

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934**

July 28, 2004
(Date of earliest
event reported)

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street -- 37th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street -- 37th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-4321	36-0938600
1-1401	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348 (610) 765-6900	23-3064219

Item 9. Regulation FD Disclosure and Item 12. Results of Operations and Financial Condition

On July 28, 2004, Exelon Corporation (Exelon) announced via press release Exelon's results for its second quarter ended June 30, 2004. A copy of Exelon's press release is attached hereto as Exhibit 99.1 and discussion materials for the July 28, 2004 conference call are attached hereto as Exhibits 99.2 through 99.4. This Form 8-K and the attached exhibits are provided under Items 9 and 12 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission.

Exhibit Index

Exhibit No.	Description
99.1	Press release
99.2	2004 Financial Scorecard
99.3	Exelon Way Savings
99.4	Free Cash Flow

This combined Form 8-K is being furnished separately by Exelon, Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Exelon Generation Company, LLC (Generation) (Registrants). Information contained herein relating to any individual registrant has been furnished by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant.

Certain of the matters discussed in this Report 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 made by a registrant include those factors discussed herein, as well as the items discussed in (a) the Registrants' 2003 Annual Report on Form 10-K — ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Business Outlook and the Challenges in Managing Our Business for each of Exelon, ComEd, PECO and Generation, (b) the Registrants' 2003 Annual Report on Form 10-K — ITEM 8. Financial Statements and Supplementary Data: Exelon — Note 19, ComEd — Note 15, PECO — Note 14 and Generation — Note 13 and (c) other factors discussed in filings with the United States Securities and Exchange Commission (SEC) by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EXELON CORPORATION
COMMONWEALTH EDISON COMPANY
PECO ENERGY COMPANY
EXELON GENERATION COMPANY, LLC

/s/ Robert S. Shapard

Robert S. Shapard
Executive Vice President and Chief Financial Officer
Exelon Corporation

July 28, 2004



News Release

From: Exelon Corporation
Corporate Communications
P.O. Box 805379
Chicago, IL 60680-5379

FOR IMMEDIATE RELEASE

Contact: Jennifer Medley, Media Relations
312.394.7189
Michael Metzner, Investor Relations
312.394.7696

**Exelon Announces Strong Second Quarter Earnings;
Expects Full Year Earnings to be Near High End of Guidance;
Increases Common Dividend by 10.9%;
Plans 50 to 60% Dividend Payout Starting Full Year 2005**

Chicago (July 28, 2004) – Exelon Corporation's (Exelon) second quarter 2004 consolidated earnings prepared in accordance with GAAP were \$521 million, or \$0.78 per diluted share, compared with \$372 million, or \$0.57 per diluted share, in second quarter 2003.

Exelon's adjusted (non-GAAP) operating earnings for the second quarter of 2004 were \$476 million, or \$0.71 per diluted share, compared with \$402 million, or \$0.61 per diluted share, for the same period in 2003. The 16% adjusted (non-GAAP) operating earnings per share improvement was due to a number of factors including higher retail kWh deliveries, higher wholesale margins, cost savings related to The Exelon Way program, the continued exit from Exelon Enterprises, the acquisition of the second half of AmerGen in late 2003 and lower interest expense. Partially offsetting these positive earnings factors were decreased competitive transition charge (CTC) revenue, as expected, at Commonwealth Edison Company (ComEd) and higher depreciation and amortization expenses.

Adjusted (non-GAAP) operating earnings is a non-GAAP financial measure. Adjusted (non-GAAP) operating earnings for the second quarter of 2004 do not include the following items that are included in reported GAAP earnings:

- After-tax earnings of \$15 million, or \$0.03 per diluted share, from investments in synthetic fuel producing facilities.
 - After-tax earnings of \$42 million, or \$0.06 per diluted share, from the sale of Boston Generating, LLC (Boston Generating), net of losses on operations of Boston Generating in the second quarter prior to the sale.
 - After-tax severance and severance-related costs related to The Exelon Way of \$13 million or \$0.02 per diluted share.
-

Adjusted (non-GAAP) operating earnings for the second quarter of 2003 did not include the following item that was included in reported GAAP earnings:

- An after-tax charge of \$30 million, or \$0.04 per diluted share, for goodwill impairment related to the agreement to sell Exelon Enterprises' InfraSource business.

"Our strong second quarter results reflect robust load growth, improving wholesale margins, continued operational improvements through The Exelon Way and continued successful execution of our Path to Exit from Enterprises," said John W. Rowe, Exelon Chairman and CEO. "In light of our strong first half, we are comfortable with our previously announced full year GAAP earnings guidance of \$2.78 to \$2.93 per share and operating earnings guidance of \$2.68 to \$2.83 per share and believe we will come in near the top end of this range. In addition to an annual dividend increase of 12 cents per share, our Board of Directors yesterday also approved a policy of targeting a dividend payout ratio of 50 to 60% of ongoing earnings and authorized our plan to achieve that level of payout for the full year of 2005. The dividend increase along with the new dividend policy reflects our confidence in the sustainability of recent earnings and cash flow improvements and demonstrates our continued commitment to increase our payout to shareholders as we complete our efforts to strengthen our balance sheet."

Earnings guidance is based on the assumption of normal weather for the last two quarters of 2004. Adjusted (non-GAAP) operating earnings guidance excludes earnings from investments in synthetic fuel producing facilities, the cumulative effect of adopting FIN 46-R, any profit or loss related to Boston Generating and severance and severance-related costs related to The Exelon Way. Third quarter adjusted (non-GAAP) operating earnings are expected to be between \$0.75 and \$0.95 per share.

Common Dividend Increase

The Exelon Board of Directors declared a dividend of \$0.305 per share on Exelon's common stock, payable September 10, 2004, to shareholders of record at 5:00 p.m. New York time on August 15, 2004. The increase of \$0.12 per share annually, approximately 10.9%, will result in an annual dividend rate of \$1.22 per share or \$0.305 per share quarterly. The Exelon Board of Directors also approved a policy of targeting a payout ratio for regular quarterly dividends of between 50 and 60% of ongoing earnings and authorized a plan to achieve that payout level starting in the full year of 2005. Payment of future dividends is subject to approval and declaration by the Board.

Second Quarter Highlights

- **Nuclear Operations** Exelon Generation's nuclear fleet produced 34,254 GWhs (including 5,122 GWhs for AmerGen) in the second quarter of 2004, compared with 29,619 GWhs output (excluding AmerGen) in the second quarter of 2003. The fleet, including AmerGen, achieved a capacity factor of 96.1% for the second quarter of 2004, compared with 94.0% for the second quarter of 2003. Operating expenses associated with planned refueling outages were approximately \$24 million in the second quarter of 2004 compared with \$22 million the prior year. Two planned refueling outages were completed in the second quarter, including one at Generation's co-owned Salem facility which is operated by PSEG Power LLC, compared with one in the second quarter of 2003.

- **ComEd/PJM Integration** ComEd's integration into the PJM Interconnection regional transmission organization (PJM) became effective May 1. PJM is considered to be the model transmission market operator for the industry. With ComEd's integration into PJM, all of Exelon Generation's facilities in PECO and ComEd's service territories, as well as most of Exelon's AmerGen facilities, now operate in the same regional transmission system and the same "organized" wholesale electricity market. Benefits to Exelon from ComEd joining PJM include greater transparency around wholesale prices and product availability in Northern Illinois, access to a much larger, deeper and more liquid spot market and the existence of an independent Market Monitor.
- **Enterprises Transactions** During the second quarter of 2004, Exelon Enterprises completed the sale of four of its businesses, Thermal Chicago Corporation, PECO TelCove and two businesses of Exelon Services, Inc., including Exelon Solutions, for combined net proceeds of \$195 million. The divestiture of these businesses supports Exelon's Path to Exit strategy from Enterprises and focus on its core integrated utility businesses. Exelon expects to complete the sale of substantially all remaining Enterprises businesses during the second half of 2004.
- **Boston Generating** On May 25, 2004, Exelon Generation completed the sale of Boston Generating to a special purpose entity owned by the lenders under Boston Generating's \$1.25 billion credit facility. Responsibility for plant operations and power marketing activities will be transferred to the lenders' special purpose entities in a separate transaction expected to be completed in the third quarter of 2004. Pending completion of the transfer of operation and marketing activities, Generation affiliates will continue to operate and market power from the plants on behalf of the new owners. Approximately \$1.0 billion of debt outstanding under the Boston Generating Credit Facility was eliminated from Exelon's and Generation's financial statements upon the sale of Boston Generating in May.
- **Debt Refinancings/Retirements** In April, PECO Energy closed on the sale of \$75 million of 5.90% First Mortgage Bonds, which are due May 1, 2034. The purpose of the issue was to refinance \$75 million of existing PECO First Mortgage Bonds with a 6.375% coupon. Year to date, ComEd retired or redeemed \$178 million of debt, including a \$150 million 7.375% Note and \$26 million of 5.30% Pollution Control Revenue Bonds, both in January.
- **Share Repurchases** In April 2004, Exelon's Board of Directors approved a discretionary share repurchase program that allows Exelon to periodically repurchase shares of its common stock in the open market. Exelon intends to use the economic benefit it receives from stock option exercises and the company's Employee Stock Purchase Plan in 2004 and beyond to buy back shares in order to partially offset dilution. The share repurchase program has no specified limit on the number of shares that may be repurchased and no specified termination date. During the second quarter of 2004, approximately 2.3 million shares of common stock were purchased under the program for approximately \$75 million.

