the Disclosure Package and the Final Prospectus (exclusive of any amendment or supplement thereto).

(g) During the period from the Execution Time to and including the Closing Date, there shall not have occurred a downgrading in the rating assigned to the Securities or any of the Company's debt securities or commercial paper by any "nationally recognized statistical rating agency," as that term is defined by the Commission in Section 3(a)(62) of the Exchange Act, and no such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities or any of the Company's other debt securities.

(h) Prior to the Closing Date, the Company shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered by this Section 6 will be delivered at the office of counsel for the Company, at Ballard Spahr LLP, 1735 Market Street, 51st Floor, Philadelphia, Pennsylvania 19103, on the Closing Date.

7. Reimbursement of Underwriters' Expenses. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including fees and disbursements of counsel reasonably incurred) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) (i) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or arise out of or are based upon an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact, or an omission or alleged omission to state a material fact required to be stated or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, in any Preliminary Prospectus, the Final Prospectus, or in any amendment or supplement thereto, or in any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter through the Representatives specifically for inclusion therein.

(b) Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Company, each of its directors, each of its officers, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in Section 8(a) above. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. The Company acknowledges that (i) the last sentence set forth on the cover page regarding *delivery of the Securities*, (ii) the first paragraph under the heading “Underwriting – Commissions and Discounts” related to concessions and realallowances and (iii) the paragraphs under the subheading “Underwriting – Price Stabilization and Short Positions” related to stabilization, syndicate covering transactions and penalty bids in any Preliminary Prospectus and the Final Prospectus constitute the only information furnished in writing by or on behalf of the several Underwriters for inclusion in any Preliminary Prospectus, the Final Prospectus or any Issuer Free Writing Prospectus.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party’s choice at the indemnifying party’s expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party’s election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel (including local counsel) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. Notwithstanding the

foregoing, if any indemnified party is entitled to retain separate legal counsel (including local counsel) the indemnifying party shall not be required to bear the fees, costs and expenses of more than one separate counsel (in addition to the fees and expenses of any local counsel) for all indemnified parties with respect to such lawsuit, claim or proceeding; provided that such legal counsel shall be reasonably satisfactory to each indemnified person. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such *settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding and does not include a statement as to, or admission of, fault, culpability or failure to act on behalf of any indemnified party.*

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is for any reason held to be unenforceable by an indemnified party or is insufficient to hold harmless a party indemnified under paragraph (a) or (b) of this Section 8, although applicable in accordance with its terms (including the requirements of Section 8(c) above), the Company and the Underwriters severally agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Underwriters on the other from the offering of the Securities; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the Securities purchased by such Underwriter hereunder; provided, further, that each Underwriter's obligation to contribute to Losses hereunder shall be several and not joint. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Underwriters severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Final Prospectus. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or

any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

9. Default by an Underwriter. (a) If any one or more Underwriters shall fail to purchase and pay for any of the Securities agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of Securities set forth opposite their names in Schedule II hereto bears to the aggregate principal amount of Securities set forth opposite the names of all such remaining Underwriters) the Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate principal amount of Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate principal amount of Securities set forth in Schedule II hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities the defaulting Underwriter failed to purchase.

(b) If the non-defaulting Underwriters are not obligated to and do not purchase all the Securities the defaulting Underwriter failed to purchase, the Company shall be entitled to a period of 24 hours within which to procure other persons reasonably satisfactory to the non-defaulting Underwriters to purchase such Securities and if arrangements for the purchase of such Securities by other persons selected by the Company and reasonably satisfactory to the Representative are not made within 24 hours after such default, this Agreement will terminate without liability to any non-defaulting Underwriter or the Company.

