First Quarter 2015
Financial Statement Highlights

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1Q15 Balance Sheet Highlights - Assets

(dollars in millions)	3/31/15 Balance	12/31/14 Balance	Change	
			$	%
Operating cash[1]	128	37	91	246
Accounts receivable [2]	3	31	(28)	(90)

(1) Increase in operating cash is primarily due to the $73 million net increase in FTR excess congestion during the first quarter 2015 that is not being distributed back to members until the end of the current planning year. The remaining difference is due to the timing of collections vs. expenditures.

(2) Decrease in accounts receivable is due to the return of a portion of FTR excess congestion revenue in the March 2015 month-end bill. PJM is still holding approximately $111 million in FTR excess congestion revenue at March 31, 2015 that will be remitted to members by the end of June 2015.

1Q15 Balance Sheet Highlights - Liabilities

(dollars in millions)	3/31/15 Balance	12/31/14 Balance	Change	
			$	%
Due to members [(1)]	132	61	71	116
Deferred regulatory liability – non-current [(2)]	15	11	4	36
Long-term debt [(3)]	29	35	(6)	(17)

(1) Increase is primarily due to FTR excess congestion revenue collected but not yet remitted to members at March 31, 2015.

(2) The non-current portion of the deferred regulatory liability represents PJM's financial reserve at March 31, 2015 as defined in the stated rate tariff.

(3) Decrease in long-term debt reflects the scheduled semi-annual debt payments under the seven-year private placement and the term loan. These payments are due March 15th and September 15th through 2016 for the private placement and through 2021 for the term loan.

1Q15 Change in Deferred Regulatory Liability

($ in millions)	Three Months Ended March 31, 2015
Service Fees	73
Expenses, net	(69)
Contribution to Deferred Regulatory Liability	4

1Q15 Income Statement Highlights

(dollars in millions)	1Q15	1Q14	Change	
			$	%
Compensation[(1)]	33	30	3	10
Pension and postretirement healthcare benefits [(2)]	3	2	1	50

(1) Increase in compensation expense is a result of year-over-year benefit premium and merit increases as well as the timing of labor being capitalized into projects.

(2) Increase in pension and postretirement healthcare benefits is due to the decrease in the discount rate used to measure the associated liabilities at December 31, 2014.

1Q15 Cash Flow Statement Highlights

(dollars in millions)	1Q15	1Q14	Change	
			$	%
Operating Cash Flows (1)	31	16	15	94
Investing Cash Flows	(5)	(8)	(3)	(38)
Financing Cash Flows (2)	20	1,073	(1,053)	(98)

(1) The change in net cash provided by operating activities was principally driven by net FTR excess congestion revenue collected during the first quarter of 2015 that has not been distributed to members yet.

(2) The change in net cash provided by financing activities is primarily due to lower customer deposits as a result of decreased market activity during the first quarter of 2015 as compared to the first quarter of 2014. This was partially offset by the higher due to members balance as a result of accumulated FTR excess congestion at March 31, 2015 as compared to March 31, 2014.

Footnotes:

- Footnote 11 provides a summary of ongoing legal and regulatory matters.
  - Lehman Brothers Commodities Services Default – Cumulative $16.4 million (96%) recovery to date against $17 million claim. Additional bankruptcy payments anticipated.
  - Marginal Line Loss Surplus Payment Re-allocation – DC Circuit Court of Appeals remand order in August 2013 directed FERC to provide additional support for its determination to recoup the previously ordered refunds.