BUSINESS UNIT RESULTS

Exelon Energy Delivery consists of the retail electricity transmission and distribution operations of ComEd and PECO and the natural gas distribution business of PECO. Energy Delivery's net income in the second quarter of 2004 was \$303 million compared with net income of \$291 million in the second quarter of 2003. Second quarter 2004 net income

included severance and severance-related costs related to The Exelon Way of \$9 million after-tax. Excluding this item, Energy Delivery's net income was up \$21 million compared to the same quarter last year, primarily due to increased retail kWh deliveries at both ComEd and PECO, Exelon Way savings and lower interest expense, partially offset by lower CTC collections at ComEd, increased depreciation and amortization expense and higher taxes other than income.

Cooling degree-days for the second quarter of 2004 in the ComEd service territory were up 68% relative to the same period in 2003 and were 14% below normal. In the PECO service territory, cooling degree-days were up 66% compared with 2003 and were 32% above normal. Retail kWh deliveries increased 6% for ComEd, with a 12% increase in deliveries to the residential customer class. PECO's retail kWh deliveries increased 7% overall, with residential deliveries up 12%. Energy Delivery's second quarter 2004 revenues were \$2,435 million, up 5% from \$2,322 million in 2003. Energy Delivery's second quarter 2004 fuel and purchased power expense was \$1,059 million, up 7% from \$986 million in 2003. The impact of warmer weather increased second quarter 2004 earnings per share by approximately \$0.02 relative to 2003, and decreased second quarter 2004 earnings per share by approximately \$0.01 relative to the normal weather that was incorporated in our earnings guidance.

Exelon Generation consists of Exelon's electric generation operations and power marketing and trading functions. Second quarter 2004 net income was \$178 million compared with net income of \$142 million in the second quarter of 2003. Second quarter 2004 net income included after-tax earnings of \$42 million related to Boston Generating, including the gain recognized on disposition and losses on operations in the second quarter prior to its sale. Second quarter net income also included an unrealized mark-to-market gain of \$9 million after-tax from non-trading activities compared with a \$20 million after-tax unrealized mark-to-market gain in the second quarter of 2003. Excluding the impact of the items listed above, Generation's net income increased by \$5 million compared with the same quarter last year, primarily due to higher revenue net of fuel and purchased power and Exelon Way savings, partially offset by higher operating and maintenance expense primarily due to the consolidation of AmerGen and Sithe.

Energy sales, exclusive of trading volumes, totaled 51,109 GWhs for the second quarter of 2004 compared with 54,318 GWhs in 2003, reflecting the adoption of a new accounting standard (EITF 03-11), which required certain energy transactions to be netted within revenues and lower market sales, partially offset by higher sales to Energy Delivery and the acquisition of the remaining 50% of AmerGen. The new standard resulted in a reduction of 6,185 GWhs for the second quarter of 2004. Generation's second quarter 2004 revenues were \$1,948 million, up 3% from second quarter 2003 revenue of \$1,886 million, and were relatively unaffected by trading activities. Increased revenues were due to increased sales to Energy Delivery, the acquisition of the remaining 50% of AmerGen, the transfer of Exelon Energy Company from Enterprises to Generation as of January 1, 2004 and the consolidation of Generation's investment in Sithe Energies, Inc. as of March 31, 2004, partially offset by decreased revenues at Boston Generating and the adoption of EITF 03-11. The adoption of this new standard resulted in reductions in revenues, purchased power expense and fuel expense of \$239 million, \$238 million and \$1 million, respectively, but had no impact on net income. Earnings from prior periods were not affected.

Generation's revenue, net of purchased power and fuel expense, increased by \$209 million in the second quarter of 2004 compared with the second quarter of 2003 excluding the mark-to-market impact in both years. The revenue net fuel improvement includes \$168 million of incremental margin contribution from AmerGen, Exelon Energy and Sithe. The remaining year-over-year increase was driven by an increase in average realized wholesale prices, a

decrease in capacity payments to Midwest Generation and lower average fossil fuel costs. Fuel costs per MWh were lower year over year despite higher market prices due to hedging. Generation's average realized margin on all sales, excluding trading activity, was \$13.28 per MWh in the second quarter of 2004 compared with \$11.53 per MWh in the second quarter of 2003.

Exelon Enterprises consists of the remaining businesses of Exelon Services, the electrical contracting business of F&M Holdings, Inc. and other minor investments most of which are in the process of being sold or shut down. Enterprises' second quarter 2004 net income was \$27 million including gains on the sale of businesses of \$66 million. Enterprises' second quarter 2003 net loss was \$61 million including a \$30 million after-tax charge for goodwill impairment related to the agreement to sell certain InfraSource businesses and a \$23 million after-tax charge related to the impairment of certain Enterprises' venture capital investments. Enterprises reported significant decreases in revenues, purchased power and fuel expense, and operating and maintenance expense mainly due to the sale of InfraSource, Inc. during the third quarter of 2003, the transfer of its retail energy business, Exelon Energy Company, to Generation as of January 1, 2004, and the sale and wind-down of other Enterprises businesses. Enterprises had a decrease in operating losses of \$34 million primarily reflecting the sale and wind-downs of Enterprises businesses.

Adjusted (non-GAAP) Operating Earnings

Adjusted (non-GAAP) operating earnings, which generally exclude non-operational items as well as significant one-time charges or credits that are not normally associated with ongoing operations, are provided as a supplement to results reported in accordance with GAAP. Management uses such adjusted (non-GAAP) operating earnings measures internally to evaluate the company's performance and manage its operations. A reconciliation of GAAP to adjusted (non-GAAP) operating earnings for historical periods is provided on pages 7 and 8 of the Earnings Release Attachments.

Conference call information: Exelon has scheduled a conference call for 11 AM ET (10 AM CT) on July 28, 2004. The call-in number in the U.S. is 888-802-8581 and the international call-in number is 973-935-8515. No password is required. Media representatives are invited to participate on a listen-only basis. The call will be web-cast and archived on Exelon's web site: www.exeloncorp.com. (Please select the Investor Relations page.)

Telephone replays will be available until August 15. The U.S. call-in number for replays is 877-519-4471 and the international call-in number is 973-341-3080. The confirmation code is 4934193.

Certain of the matters discussed in this news release 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 made by a registrant include those discussed herein as well as those discussed in Exelon Corporation's 2003 Annual Report on Form 10-K in (a) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Outlook and the Challenges in Managing Our Business for Exelon, ComEd, PECO and Generation and (b) ITEM 8. Financial Statements and Supplementary Data: Exelon—Note 19, ComEd—Note 15,

PECO—Note 14 and Generation—Note 13, and (c) other factors discussed in filings with the Securities and Exchange Commission (SEC) by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC (Registrants). Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this press release. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this press release.

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Exelon Corporation is one of the nation's largest electric utilities with approximately 5 million customers and \$15 billion in annual revenues. The company has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. Exelon distributes electricity to approximately 5 million customers in Illinois and Pennsylvania and gas to approximately 460,000 customers in the Philadelphia area. Exelon is headquartered in Chicago and trades on the NYSE under the ticker EXC.