(c) In the event of a default by any Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representatives shall determine in order that the required changes in the Registration Statement and the Final Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company and any non-defaulting Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to the Company prior to delivery of and payment for the Securities, if (a) at any time prior to such time (i) trading in the common

stock of Exelon Corporation shall have been suspended by the Commission or the New York Stock Exchange, or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities, (iii) a major disruption of settlements of securities or clearance services in the United States shall have occurred or (iv) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis and (b) in the case of the foregoing clauses (iii) and (iv), the effect of the event as set forth therein on the financial markets is such as to make it, in the sole judgment of the Representatives, impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Disclosure Package and the Final Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of the officers, directors, employees, agents or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telefaxed to Mitsubishi UFJ Securities (USA), Inc., 1633 Broadway, 29<sup>th</sup> Floor, New York, NY 10019, Attention: Capital Markets Group (fax no.: (646) 434-3455); Mizuho Securities USA Inc., 320 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10022, Attention: Debt Capital Markets (fax no.: (212) 205-7812); RBS Securities Inc., 600 Washington Boulevard, Stamford, CT 06901, Attention: Debt Capital Markets/Syndicate (fax no.: (203) 873-4534); or, if sent to the Company, will be mailed, delivered or telefaxed to Exelon Corporation, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, Illinois 60680-5398, Attention: Vice President and Treasurer (fax no.: (312) 394-4082) and confirmed to the General Counsel (fax no.: (215) 568-3389).

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors, employees, agents and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. No Fiduciary Duty. The Company hereby acknowledges that (a) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the Underwriters and any affiliate through which it may be acting, on the other, (b) the Underwriters are acting as principals and not as agents or fiduciaries of the Company and (c) the Company's engagement of the Underwriters in connection with the offering and the process leading up to the offering is as independent contractors and not in any other capacity. Furthermore, the Company agrees that it is solely responsible for making its own judgments in connection with the offering (irrespective of whether any of the Underwriters has advised or is currently advising the Company on related or other matters). The Company agrees that it will not claim that the Underwriters have rendered

advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

15. Research Analyst Independence. The Company and the Underwriters acknowledge that the Underwriters' research analysts and research departments are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies, and that such Underwriters' research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering of the Securities that differ from the views of their respective investment banking divisions. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by such Underwriters' investment banking divisions. The Company acknowledges that each of the Underwriters is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short positions in debt securities of the Company.

16. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

17. Waiver of Jury Trial. The Company and the Underwriters hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

18. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

19. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

20. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Agreement" shall mean this Underwriting Agreement including all schedules attached hereto and made a part hereof.

"Base Prospectus" shall mean the base prospectus referred to in paragraph 1(a) above contained in the Registration Statement at the Effective Time.

“Business Day” shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

“Commission” shall mean the Securities and Exchange Commission.

“Disclosure Package” shall mean (i) the Preliminary Prospectus, including the Base Prospectus, as amended and supplemented to the Applicable Time of Sale, (ii) the final term sheet prepared and filed pursuant to Section 5(b) hereof, (iii) any Issuer Free Writing Prospectus and (iv) any other Free Writing Prospectus that the parties hereto shall hereafter expressly agree in writing to treat as part of the Disclosure Package. Notwithstanding any provision hereof to the contrary, each document included in the Disclosure Package shall be deemed to include all documents incorporated therein by reference, whether any such incorporated document is filed before or after the document into which it is incorporated, so long as the incorporated document is filed before the Applicable Time of Sale.

“Effective Date” shall mean each date and time that the Registration Statement, any post-effective amendment or amendments thereto became or becomes effective.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Execution Time” shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

“Final Prospectus” shall mean the prospectus supplement relating to the Securities that was first filed pursuant to Rule 424(b) after the Execution Time, together with the Base Prospectus.

“FINRA” shall mean The Financial Industry Regulatory Authority.

“Investment Company Act” shall mean the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Issuer Free Writing Prospectus” shall mean any “issuer free writing prospectus” as defined in Rule 433 under the Act.

“Preliminary Prospectus” shall mean any preliminary prospectus supplement to the Base Prospectus which describes the Securities and the offering thereof and is used prior to the filing of the Final Prospectus, together with the Base Prospectus.