EXELON CORPORATION
Earnings Release Attachments
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EXELON CORPORATION
Consolidating Statements of Income
(unaudited)
(in millions)

Three Months Ended June 30, 2004

	Energy Delivery	Generation	Enterprises	Corp/Elim	Exelon Consolidated
Operating revenues	\$2,435	\$1,948	\$ 43	\$(876)	\$3,550
Operating expenses					
Purchased power	976	563	—	(866)	673
Fuel	83	462	—	(7)	538
Operating and maintenance	355	623	65	13	1,056
Depreciation and amortization	228	69	—	18	315
Taxes other than income	132	48	1	4	185
Total operating expenses	<u>1,774</u>	<u>1,765</u>	<u>66</u>	<u>(838)</u>	<u>2,767</u>
Operating income (loss)	661	183	(23)	(38)	783
Other income and deductions					
Interest expense	(172)	(51)	(11)	(12)	(246)
Distributions on preferred securities of subsidiaries	(1)	—	—	—	(1)
Equity in earnings (losses) of unconsolidated affiliates	(13)	—	(1)	(17)	(31)
Other, net	10	134	86	—	230
Total other income and deductions	<u>(176)</u>	<u>83</u>	<u>74</u>	<u>(29)</u>	<u>(48)</u>
Income (loss) before income taxes and minority interest	485	266	51	(67)	735
Income taxes	182	100	24	(80)	226
Income before minority interest	303	166	27	13	509
Minority interest	—	12	—	—	12
Net income	<u>\$ 303</u>	<u>\$ 178</u>	<u>\$ 27</u>	<u>\$ 13</u>	<u>\$ 521</u>

Three Months Ended June 30, 2003

	Energy Delivery	Generation	Enterprises	Corp/Elim	Exelon Consolidated
Operating revenues	\$2,322	\$1,886	\$443	\$(930)	\$3,721
Operating expenses					
Purchased power	919	800	49	(912)	856
Fuel	67	348	117	(1)	531
Operating and maintenance	342	451	322	(15)	1,100
Depreciation and amortization	213	46	10	6	275
Taxes other than income	115	40	2	2	159
Total operating expenses	<u>1,656</u>	<u>1,685</u>	<u>500</u>	<u>(920)</u>	<u>2,921</u>
Operating income (loss)	666	201	(57)	(10)	800
Other income and deductions					
Interest expense	(189)	(20)	(3)	(8)	(220)
Distributions on preferred securities of subsidiaries	(10)	—	—	—	(10)
Equity in earnings (losses) of unconsolidated affiliates	—	18	(1)	(2)	15
Other, net	14	34	(34)	(4)	10
Total other income and deductions	<u>(185)</u>	<u>32</u>	<u>(38)</u>	<u>(14)</u>	<u>(205)</u>
Income (loss) before income taxes and minority interest	481	233	(95)	(24)	595
Income taxes	190	91	(34)	(25)	222
Income (loss) before minority interest	291	142	(61)	1	373
Minority interest	—	—	—	(1)	(1)
Net income (loss)	<u>\$ 291</u>	<u>\$ 142</u>	<u>\$ (61)</u>	<u>\$ —</u>	<u>\$ 372</u>

EXELON CORPORATION
Consolidating Statements of Income
(unaudited)
(in millions)

Six Months Ended June 30, 2004

	Energy Delivery	Generation	Enterprises	Corp/Elim	Exelon Consolidated(a)
Operating revenues	\$5,010	\$3,900	\$133	\$(1,771)	\$7,272
Operating expenses					
Purchased power	1,907	1,081	—	(1,754)	1,234
Fuel	332	1,048	—	(6)	1,374
Operating and maintenance	704	1,273	170	18	2,165
Depreciation and amortization	455	124	—	37	616
Taxes other than income	269	95	5	9	378
Total operating expenses	<u>3,667</u>	<u>3,621</u>	<u>175</u>	<u>(1,696)</u>	<u>5,767</u>
Operating income (loss)	1,343	279	(42)	(75)	1,505
Other income and deductions					
Interest expense	(355)	(77)	(13)	(24)	(469)
Distributions on preferred securities of subsidiaries	(2)	—	—	—	(2)
Equity in earnings (losses) of unconsolidated affiliates	(22)	(2)	(2)	(29)	(55)
Other, net	22	183	83	(1)	287
Total other income and deductions	<u>(357)</u>	<u>104</u>	<u>68</u>	<u>(54)</u>	<u>(239)</u>
Income (loss) before income taxes, minority interest and cumulative effect of change in accounting principle	986	383	26	(129)	1,266
Income taxes	367	146	15	(152)	376
Income before minority interest and cumulative effect of change in accounting principle	619	237	11	23	890
Minority interest	—	11	—	—	11
Income before cumulative effect of change in accounting principle	619	248	11	23	901
Cumulative effect of change in accounting principle, net of income taxes	—	32	—	—	32
Net income	<u>\$ 619</u>	<u>\$ 280</u>	<u>\$ 11</u>	<u>\$ 23</u>	<u>\$ 933</u>

Six Months Ended June 30, 2003

	Energy Delivery	Generation	Enterprises	Corp/Elim	Exelon Consolidated
Operating revenues	\$4,964	\$3,765	\$1,022	\$(1,956)	\$7,795
Operating expenses					
Purchased power	1,918	1,642	113	(1,910)	1,763
Fuel	257	706	392	1	1,356
Operating and maintenance	744	943	575	(50)	2,212
Depreciation and amortization	427	91	20	11	549
Taxes other than income	258	88	6	6	358
Total operating expenses	<u>3,604</u>	<u>3,470</u>	<u>1,106</u>	<u>(1,942)</u>	<u>6,238</u>
Operating income (loss)	1,360	295	(84)	(14)	1,557
Other income and deductions					
Interest expense	(383)	(38)	(5)	(17)	(443)
Distributions on preferred securities of subsidiaries	(22)	—	—	—	(22)
Equity in earnings (losses) of unconsolidated affiliates	—	37	1	(5)	33
Other, net	43	(132)	(37)	(5)	(131)
Total other income and deductions	<u>(362)</u>	<u>(133)</u>	<u>(41)</u>	<u>(27)</u>	<u>(563)</u>
Income (loss) before income taxes, minority interest and cumulative effect of change in accounting principle	998	162	(125)	(41)	994
Income taxes	382	71	(47)	(36)	370
Income (loss) before minority interest and cumulative effect of change in accounting principle	616	91	(78)	(5)	624
Minority interest	—	(2)	—	(1)	(3)
Income (loss) before cumulative effect of change in accounting principle	616	89	(78)	(6)	621
Cumulative effect of change in accounting principle, net of income taxes	5	108	(1)	—	112
Net income (loss)	<u>\$ 621</u>	<u>\$ 197</u>	<u>\$ (79)</u>	<u>\$ (6)</u>	<u>\$ 733</u>

(a) Consolidated results for the six months ended June 30, 2004 include a \$12 million reduction in net periodic postretirement benefit cost due to the early adoption of FSP FAS 106-2, including \$6 million related to the three months ended March 31, 2004. Previously reported financial information for the three months ended March 31, 2004 will be adjusted when presented for comparative purposes in future periods.

EXELON CORPORATION
Business Segment Comparative Income Statements
(unaudited)
(in millions)

	Energy Delivery					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2004	2003	Variance	2004	2003	Variance
Operating revenues	\$2,435	\$2,322	\$113	\$5,010	\$4,964	\$ 46
Operating expenses						
Purchased power	976	919	57	1,907	1,918	(11)
Fuel	83	67	16	332	257	75
Operating and maintenance	355	342	13	704	744	(40)
Depreciation and amortization	228	213	15	455	427	28
Taxes other than income	132	115	17	269	258	11
Total operating expenses	<u>1,774</u>	<u>1,656</u>	<u>118</u>	<u>3,667</u>	<u>3,604</u>	<u>63</u>
Operating income	661	666	(5)	1,343	1,360	(17)
Other income and deductions						
Interest expense	(172)	(189)	17	(355)	(383)	28
Distributions on preferred securities of subsidiaries	(1)	(10)	9	(2)	(22)	20
Equity in earnings (losses) of unconsolidated affiliates	(13)	—	(13)	(22)	—	(22)
Other, net	10	14	(4)	22	43	(21)
Total other income and deductions	<u>(176)</u>	<u>(185)</u>	<u>9</u>	<u>(357)</u>	<u>(362)</u>	<u>5</u>
Income before income taxes and cumulative effect of change in accounting principle	485	481	4	986	998	(12)
Income taxes	182	190	(8)	367	382	(15)
Income before cumulative effect of change in accounting principle	303	291	12	619	616	3
Cumulative effect of change in accounting principle, net of income taxes	—	—	—	—	5	(5)
Net income	<u>\$ 303</u>	<u>\$ 291</u>	<u>\$ 12</u>	<u>\$ 619</u>	<u>\$ 621</u>	<u>\$ (2)</u>

	Generation					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2004	2003	Variance	2004	2003	Variance
Operating revenues	\$1,948	\$1,886	\$ 62	\$3,900	\$3,765	\$ 135
Operating expenses						
Purchased power	563	800	(237)	1,081	1,642	(561)
Fuel	462	348	114	1,048	706	342
Operating and maintenance	623	451	172	1,273	943	330
Depreciation and amortization	69	46	23	124	91	33
Taxes other than income	48	40	8	95	88	7
Total operating expenses	<u>1,765</u>	<u>1,685</u>	<u>80</u>	<u>3,621</u>	<u>3,470</u>	<u>151</u>
Operating income	183	201	(18)	279	295	(16)
Other income and deductions						
Interest expense	(51)	(20)	(31)	(77)	(38)	(39)
Equity in earnings (losses) of unconsolidated affiliates	—	18	(18)	(2)	37	(39)
Other, net	134	34	100	183	(132)	315
Total other income and deductions	<u>83</u>	<u>32</u>	<u>51</u>	<u>104</u>	<u>(133)</u>	<u>237</u>
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	266	233	33	383	162	221
Income taxes	100	91	9	146	71	75
Income before minority interest and cumulative effect of changes in accounting principles	166	142	24	237	91	146
Minority interest	12	—	12	11	(2)	13
Income before cumulative effect of changes in accounting principles	178	142	36	248	89	159
Cumulative effect of changes in accounting principles, net of income taxes	—	—	—	32	108	(76)
Net income	<u>\$ 178</u>	<u>\$ 142</u>	<u>\$ 36</u>	<u>\$ 280</u>	<u>\$ 197</u>	<u>\$ 83</u>

EXELON CORPORATION
Business Segment Comparative Income Statements
(unaudited)
(in millions)

	Enterprises					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2004	2003	Variance	2004	2003	Variance
Operating revenues	\$ 43	\$443	\$(400)	\$133	\$1,022	\$(889)
Operating expenses						
Purchased power	—	49	(49)	—	113	(113)
Fuel	—	117	(117)	—	392	(392)
Operating and maintenance	65	322	(257)	170	575	(405)
Depreciation and amortization	—	10	(10)	—	20	(20)
Taxes other than income	1	2	(1)	5	6	(1)
Total operating expenses	<u>66</u>	<u>500</u>	<u>(434)</u>	<u>175</u>	<u>1,106</u>	<u>(931)</u>
Operating income (loss)	(23)	(57)	34	(42)	(84)	42
Other income and deductions						
Interest expense	(11)	(3)	(8)	(13)	(5)	(8)
Equity in earnings (losses) of unconsolidated affiliates	(1)	(1)	—	(2)	1	(3)
Other, net	86	(34)	120	83	(37)	120
Total other income and deductions	<u>74</u>	<u>(38)</u>	<u>112</u>	<u>68</u>	<u>(41)</u>	<u>109</u>
effect of change in accounting principle	51	(95)	146	26	(125)	151
Income taxes	24	(34)	58	15	(47)	62
Income (loss) before cumulative effect of change in accounting principle	27	(61)	88	11	(78)	89
Cumulative effect of change in accounting principle, net of income taxes	—	—	—	—	(1)	1
Net income (loss)	<u>\$ 27</u>	<u>\$ (61)</u>	<u>\$ 88</u>	<u>\$ 11</u>	<u>\$ (79)</u>	<u>\$ 90</u>

	Corporate and Eliminations					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2004	2003	Variance	2004	2003	Variance
Operating revenues	\$(876)	\$(930)	\$ 54	\$(1,771)	\$(1,956)	\$ 185
Operating expenses						
Purchased power	(866)	(912)	46	(1,754)	(1,910)	156
Fuel	(7)	(1)	(6)	(6)	1	(7)
Operating and maintenance	13	(15)	28	18	(50)	68
Depreciation and amortization	18	6	12	37	11	26
Taxes other than income	4	2	2	9	6	3
Total operating expenses	<u>(838)</u>	<u>(920)</u>	<u>82</u>	<u>(1,696)</u>	<u>(1,942)</u>	<u>246</u>
Operating income (loss)	(38)	(10)	(28)	(75)	(14)	(61)
Other income and deductions						
Interest expense	(12)	(8)	(4)	(24)	(17)	(7)
Equity in earnings (losses) of unconsolidated affiliates	(17)	(2)	(15)	(29)	(5)	(24)
Other, net	—	(4)	4	(1)	(5)	4
Total other income and deductions	<u>(29)</u>	<u>(14)</u>	<u>(15)</u>	<u>(54)</u>	<u>(27)</u>	<u>(27)</u>
Income (loss) before income taxes and minority interest	(67)	(24)	(43)	(129)	(41)	(88)
Income taxes	(80)	(25)	(55)	(152)	(36)	(116)
Income (loss) before minority interest	13	1	12	23	(5)	28
Minority interest	—	(1)	1	—	(1)	1
Net income (loss)	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 13</u>	<u>\$ 23</u>	<u>\$ (6)</u>	<u>\$ 29</u>

EXELON CORPORATION
Consolidated Balance Sheets
(unaudited)
(in millions)

	June 30, 2004	December 31, 2003
Current assets		
Cash and cash equivalents	\$ 794	\$ 493
Restricted cash and investments	179	97
Accounts receivable, net		
Customers	1,645	1,567
Other	403	582
Mark-to-market derivative assets	433	337
Inventories — fossil fuel	165	212
Inventories — materials and supplies	318	310
Notes receivable from affiliate	—	92
Deferred income taxes	145	162
Assets held for sale	20	242
Other	449	413
Total current assets	4,551	4,507
Property, plant and equipment, net	20,228	20,630
Deferred debits and other assets		
Regulatory assets	5,038	5,226
Nuclear decommissioning trust funds	4,890	4,721
Investments	922	955
Goodwill	4,714	4,719
Mark-to-market derivative assets	391	133
Other	1,368	991
Total deferred debits and other assets	17,323	16,745
Total assets	\$42,102	\$41,882
Liabilities and shareholders' equity		
Current liabilities		
Commercial paper	\$ 261	\$ 326
Notes payable to Sithe Energies, Inc.	—	90
Long-term debt due within one year	177	1,385
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transitional Trust due within one year	478	470
Accounts payable	1,221	1,238
Mark-to-market derivative liabilities	805	584
Accrued expenses	1,080	1,166
Liabilities held for sale	14	61
Other	293	306
Total current liabilities	4,329	5,626
Long-term debt	8,672	7,889
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transitional Trust	4,702	5,055
Long-term debt to other financing trusts	545	545
Deferred credits and other liabilities		
Deferred income taxes	4,580	4,360
Unamortized investment tax credits	281	288
Asset retirement obligation	3,100	2,997
Pension obligations	1,445	1,668
Non-pension postretirement benefits obligations	1,102	1,053
Spent nuclear fuel obligation	872	867
Regulatory liabilities	1,967	1,891
Mark-to-market derivative liabilities	425	141
Other	919	912
Total deferred credits and other liabilities	14,691	14,177
Total liabilities	32,939	33,292
Minority interest of consolidated subsidiaries	50	—
Preferred securities of subsidiaries	87	87
Shareholders' equity		
Common stock	7,463	7,292
Treasury stock, at cost	(75)	—
Retained earnings	2,889	2,320
Accumulated other comprehensive income (loss)	(1,251)	(1,109)
Total shareholders' equity	9,026	8,503
Total liabilities and shareholders' equity	\$42,102	\$41,882