“Registration Statement” shall mean the registration statement referred to in paragraph 1(a) above, including exhibits and financial statements and any prospectus supplement relating to the Securities that is filed with the Commission pursuant to Rule 424(b) and deemed part of such registration statement pursuant to Rule 430B, as amended on the Effective Date and, in the event any post-effective amendment thereto

becomes effective prior to the Closing Date, shall also mean such registration statement as so amended.

“Rule 158,” “Rule 164,” “Rule 172,” “Rule 405,” “Rule 415,” “Rule 424,” “Rule 430B” and “Rule 462” refer to such rules under the Act.


“Rule 430B Information” shall mean information with respect to the Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430B.

“Trust Indenture Act” shall mean the Trust Indenture Act of 1939, as amended and the rules and regulations of the Commission promulgated thereunder.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

PECO ENERGY COMPANY

By:   
Name: Phillip S. Barnett  
Title: SVP, CFO, Treasurer, PECO Energy Co.

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto.

MITSUBISHI UFJ SECURITIES (USA), INC.

By: \_\_\_\_\_  
Name:  
Title:

MIZUHO SECURITIES USA INC.

By: \_\_\_\_\_  
Name:  
Title:

RBS SECURITIES INC.

By: \_\_\_\_\_  
Name:  
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

PECO ENERGY COMPANY

By: \_\_\_\_\_  
Name:  
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto.

MITSUBISHI UFJ SECURITIES (USA), INC.

By:   
Name: **RICHARD TESTA**  
Title: **MANAGING DIRECTOR**

MIZUHO SECURITIES USA INC.

By: \_\_\_\_\_  
Name:  
Title:

RBS SECURITIES INC.

By: \_\_\_\_\_  
Name:  
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

PECO ENERGY COMPANY

By: \_\_\_\_\_

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto.

MITSUBISHI UFJ SECURITIES (USA), INC.

By: \_\_\_\_\_

Name:

Title:

MIZUHO SECURITIES USA INC.

By: W. Scott Trachsel

Name: W. Scott Trachsel

Title: Managing Director

RBS SECURITIES INC.

By: \_\_\_\_\_

Name:

Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

PECO ENERGY COMPANY

By: \_\_\_\_\_  
Name:  
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto.


MITSUBISHI UFJ SECURITIES (USA), INC.

By: \_\_\_\_\_  
Name:  
Title:

MIZUHO SECURITIES USA INC.

By: \_\_\_\_\_  
Name:  
Title:

RBS SECURITIES INC.

By:   
Name: Matthew Sch. F. F. F.  
Title: Vice President

## SCHEDULE I

Underwriting Agreement, dated September 8, 2014

Registration Statement No. 333-196220-02

Representatives: Mitsubishi UFJ Securities (USA), Inc.  
Mizuho Securities USA Inc.  
RBS Securities Inc.

Title, Purchase Price and Description of Securities:

Title: First and Refunding Mortgage Bonds, 4.150% Series due 2044

Principal amount: \$300,000,000

Underwriters' aggregate purchase price (including accrued interest or amortization, if any): 98.782% (\$296,346,000)

Underwriting Discount: 0.875% (\$2,625,000)

Sinking fund provisions: None

Redemption provisions: As set forth in the Final Prospectus

Other provisions: As set forth in the Final Prospectus

Closing Date, Time and Location: September 15, 2014 at approximately 10 a.m. EDT  
Ballard Spahr LLP  
1735 Market Street, 51st Floor  
Philadelphia, Pennsylvania 19103

Type of Offering: Non-delayed

Applicable Time of Sale pursuant to Section 1(c) of the Underwriting Agreement: 2:30 p.m. EDT, September 8, 2014