EXELON CORPORATION
Consolidated Statements of Cash Flows
(unaudited)
(in millions)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities		
Net income	\$ 933	\$ 733
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel	930	846
Cumulative effect of changes in accounting principles (net of income taxes)	(32)	(112)
Impairment of investments	1	238
Impairment of goodwill and other long-lived assets	—	53
Deferred income taxes and amortization of investment tax credits	154	(100)
Provision for uncollectible accounts	39	43
Equity in losses (earnings) of unconsolidated affiliates	55	(33)
Gain on sale of investments and wholly owned subsidiaries	(155)	—
Net realized losses (gains) on nuclear decommissioning trust funds	1	(12)
Other operating activities	(16)	52
Changes in assets and liabilities:		
Receivables	269	70
Inventories	14	(16)
Other current assets	(66)	(219)
Accounts payable, accrued expenses and other current liabilities	(134)	(143)
Net realized and unrealized mark-to-market and hedging transactions	54	76
Pension and non-pension postretirement benefit obligations	(175)	(146)
Other noncurrent assets and liabilities	35	(38)
Net cash flows provided by operating activities	<u>1,907</u>	<u>1,292</u>
Cash flows from investing activities		
Capital expenditures	(844)	(1,019)
Proceeds from liquidated damages	—	86
Proceeds from nuclear decommissioning trust fund sales	1,042	1,262
Investment in nuclear decommissioning trust funds	(1,178)	(1,368)
Note receivable from unconsolidated affiliate	—	35
Proceeds from sales of investments and wholly-owned subsidiaries	227	6
Change in restricted cash	(2)	(29)
Net cash increase from consolidation of Sithe Energies, Inc.	19	—
Other investing activities	67	11
Net cash flows used in investing activities	<u>(669)</u>	<u>(1,016)</u>
Cash flows from financing activities		
Issuance of long-term debt	75	1,813
Retirement of long-term debt	(312)	(1,479)
Retirement of long-term debt to financing affiliates	(345)	—
Change in short-term debt	(65)	(100)
Issuance of mandatorily redeemable preferred securities	—	300
Retirement of mandatorily redeemable preferred securities	—	(300)
Payment on acquisition note payable to Sithe Energies, Inc.	(27)	(210)
Dividends paid on common stock	(364)	(285)
Proceeds from employee stock plans	140	91
Purchase of treasury stock	(75)	—
Other financing activities	36	(85)
Net cash flows used in financing activities	<u>(937)</u>	<u>(255)</u>
Increase in cash and cash equivalents	301	21
Cash and cash equivalents at beginning of period	493	469
Cash and cash equivalents, including cash classified as held for sale	794	490
Cash classified as held for sale on the consolidated balance sheet	—	(26)
Cash and cash equivalents at end of period	<u>\$ 794</u>	<u>\$ 464</u>

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings to GAAP Consolidated Statements of Income
(unaudited)
(in millions, except per share data)

	Three Months Ended June 30, 2004			Three Months Ended June 30, 2003		
	GAAP (a)	Adjustments	Adjusted Non-GAAP	GAAP (a)	Adjustments	Adjusted Non-GAAP
Operating revenues	\$3,550	\$ (89) (b)	\$3,461	\$3,721	\$ —	\$3,721
Operating expenses						
Purchased power	673	6 (b)	679	856	—	856
Fuel	538	(77) (b)	461	531	—	531
		(b),(c),				
Operating and maintenance	1,056	(76) (d)	980	1,100	(48) (e)	1,052
Depreciation and amortization	315	(11) (c)	304	275	—	275
Taxes other than income	185	(3) (b)	182	159	—	159
Total operating expenses	<u>2,767</u>	<u>(161)</u>	<u>2,606</u>	<u>2,921</u>	<u>(48)</u>	<u>2,873</u>
Operating income	783	72	855	800	48	848
Other income and deductions						
Interest expense	(246)	4 (c)	(242)	(220)	—	(220)
Distributions on preferred securities of subsidiaries	(1)	—	(1)	(10)	—	(10)
Equity in earnings (losses) of unconsolidated affiliates	(31)	14 (c)	(17)	15	—	15
Other, net	230	(85) (b)	145	10	—	10
Total other income and deductions	<u>(48)</u>	<u>(67)</u>	<u>(115)</u>	<u>(205)</u>	<u>—</u>	<u>(205)</u>
Income before income taxes and minority interest	735	5	740	595	48	643
		(b),(c),				
Income taxes	226	50 (d)	276	222	18 (e)	240
Income before minority interest	509	(45)	464	373	30	403
Minority interest	12	—	12	(1)	—	(1)
Net income	<u>\$ 521</u>	<u>\$ (45)</u>	<u>\$ 476</u>	<u>\$ 372</u>	<u>\$ 30</u>	<u>\$ 402</u>
Earnings per average common share						
Basic	\$ 0.79	\$ (0.07)	\$ 0.72	\$ 0.57	\$ 0.05	\$ 0.62
Diluted	\$ 0.78	\$ (0.07)	\$ 0.71	\$ 0.57	\$ 0.04	\$ 0.61
Average common shares outstanding						
Basic	661		661	650		650
Diluted	667		667	655		655
Effect of adjustments on earnings per average diluted common share recorded in accordance with GAAP:						
Investments in synthetic fuel producing facilities		\$ 0.03			\$ —	
Boston Generating, LLC		0.06			—	
Exelon Way severance and severance-related charges		(0.02)			—	
Impairment of Exelon Enterprises' InfraSource goodwill		—			(0.04)	
Total adjustments		<u>\$ 0.07</u>			<u>\$ (0.04)</u>	

(a) Results reported in accordance with accounting principles generally accepted in the United States (GAAP).

(b) Adjustment to exclude the financial impact of Boston Generating, LLC.

(c) Adjustment to exclude the financial impact of Exelon's investments in synthetic fuel producing facilities.

(d) Adjustment to exclude severance and severance-related charges associated with The Exelon Way.

(e) Adjustment for the impairment of Exelon Enterprises' InfraSource goodwill.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings to GAAP Consolidated Statements of Income
(unaudited)
(in millions, except per share data)

	Six Months Ended June 30, 2004			Six Months Ended June 30, 2003		
	GAAP (a,b)	Adjustments	Adjusted Non-GAAP	GAAP (a)	Adjustments	Adjusted Non-GAAP
Operating revenues	\$7,272	\$ (248) (c)	\$7,024	\$7,795	\$ —	\$7,795
Operating expenses						
Purchased power	1,234	4 (c)	1,238	1,763	—	1,763
Fuel	1,374	(226) (c)	1,148	1,356	—	1,356
Operating and maintenance	2,165	(127) (c),(d),(e)	2,038	2,212	(89) (g), (h)	2,123
Depreciation and amortization	616	(27) (c),(d)	589	549	—	549
Taxes other than income	378	(9) (c)	369	358	—	358
Total operating expenses	5,767	(385)	5,382	6,238	(89)	6,149
Operating income	1,505	137	1,642	1,557	89	1,646
Other income and deductions						
Interest expense	(469)	14 (c),(d)	(455)	(443)	—	(443)
Distributions on preferred securities of subsidiaries	(2)	—	(2)	(22)	—	(22)
Equity in earnings (losses) of unconsolidated affiliates	(55)	23 (d)	(32)	33	—	33
Other, net	287	(90) (c)	197	(131)	187 (g), (i)	56
Total other income and deductions	(239)	(53)	(292)	(563)	187	(376)
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	1,266	84	1,350	994	276	1,270
Income taxes	376	124 (c),(d),(e)	500	370	99	469
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	890	(40)	850	624	177	801
Minority interest	11	—	11	(3)	—	(3)
Income before minority interest and cumulative effect of changes in accounting principles	901	(40)	861	621	177	798
Cumulative effect of changes in accounting principles, net of income taxes	32	(32) (f)	—	112	(112) (j)	—
Net income	\$ 933	\$ (72)	\$ 861	\$ 733	\$ 65	\$ 798
Earnings per average common share						
Basic:						
Income before cumulative effect of changes in accounting principles	\$ 1.36	\$ (0.06)	\$ 1.30	\$ 0.96	\$ 0.27	\$ 1.23
Cumulative effect of changes in accounting principles, net of income taxes	0.05	(0.05)	—	0.17	(0.17)	—
Net income	\$ 1.41	\$ (0.11)	\$ 1.30	\$ 1.13	\$ 0.10	\$ 1.23
Diluted:						
Income before cumulative effect of changes in accounting principles	\$ 1.35	\$ (0.06)	\$ 1.29	\$ 0.95	\$ 0.27	\$ 1.22
Cumulative effect of changes in accounting principles, net of income taxes	0.05	(0.05)	—	0.17	(0.17)	—
Net income	\$ 1.40	\$ (0.11)	\$ 1.29	\$ 1.12	\$ 0.10	\$ 1.22
Average common shares outstanding						
Basic	660		660	649		649
Diluted	666		666	653		653
Effect of adjustments on earnings per average diluted common share recorded in accordance with GAAP:						
Cumulative effect pursuant to FIN No. 46-R		\$ 0.05			\$ —	
Boston Generating, LLC		0.04			—	
Investments in synthetic fuel producing facilities		0.04			—	
Exelon Way severance and severance-related charges		(0.02)			—	
Impairment of Sithe Energies, Inc. investment		—			(0.20)	
Cumulative effect of adopting SFAS No. 143		—			0.17	
Impairment of Exelon Enterprises' InfraSource goodwill		—			(0.04)	
March 3 ComEd Settlement Agreement		—			(0.03)	
Total adjustments		\$ 0.11			\$ (0.10)	

(a) Results reported in accordance with accounting principles generally accepted in the United States (GAAP).