SCHEDULE II

<u>Underwriters</u>	<u>Principal Amount of Securities to be Purchased</u>
Mitsubishi UFJ Securities (USA), Inc. ....	\$ 72,000,000
Mizuho Securities USA Inc. ....	72,000,000
RBS Securities Inc. ....	72,000,000
BNY Mellon Capital Markets, LLC ....	27,000,000
TD Securities (USA) LLC ....	27,000,000
PNC Capital Markets LLC.....	15,000,000
CastleOak Securities, L.P. ....	7,500,000
Mischler Financial Group, Inc. ....	7,500,000
Total .....	<u>\$ 300,000,000</u>

**PECO Energy Company**  
**\$300,000,000 First and Refunding Mortgage Bonds, 4.150% Series Due 2044**

**Pricing Term Sheet**

Issuer:	PECO Energy Company
Ratings:	[omitted]
Securities:	First and Refunding Mortgage Bonds
Settlement Date:	September 15, 2014 (T+5)
Principal Amount:	\$300,000,000
Maturity:	October 1, 2044
Coupon:	4.150%
Benchmark Treasury:	3.375% due May 15, 2044
Benchmark Treasury Price and Yield:	102-30; 3.220%
Spread to Benchmark Treasury:	95 basis points
Yield to Maturity:	4.170%
Offering Price:	99.657%
Interest Payment Dates:	April 1 and October 1 of each year, commencing April 1, 2015
Redemption Provisions:	At any time prior to April 1, 2044, at the greater of (i) 100% of the principal amount of the bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed (excluding interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year comprised of twelve 30-day months) at the Treasury rate plus 15 basis points, plus, in each case accrued interest to the redemption date  At any time on or after April 1, 2044, at 100% of the principal amount, plus accrued interest to the redemption date
CUSIP:	693304 AS6
Joint Book Running Managers:	Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. RBS Securities Inc. BNY Mellon Capital Markets, LLC TD Securities (USA) LLC
Senior Co-Manager:	PNC Capital Markets LLC
Co-Managers:	CastleOak Securities, L.P. Mischler Financial Group, Inc.

**Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

**The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Mitsubishi UFJ Securities (USA), Inc. at 1-877- 649-6848, Mizuho Securities USA Inc. at 1-866-271-7403 and RBS Securities Inc. at 1-866-884-2071.**

**RECEIVED**

SEP 30 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**PECO ENERGY COMPANY  
UNANIMOUS CONSENT OF  
EXECUTIVE COMMITTEE  
OF THE BOARD OF DIRECTORS**

The undersigned, being the Executive Committee of the Board of Directors of PECO Energy Company (the "Company"), a Pennsylvania corporation, in accordance with Section 1727(b) of the Pennsylvania Business Corporation Law of 1988, unanimously consents and agrees that the following resolutions are adopted as the action of the Executive Committee of the Board of Directors of the Company to the same extent and with the same force and effect as though such resolutions had been duly authorized and adopted at a meeting pursuant to notice:

**PLAN FOR ISSUANCE OF FIRST AND REFUNDING MORTGAGE BONDS AGGREGATING UP TO \$300,000,000; SALE OF UP TO \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044.**

WHEREAS, the Company proposes to issue and sell at this time a series of First and Refunding Mortgage Bonds ("Bonds") in the aggregate principal amount of up to \$300,000,000, pursuant to a shelf registration under Rule 415;

WHEREAS, the net proceeds from the sale of the Bonds are to be used to pay at maturity \$250,000,000 aggregate principal amount of the Company's First and Refunding Mortgage Bonds, 5.0% Series due 2014 and for other general corporate purposes;

IT IS THEREFORE RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that the plan for issuance and sale of Bonds in the aggregate principal amount of up to \$300,000,000 to be sold pursuant to a shelf registration statement under Rule 415 is approved.