(b) Consolidated results for the six months ended June 30, 2004 include a \$12 million reduction in net periodic postretirement benefit cost due to the early adoption of FSP FAS 106-2, including \$6 million related to the three months ended March 31, 2004. Previously reported financial information for the

three months ended March 31, 2004 will be adjusted when presented for comparative purposes in future periods.

- (c) Adjustment to exclude the financial impact of Boston Generating, LLC.
- (d) Adjustment to exclude the financial impact of Exelon's investments in synthetic fuel producing facilities.
- (e) Adjustment to exclude severance and severance-related charges associated with The Exelon Way.
- (f) Adjustment for the cumulative effect of adopting FIN No. 46-R.
- (g) Adjustment for the March 3 ComEd Settlement Agreement.
- (h) Adjustment for the impairment of Exelon Enterprises' InfraSource goodwill.
- (i) Adjustment for the impairment of Generation's investment in Sithe Energies, Inc.
- (j) Adjustment for the cumulative effect of adopting SFAS No. 143.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings
Per Diluted Share to GAAP Earnings Per Diluted Share
Three Months Ended June 30, 2004 vs. Three Months Ended June 30, 2003

2003 GAAP Earnings per Diluted Share	\$ 0.57
Impairment of InfraSource Goodwill (1)	0.04
2003 Adjusted (non-GAAP) Operating Earnings	0.61
Year Over Year Effects on Earnings:	
Energy Margins:	
CTC Recoveries at ComEd (2)	(0.04)
Energy Delivery, Excluding CTC Recoveries (3)	0.08
Generation, Excluding Mark-to-Market (4)	0.03
Mark-to-Market	(0.02)
Financial Impact of Enterprises (5)	0.09
Higher Depreciation and Amortization Expense (6)	(0.04)
Acquisition of Remaining 50% of AmerGen (7)	0.03
Operating and Maintenance Expense (8)	(0.02)
Higher Taxes Other Than Income (9)	(0.02)
Lower Interest Expense (10)	0.02
Lower Equity in Earnings (11)	(0.01)
2004 Adjusted (non-GAAP) Operating Earnings	0.71
2004 Adjusted (non-GAAP) Operating Earnings Adjustments:	
Boston Generating, LLC 2004 Impact (12)	0.06
Investments in Synthetic Fuel-Producing Facilities (13)	0.03
Exelon Way Severance and Severance-Related Charges (14)	(0.02)
2004 GAAP Earnings per Diluted Share	\$ 0.78

- (1) Reflects an impairment of goodwill related to InfraSource, Inc., which was sold during the third quarter of 2003.
- (2) Reflects a decrease in the competitive transition charge (CTC) rates recovered by ComEd due to increased wholesale market prices of electricity and other adjustments to the energy component.
- (3) Reflects increased volume and favorable weather conditions at Energy Delivery, partially offset by decreased revenues due to customers purchasing energy from alternative electric suppliers or the ComEd PPO.
- (4) Reflects increased energy margins at Generation, excluding the effects of AmerGen, Sithe, Boston Generating, Exelon Energy and mark-to-market, primarily due to an increase in average realized wholesale prices and a decrease in capacity payments to Midwest Generation, partially offset by higher fuel costs.
- (5) Reflects the impact on net income of Enterprises, excluding the 2003 InfraSource goodwill impairment, due to gains recognized in 2004 related to the sale of the Chicago Thermal operations, PECO Telcove and certain businesses of Exelon Services, Inc. The decrease also reflects investment impairment charges recorded by Enterprises in 2003.
- (6) Reflects higher depreciation and amortization expense due to capital additions and assets placed into service in addition to higher CTC amortization at PECO. Excludes the effects of Enterprises, AmerGen, Sithe, Boston Generating and investments in synthetic fuel-producing facilities.
- (7) Reflects the impact on net income of the acquisition of the remaining 50% of AmerGen.
- (8) Reflects increased operating and maintenance expenses, excluding the effects of decommissioning, Enterprises, AmerGen, Sithe, Boston Generating, investments in synthetic fuel-producing facilities and Exelon Way severance and severance-related charges.
- (9) Reflects higher taxes other than income, primarily at Energy Delivery due to a 2003 use tax accrual adjustment. Excludes the effects of Enterprises, AmerGen, Sithe, and Boston Generating.
- (10) Reflects lower interest expense, primarily at Energy Delivery due to refinancing of existing debt at lower rates and scheduled principal payments. Excludes the effects of Enterprises, AmerGen, Sithe, Boston Generating and investments in synthetic fuel-producing facilities.
- (11) Reflects equity in losses recorded at ComEd and PECO due to the deconsolidation of certain financing trusts as of July 1, 2003 and December 31, 2003. Excludes the effects of AmerGen, Sithe and investments in synthetic fuel-producing facilities.
- (12) Reflects the 2004 financial impact of Boston Generating.
- (13) Reflects adjustment to exclude the financial impact of Exelon's investments in synthetic fuel-producing facilities.
- (14) Reflects severance and severance-related charges recorded during the second quarter of 2004 associated with The Exelon Way.

EXELON CORPORATION
Reconciliation of Adjusted (non-GAAP) Operating Earnings
Per Diluted Share to GAAP Earnings Per Diluted Share
Six Months Ended June 30, 2004 vs. Six Months Ended June 30, 2003

2003 GAAP Earnings per Diluted Share	\$ 1.12
2003 Adjusted (non-GAAP) Operating Earnings Adjustments:	
Impairment of Investment in Sithe Energies, Inc. (1)	0.20
Cumulative Effect of Adopting SFAS No. 143	(0.17)
Impairment of InfraSource Goodwill (2)	0.04
March 3 ComEd Settlement Agreement (3)	0.03
2003 Adjusted (non-GAAP) Operating Earnings	1.22
Year Over Year Effects on Earnings:	
Energy Margins:	
CTC Recoveries at ComEd (4)	(0.11)
Energy Delivery, Excluding CTC Recoveries (5)	0.09
Generation, Excluding Mark-to-Market (6)	0.07
Mark-to-Market	(0.01)
Financial Impact of Enterprises (7)	0.09
Lower Interest Expense (8)	0.05
Higher Depreciation and Amortization Expense (9)	(0.05)
Lower Equity in Earnings of Unconsolidated Affiliates (10)	(0.02)
Operating and Maintenance Expense (11)	—
Acquisition of Remaining 50% of AmerGen (12)	0.02
Other	(0.06)
2004 Adjusted (non-GAAP) Operating Earnings	1.29
2004 Adjusted (non-GAAP) Operating Earnings Adjustments:	
Cumulative Effect of Adopting FIN No. 46-R	0.05
Boston Generating, LLC 2004 Impact (13)	0.04
Investments in Synthetic Fuel-Producing Facilities (14)	0.04
Exelon Way Severance and Severance-Related Charges (15)	(0.02)
2004 GAAP Earnings per Diluted Share	\$ 1.40