RESOLVED, that the action of the officers of the Company in obtaining the various regulatory approvals, including but not limited to the filing of Securities Certificates with the Pennsylvania Public Utility Commission ("PUC") and the filing of a Registration Statement on Form S-3 with respect to the issuance and sale of first mortgage bonds from time to time pursuant to Rule 415 with the Securities and Exchange Commission ("SEC"), is approved, ratified and confirmed, and the officers are authorized to take any and all other action necessary or desirable, including but not limited to the filing of any amendments to the Securities Certificates in order to secure notices of registration thereof by the PUC and the filing of any post-effective amendments to the Registration Statement, or prospectus or pricing supplements with the SEC.

RESOLVED, that the actions of the officers of the Company in preparing the Preliminary Prospectus relating to the Bonds are approved, ratified and confirmed and the officers of the Company are authorized to prepare a Final Prospectus for the offer and sale of the Bonds.

RESOLVED, that the underwriting agreement with the underwriters of the Bonds (the "Underwriting Agreement") with substantially the terms described to the Executive Committee of the Board of Directors is approved; that the President, any Vice President, Treasurer or Assistant Treasurer is authorized and directed to execute and deliver the Underwriting Agreement, with such changes therein, if any, as the President, any Vice President, Treasurer or Assistant Treasurer executing the same may approve, as conclusively evidenced by his execution and delivery thereof.

RESOLVED, that the issuance of the series of the Bonds in the principal amount of up to \$300,000,000, maturing on October 1, 2044 and bearing interest from April 1, 2015 at the rate of 4.150% per annum, payable semi-annually in arrears on October 1 and April 1, beginning on April 1, 2015, and having the other terms specified in the form of Supplemental Indenture relating to the Bonds is authorized and approved.

RESOLVED, that it is desirable and in the best interest of the Company that its proposed issue of Bonds in an aggregate principal amount of up to \$300,000,000 be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or any Assistant Secretary are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the Bonds as the officers may deem advisable; that the officers are authorized to perform on behalf of the Company all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorney for service of process; that the execution by the officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and documents so executed and the action so taken and that all prior actions of the officers with respect to the foregoing are approved, ratified and confirmed.

RESOLVED, that the Executive Committee of the Board of Directors adopts the form of any resolution required under any applicable state securities law to be adopted in connection with an application for qualification or registration of the Bonds in an aggregate principal amount of up to \$300,000,000 or any consent to service of process or other requisite paper or document required to be filed in connection therewith, if (1) in the opinion of the officers the adoption of the resolution is necessary or advisable and (2) the Secretary evidences adoption by inserting in the minutes a copy of the resolution, which will thereupon be deemed to be adopted by the Executive Committee of the Board of Directors, with the same force and effect as if specifically incorporated herein.

RESOLVED, that the President or any Vice President is authorized and empowered, in the name and on behalf of the Company, to make or cause to be made, all such additional agreements, documents, instruments and certificates, and where necessary or appropriate, to file with the appropriate governmental authority all such certificates, instruments or other documents, with the corporate seal of the Company affixed thereto, or without such seal, and to do or cause to be done all such acts and things, and to take all such steps, and to make all such payments and remittances, as the President or any Vice President may at any time or times deem necessary or desirable in connection with, or in furtherance of the foregoing resolutions and to carry out the full intent and purpose of the foregoing resolutions.

RESOLVED, that the officers of the Company are authorized and directed to enter into any interest rate swaps, hedging arrangements or other transactions that they deem necessary or advisable in connection with the Bonds.

RESOLVED, that the officers of the Company, and each of them, acting alone or together with one or more such other officers, are authorized and directed to execute and deliver on behalf of the Company all Master Agreements on the International Swaps and Derivatives Association, Inc. form or other agreements, consents, directions, confirmations, documents, instruments and certificates, and where necessary or desirable, to file with the appropriate governmental authority all such affidavits, certificates, confirmations, instruments or other documents, with the seal of the Company affixed thereto, if required, and to do or cause to be done all such acts and things, and to take all such steps, and to make all such payments and remittances, as any one or more of such officers may at any time or times deem necessary or desirable in connection with, or in furtherance of, the foregoing resolutions and to carry out the full intent and purpose of the foregoing resolutions.