- (1) Reflects impairment of the investment held by Generation in Sithe Energies, Inc. recorded during the first quarter of 2003.
- (2) Reflects an impairment of goodwill related to InfraSource, Inc., which was recorded during the second quarter of 2003.
- (3) Reflects the March 3 ComEd Settlement Agreement, an agreement reached during the first quarter of 2003 by ComEd and various Illinois suppliers, customers and governmental parties, regarding several matters affecting ComEd's rates for electric service.
- (4) Reflects a decrease in the CTC rates recovered by ComEd due to increased wholesale market prices of electricity and other adjustments to the energy component.
- (5) Reflects increased electric volume at Energy Delivery, partially offset by decreased revenues due to customers purchasing energy from alternative electric suppliers or the ComEd PPO.
- (6) Reflects increased energy margins at Generation, excluding the effects of AmerGen, Sithe, Boston Generating, Exelon Energy and mark-to-market, primarily due to an increase in average realized wholesale prices and a decrease in capacity payments to Midwest Generation, partially offset by higher fuel costs.
- (7) Reflects the impact on net income of Enterprises, excluding the 2003 InfraSource goodwill impairment, due to gains recognized in 2004 related to the sale of the Chicago Thermal operations, PECO Telcove and certain businesses of Exelon Services, Inc. The decrease also reflects investment impairment charges recorded by Enterprises in 2003.
- (8) Reflects lower interest expense, primarily at Energy Delivery due to refinancing of existing debt at lower rates and scheduled principal payments. Excludes the effects of Enterprises, AmerGen, Sithe, Boston Generating and investments in synthetic fuel-producing facilities.
- (9) Reflects higher depreciation and amortization expense due to capital additions and assets placed into service in addition to higher CTC amortization at PECO. Excludes the effects of Enterprises, AmerGen, Sithe, Boston Generating, Exelon Energy and investments in synthetic fuel-producing facilities.
- (10) Reflects equity in losses recorded at ComEd and PECO due to the deconsolidation of certain financing trusts as of July 1, 2003 and December 31, 2003. Excludes the effects of AmerGen, Sithe and investments in synthetic fuel-producing facilities.
- (11) Reflects no significant change in operating and maintenance expenses, primarily due to increased planned refueling outages at Generation, partially offset by reduced contractor and payroll costs at Energy Delivery. Excludes the effects of decommissioning, Enterprises, AmerGen, Sithe, Boston Generating, investments in synthetic fuel-producing facilities and Exelon Way severance and severance-related charges.
- (12) Reflects the impact on net income of the acquisition of the remaining 50% of AmerGen.
- (13) Reflects the 2004 financial impact of Boston Generating.

(14) Reflects adjustment to exclude the financial impact of Exelon's investments in synthetic fuel-producing facilities.

(15) Reflects severance and severance-related charges recorded during 2004 associated with The Exelon Way.

EXELON CORPORATION
Electric Sales Statistics

(in GWhs)	Three Months Ended June 30,		% Change
	2004	2003	
Supply			
Nuclear, excluding AmerGen in 2003	34,254	29,619	15.6%
Purchased Power — Generation (a)	11,904(b)	19,344	(38.5%)
Fossil, excluding Sithe Energies, and Hydro	4,951	5,355	(7.5%)
Power Team Supply	51,109	54,318	(5.9%)
Purchased Power — Other	212	234	(9.4%)
Total Electric Supply Available for Sale	51,321	54,552	(5.9%)
Less: Line Loss and Company Use	(2,347)	(1,655)	41.8%
Total Supply	<u>48,974</u>	<u>52,897</u>	(7.4%)
Energy Sales			
Retail Sales	31,281	29,198	7.1%
Power Team Market Sales (a)	23,482(b)	27,449	(14.5%)
Interchange Sales and Sales to Other Utilities	579	575	0.7%
	55,342	57,222	(3.3%)
Less: Distribution Only Sales	(6,368)	(4,325)	47.2%
Total Energy Sales	<u>48,974</u>	<u>52,897</u>	(7.4%)

(in GWhs)	Six Months Ended June 30,		% Change
	2004	2003	
Supply			
Nuclear, excluding AmerGen in 2003	67,665	58,949	14.8%
Purchased Power — Generation (a)	23,595(b)	39,373	(40.1%)
Fossil, excluding Sithe Energies, and Hydro	11,296	10,405	8.6%
Power Team Supply	102,556	108,727	(5.7%)
Purchased Power — Other	309	428	(27.8%)
Total Electric Supply Available for Sale	102,865	109,155	(5.8%)
Less: Line Loss and Company Use	(4,418)	(3,677)	20.2%
Total Supply	<u>98,447</u>	<u>105,478</u>	(6.7%)
Energy Sales			
Retail Sales	64,027	61,405	4.3%
Power Team Market Sales (a)	45,991(b)	51,264	(10.3%)
Interchange Sales and Sales to Other Utilities	1,153	1,272	(9.4%)
	111,171	113,941	(2.4%)
Less: Distribution Only Sales	(12,724)	(8,463)	50.3%
Total Energy Sales	<u>98,447</u>	<u>105,478</u>	(6.7%)

(a) Purchased power and market sales do not include trading volume of 5,324 GWhs and 7,919 GWhs for the three months ended June 30, 2004 and 2003, respectively, and 10,437 GWhs and 17,446 GWhs for the six months ended June 30, 2004 and 2003, respectively.

(b) Purchased power and market sales reflect the adoption of EITF 03-11, which required certain energy transactions to be netted. The adoption of this standard resulted in a reduction of 6,185 GWhs and 11,638 GWhs for the three and six months ended June 30, 2004, respectively.

EXELON CORPORATION
Energy Delivery Sales Statistics
For the Three Months Ended June 30,

Electric Deliveries (GWh)	ComEd			PECO		
	2004	2003	% Change	2004	2003	% Change
Full Service (a)						
Residential	5,793	5,163	12.2%	2,272	2,274	(0.1%)
Small Commercial & Industrial	4,791	5,114	(6.3%)	1,686	1,532	10.1%
Large Commercial & Industrial	1,426	1,683	(15.3%)	3,703	3,695	0.2%
Public Authorities & Electric Railroads	1,200	1,333	(10.0%)	224	222	0.9%
Total Full Service	13,210	13,293	(0.6%)	7,885	7,723	2.1%
PPO (ComEd Only)						
Small Commercial & Industrial	870	869	0.1%			
Large Commercial & Industrial	877	1,318	(33.5%)			
Public Authorities & Electric Railroads	577	531	8.7%			
	2,324	2,718	(14.5%)			
Delivery Only (b)						
Residential	(d)	(d)		488	186	162.4%
Small Commercial & Industrial	1,761	1,257	40.1%	433	323	34.1%
Large Commercial & Industrial	3,090	2,128	45.2%	190	192	(1.0%)
Public Authorities & Electric Railroads	406	247	64.4%	—	—	
	5,257	3,632	44.7%	1,111	701	58.5%
Total PPO and Delivery Only	7,581	6,350	19.4%	1,111	701	58.5%
Total Retail Deliveries	20,791	19,643	5.8%	8,996	8,424	6.8%
Gas Deliveries (mmcf) (PECO only)				14,572	15,001	(2.9%)
Revenue (in millions)						
Full Service (a)						
Residential	\$ 521	\$ 472	10.4%	\$ 298	\$ 297	0.3%
Small Commercial & Industrial	396	405	(2.2%)	197	180	9.4%
Large Commercial & Industrial	71	84	(15.5%)	281	267	5.2%
Public Authorities & Electric Railroads	74	81	(8.6%)	20	21	(4.8%)
Total Full Service	1,062	1,042	1.9%	796	765	4.1%
PPO (ComEd Only) (c)						
Small Commercial & Industrial	60	59	1.7%			
Large Commercial & Industrial	51	72	(29.2%)			
Public Authorities & Electric Railroads	31	28	10.7%			
	142	159	(10.7%)			
Delivery Only (b)						
Residential	(d)	(d)		38	14	171.4%
Small Commercial & Industrial	35	32	9.4%	23	17	35.3%
Large Commercial & Industrial	43	43	0.0%	5	5	0.0%
Public Authorities & Electric Railroads	9	8	12.5%	—	—	
	87	83	4.8%	66	36	83.3%
Total PPO and Delivery Only	229	242	(5.4%)	66	36	83.3%
Total Retail Electric Revenue	1,291	1,284	0.5%	862	801	7.6%
Wholesale Electric Revenue	24	22	9.1%	1	3	(66.7%)
Other Revenue (e)	88	55	60.0%	50	47	6.4%
Gas Revenue (PECO only)	n/a	n/a		119	110	8.2%
Total Revenues	\$ 1,403	\$ 1,361	3.1%	\$ 1,032	\$ 961	7.4%
Heating and Cooling Degree-Days						
	2004	2003	Normal	2004	2003	Normal
Heating Degree-Days	692	848	794	399	584	488
Cooling Degree-Days	186	111	216	416	250	316

(a) Full service reflects deliveries to customers taking electric service under tariffed rates, which include the cost of energy and the delivery cost of the transmission and distribution of the energy. PECO's tariffed rates also include a competitive transition charge (CTC).

(b) Delivery only service reflects customers electing to receive electric generation service from an alternative energy supplier. Revenue from customers choosing an alternative energy supplier includes a distribution charge and a CTC.