RESOLVED, that any and all actions heretofore or hereafter taken and expenses incurred by the President or any Vice President within the terms of the foregoing resolutions are approved, ratified and confirmed as the acts and deeds of the Company.

**DESIGNATION OF SERIES AND ADOPTION OF INTEREST RATE AND OTHER TERMS OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044; EXECUTION AND DELIVERY OF ONE HUNDRED AND ELEVENTH SUPPLEMENTAL INDENTURE TO THE FIRST AND REFUNDING MORTGAGE**

WHEREAS, that in order to issue and sell the proposed \$300,000,000 aggregate principal amount of the Company's Bonds, 4.150% Series due 2044, it is necessary for the Company to create the additional series of Bonds to be issued under its First and Refunding Mortgage, to be designated "First and Refunding Mortgage Bonds, 4.150% Series due 2044."

WHEREAS, attached hereto is a form of One Hundred and Eleventh Supplemental Indenture of the Company to U.S. Bank National Association, Trustee,

dated as of September 1, 2014 (1) specifying the form and provisions of the Bonds of the 4.150% Series due 2044 and the provisions applicable thereto not contained in the Mortgage or in any previous supplement thereto, (2) defining the covenants and provisions of or applicable to the Bonds of the series, and (3) assuring, conveying and confirming to U.S. Bank National Association, Trustee, all the property therein described or mentioned.

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that the Executive Committee of the Board of Directors authorizes the issuance of a new series of Bonds to be issued under the terms of the Company's First and Refunding Mortgage dated May 1, 1923 between the Company and Fidelity Trust Company (now U.S. Bank National Association), Trustee; that such new series be designated "First and Refunding Mortgage Bonds, 4.150% Series due 2044," shall mature October 1, 2044, shall bear interest from September 15, 2014 at the rate of 4.150% per annum, payable semi-annually in arrears on October 1 and April 1 beginning on April 1, 2015, and shall have redemption provisions as specified in the One Hundred and Eleventh Supplemental Indenture of the Company to U.S. Bank National Association, Trustee, dated as of September 1, 2014.

RESOLVED, that the form of One Hundred and Eleventh Supplemental Indenture of the Company to U.S. Bank National Association, dated as of September 1, 2014 attached hereto and the form of bond of the Bonds of the 4.150% Series due 2044, set forth in the Supplemental Indenture, are adopted and approved as the form, tenor and provisions of the Supplemental Indenture and for the Bonds of the 4.150% Series due 2044.

RESOLVED, that the Chairman of the Board of Directors, the President or a Vice President and the Secretary or Assistant Secretary of the Company are authorized and directed to execute, seal and acknowledge in the name and on behalf of the Company and to deliver to U.S. Bank National Association, as Trustee, for execution by it, a One Hundred and Eleventh Supplemental Indenture dated as of September 1, 2014, substantially in the form attached hereto.

**ISSUANCE, DENOMINATIONS, NUMBERING AND LETTERING OF AND AUTHORIZING USE OF SIGNATURES ON FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044**

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that the Company issue up to \$300,000,000 aggregate principal amount of Bonds, 4.150% Series due 2044, and that the officers are authorized and directed to deliver the Bonds in fully registered form to U.S. Bank National Association, Trustee, for authentication by it, and that the Bonds in the form attached hereto are approved.

RESOLVED, that the Bonds of the 4.150% Series due 2044 be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof and the Bonds of each such denomination be numbered consecutively commencing with Number R-1.

RESOLVED, that the Bonds of the 4.150% Series due 2044 shall initially be issued in book-entry only form through The Depository Trust Company ("DTC") and the officers of the Company are authorized and directed to execute and deliver to DTC a Letter of Representation in connection therewith.

RESOLVED, that the Bonds of the 4.150% Series due 2044 be executed in the name and on behalf of the Company by the manual signature of the President or any Vice President, attested by the manual signature of the Secretary or any Assistant Secretary, under the imprinted corporate seal of the Company:

RESOLVED, that, if prior to the issuance of the Bonds of the 4.150% Series due 2044, the President or Vice President, or the Secretary or Assistant Secretary that manually signed the Bonds of the 4.150% Series due 2044 shall cease to hold such office, the Bonds of the series bearing their signatures shall nevertheless be valid.

**AUTHENTICATION AND DELIVERY OF UP TO \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044**

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that U.S. Bank National Association, successor to Fidelity Trust Company, Trustee under the First and Refunding Mortgage dated May 1, 1923, to The Counties Gas and Electric Company, to which the Company is successor, and indentures supplemental thereto, is requested to authenticate and deliver upon the written order of the President, a Vice President or the Treasurer of the Company up to \$300,000,000 aggregate principal amount of definitive Bonds, 4.150% Series due 2044, of the Company, in the form approved at this meeting, to be authenticated and delivered under the provisions of paragraph (c) of Section 3 of Article II of the Mortgage.

**OMNIBUS RESOLUTIONS**

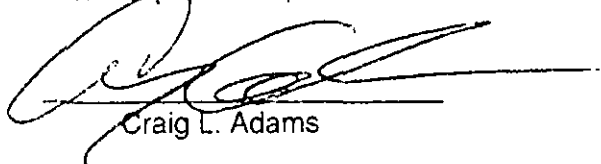
**RESOLVED**, that the officers of the Company, and each of them, acting alone or together with one or more such officers, are authorized to take or cause to be taken all such actions as in the judgment of such officer or officers may be necessary, desirable or convenient in order to carry out the purpose of the foregoing resolution, and the doing of such action shall be conclusive evidence that the same are in all respects fully authorized and approved.

**RESOLVED**, that this Consent may be executed in any number of counterparts with the same effect as if the signatures thereto were upon the same instrument, but all such counterparts taken together shall be deemed to constitute one and the same instrument.

**RESOLVED**, that this Consent be filed with the minutes of the proceedings of the Board of Directors of the Company

**Executive Committee of the Board of Directors**

Dated September 8, 2014

  
\_\_\_\_\_  
Craig L. Adams

\_\_\_\_\_  
Christopher M. Crane

\_\_\_\_\_  
M. Walter D'Alessio

\_\_\_\_\_  
Denis P. O'Brien

**AUTHENTICATION AND DELIVERY OF UP TO \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044**

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that U.S. Bank National Association, successor to Fidelity Trust Company, Trustee under the First and Refunding Mortgage dated May 1, 1923, to The Counties Gas and Electric Company, to which the Company is successor, and indentures supplemental thereto, is requested to authenticate and deliver upon the written order of the President, a Vice President or the Treasurer of the Company up to \$300,000,000 aggregate principal amount of definitive Bonds, 4.150% Series due 2044, of the Company, in the form approved at this meeting, to be authenticated and delivered under the provisions of paragraph (c) of Section 3 of Article II of the Mortgage.

**OMNIBUS RESOLUTIONS**

RESOLVED, that the officers of the Company, and each of them, acting alone or together with one or more such officers, are authorized to take or cause to be taken all such actions as in the judgment of such officer or officers may be necessary, desirable or convenient in order to carry out the purpose of the foregoing resolution, and the doing of such action shall be conclusive evidence that the same are in all respects fully authorized and approved.

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**Executive Committee of the Board of Directors**

Dated September 8, 2014

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Craig L. Adams

\_\_\_\_\_  
Christopher M. Crane

  
\_\_\_\_\_  
M. Walter D'Alessio

\_\_\_\_\_  
Denis P. O'Brien

**AUTHENTICATION AND DELIVERY OF UP TO \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044**

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that U.S. Bank National Association, successor to Fidelity Trust Company, Trustee under the First and Refunding Mortgage dated May 1, 1923, to The Counties Gas and Electric Company, to which the Company is successor, and indentures supplemental thereto, is requested to authenticate and deliver upon the written order of the President, a Vice President or the Treasurer of the Company up to \$300,000,000 aggregate principal amount of definitive Bonds, 4.150% Series due 2044, of the Company, in the form approved at this meeting, to be authenticated and delivered under the provisions of paragraph (c) of Section 3 of Article II of the Mortgage.

**OMNIBUS RESOLUTIONS**

**RESOLVED**, that the officers of the Company, and each of them, acting alone or together with one or more such officers, are authorized to take or cause to be taken all such actions as in the judgment of such officer or officers may be necessary, desirable or convenient in order to carry out the purpose of the foregoing resolution, and the doing of such action shall be conclusive evidence that the same are in all respects fully authorized and approved.

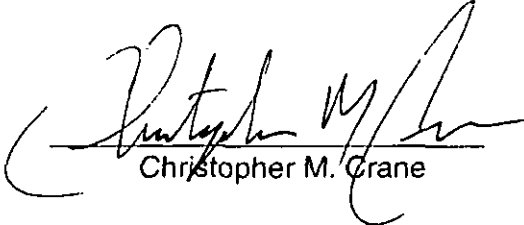
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**RESOLVED**, that this Consent be filed with the minutes of the proceedings of the Board of Directors of the Company

**Executive Committee of the Board of Directors**

Dated September 8, 2014

\_\_\_\_\_  
Craig L. Adams

  
\_\_\_\_\_  
Christopher M. Crane

\_\_\_\_\_  
M. Walter D'Alessio

\_\_\_\_\_  
Denis P. O'Brien

**AUTHENTICATION AND DELIVERY OF UP TO \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST AND REFUNDING MORTGAGE BONDS, 4.150% SERIES DUE 2044**

IT IS FURTHER RESOLVED, by the Executive Committee of the Board of Directors as follows:

RESOLVED, that U.S. Bank National Association, successor to Fidelity Trust Company, Trustee under the First and Refunding Mortgage dated May 1, 1923, to The Counties Gas and Electric Company, to which the Company is successor, and indentures supplemental thereto, is requested to authenticate and deliver upon the written order of the President, a Vice President or the Treasurer of the Company up to \$300,000,000 aggregate principal amount of definitive Bonds, 4.150% Series due 2044, of the Company, in the form approved at this meeting, to be authenticated and delivered under the provisions of paragraph (c) of Section 3 of Article II of the Mortgage.

**OMNIBUS RESOLUTIONS**

**RESOLVED**, that the officers of the Company, and each of them, acting alone or together with one or more such officers, are authorized to take or cause to be taken all such actions as in the judgment of such officer or officers may be necessary, desirable or convenient in order to carry out the purpose of the foregoing resolution, and the doing of such action shall be conclusive evidence that the same are in all respects fully authorized and approved.

**RESOLVED**, that this Consent may be executed in any number of counterparts with the same effect as if the signatures thereto were upon the same instrument, but all such counterparts taken together shall be deemed to constitute one and the same instrument.

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**Executive Committee of the Board of Directors**

Dated September 8, 2014

\_\_\_\_\_  
Craig L. Adams

\_\_\_\_\_  
Christopher M. Crane

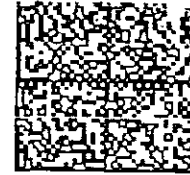
\_\_\_\_\_  
M. Walter D'Alessio

  
\_\_\_\_\_  
Denis P. O'Brien

**CERTIFIED MAIL**



7360 3903 9848 9955 7757



Hasler

09120322001

\$ 11.95<sub>0</sub>

09/30/2014

Mailed From 19103  
US POSTAGE

**Ballard Spahr**  
LLP

1735 Market Street, 51st Floor  
Philadelphia, PA 19103-7599

Rosemary Chiavetta  
PA Public Utility Commission  
400 North Street, 2nd Floor  
Commonwealth Keyston Bldg.  
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