(c) Revenue from customers choosing ComEd's PPO includes an energy charge at market rates, transmission and distribution charges and a CTC.

(d) All ComEd residential customers are eligible to choose their supplier of electricity; however, as of June 30, 2004, no alternative electric supplier has sought approval from the Illinois Commerce Commission and no electric utilities have chosen to enter the ComEd residential market for the supply of electricity.

(e) Other revenue includes transmission revenue from PJM and prior to ComEd's full integration into PJM on May 1, 2004, ComEd's transmission charges received from alternative energy suppliers.

n/a — not applicable

EXELON CORPORATION

Energy Delivery Sales Statistics
For the Six Months Ended June 30,

Electric Deliveries (GWh)	ComEd			PECO		
	2004	2003	% Change	2004	2003	% Change
Full Service (a)						
Residential	12,805	12,049	6.3%	5,016	5,389	(6.9%)
Small Commercial & Industrial	9,924	10,741	(7.6%)	3,370	3,312	1.8%
Large Commercial & Industrial	2,771	3,167	(12.5%)	7,320	7,177	2.0%
Public Authorities & Electric Railroads	2,440	2,749	(11.2%)	453	475	(4.6%)
Total Full Service	27,940	28,706	(2.7%)	16,159	16,353	(1.2%)
PPO (ComEd Only)						
Small Commercial & Industrial	1,600	1,662	(3.7%)			
Large Commercial & Industrial	1,624	2,750	(40.9%)			
Public Authorities & Electric Railroads	1,012	1,069	(5.3%)			
	4,236	5,481	(22.7%)			
Delivery Only (b)						
Residential	(d)	(d)		1,070	450	137.8%
Small Commercial & Industrial	3,532	2,606	35.5%	857	525	63.2%
Large Commercial & Industrial	6,031	3,960	52.3%	340	402	(15.4%)
Public Authorities & Electric Railroads	894	529	69.0%	—	—	
	10,457	7,095	47.4%	2,267	1,377	64.6%
Total PPO and Delivery Only	14,693	12,576	16.8%	2,267	1,377	64.6%
Total Retail Deliveries	42,633	41,282	3.3%	18,426	17,730	3.9%
Gas Deliveries (mmcf) (PECO only)				51,507	54,627	(5.7%)
Revenue (in millions)						
Full Service (a)						
Residential	\$ 1,080	\$ 1,018	6.1%	\$ 611	\$ 656	(6.9%)
Small Commercial & Industrial	769	802	(4.1%)	374	374	0.0%
Large Commercial & Industrial	131	158	(17.1%)	551	534	3.2%
Public Authorities & Electric Railroads	148	165	(10.3%)	40	42	(4.8%)
Total Full Service	2,128	2,143	(0.7%)	1,576	1,606	(1.9%)
PPO (ComEd Only) (c)						
Small Commercial & Industrial	108	109	(0.9%)			
Large Commercial & Industrial	92	144	(36.1%)			
Public Authorities & Electric Railroads	53	55	(3.6%)			
	253	308	(17.9%)			
Delivery Only (b)						
Residential	(d)	(d)		80	31	158.1%
Small Commercial & Industrial	67	73	(8.2%)	43	27	59.3%
Large Commercial & Industrial	84	91	(7.7%)	9	11	(18.2%)
Public Authorities & Electric Railroads	18	17	5.9%	—	—	
	169	181	(6.6%)	132	69	91.3%
Total PPO and Delivery Only	422	489	(13.7%)	132	69	91.3%
Total Retail Electric Revenue	2,550	2,632	(3.1%)	1,708	1,675	2.0%
Wholesale Electric Revenue	47	50	(6.0%)	1	5	(80.0%)
Other Revenue (e)	142	103	37.9%	98	99	(1.0%)
Gas Revenue (PECO only)				464	399	16.3%
Total Revenues	\$ 2,739	\$ 2,785	(1.7%)	\$ 2,271	\$ 2,178	4.3%
Heating and Cooling Degree-Days						
	2004	2003	Normal	2004	2003	Normal
Heating Degree-Days	3,887	4,214	4,060	3,064	3,336	3,075
Cooling Degree-Days	186	111	217	416	250	316

- (a) Full service reflects deliveries to customers taking electric service under tariffed rates, which include the cost of energy and the delivery cost of the transmission and distribution of the energy. PECO's tariffed rates also include a competitive transition charge (CTC).
- (b) Delivery only service reflects customers electing to receive electric generation service from an alternative energy supplier. Revenue from customers choosing an alternative energy supplier includes a distribution charge and a CTC.
- (c) Revenue from customers choosing ComEd's PPO includes an energy charge at market rates, transmission and distribution charges and a CTC.
- (d) All ComEd residential customers are eligible to choose their supplier of electricity; however, as of June 30, 2004, no alternative electric supplier has sought approval from the Illinois Commerce Commission and no electric utilities have chosen to enter the ComEd residential market for the supply of electricity.

(e) Other revenue includes transmission revenue from PJM and prior to ComEd's full integration into PJM on May 1, 2004, ComEd's transmission charges received from alternative energy suppliers.

n/a — not applicable

EXELON CORPORATION
Exelon Generation Power Marketing Statistics

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
GWh Sales				
Energy Delivery and Exelon Energy (a)	26,133	26,869	53,597	57,463
Market and Retail Sales (a)	24,976(c)	27,449	48,959(c)	51,264
Total Sales (b)	<u>51,109</u>	<u>54,318</u>	<u>102,556</u>	<u>108,727</u>
Average Margin (\$/MWh)				
Average Realized Revenue				
Energy Delivery and Exelon Energy (a)	\$ 32.37	\$ 32.64	\$ 31.83	\$ 32.06
Market and Retail Sales (a)(d)	34.35	32.68	35.58	34.22
Total Sales — without trading	33.34	32.66	33.62	33.07
Average Purchased Power and Fuel Cost — without trading	\$ 20.06	\$ 21.13	\$ 20.77	\$ 21.60
Average Margin — without trading	\$ 13.28	\$ 11.53	\$ 12.85	\$ 11.47
Around-the-clock Market Prices (\$/MWh)				
PJM	\$ 42.96	\$ 33.25	\$ 44.57	\$ 41.09
MAIN	31.76	24.06	33.08	30.48
2004 Forward market prices — July through December				
Around-the-clock Market Prices (\$/MWh)				
PJM	\$ 44.50			
MAIN	32.00			
NEPOOL	58.00			
Gas Prices (\$/Mmbtu)				
Henry Hub	\$ 6.30			

- (a) Effective January 1, 2004, Exelon Energy Company became a part of Generation. Generation's retail sales consist of Exelon Energy Company sales of 1,494 GWhs and 2,968 GWhs for the three and six months ended June 30, 2004, respectively.
- (b) Total sales do not include trading volume of 5,324 GWhs and 7,919 GWhs for the three months ended June 30, 2004 and 2003, respectively, and 10,437 GWhs and 17,446 GWhs for the six months ended June 30, 2004 and 2003, respectively.
- (c) Market and retail sales reflect the adoption of EITF 03-11, which required certain energy transactions to be netted. The adoption of this standard resulted in a reduction of 6,185 GWhs and 11,638 GWhs for the three and six months ended June 30, 2004, respectively.
- (d) Market and retail sales exclude revenues related to tolling agreements of \$109 million and \$38 million for the three and six months ended June 30, 2004 and 2003, respectively.

Exelon Consolidated 2004 Financial Scorecard

(\$ in millions, except per share data)	Measure	To-date (through June)	2004 Target/Estimate	Status
Adjusted (non-GAAP) Operating EPS	Year-to-date	\$1.29	\$2.68 - \$2.83 (Guidance)	On track
	Quarter-to-date	\$0.71	\$0.60 - \$0.70 (Guidance)	On track
Exelon Way O&M Savings (pre-tax)	Program-to-date	\$227	\$210	On track
	Year-over-year	\$64	\$47	On track
Exelon Way Cap Ex Savings	Program-to-date	\$188	\$200	On track
	Year-over-year	\$121	\$133	On track
Free Cash Flow	Year-to-date	\$588	\$750	On track
Divestitures/Sales	Net cash proceeds	\$365	\$375	On track
Credit Measures	EBITDA Interest Coverage*	7.2x (2003)	8.3x	On track
	Debt to Total Cap*	51%	48%	On track

* Excludes transition debt and Boston Generating Facility debt

Exelon Way – 2003 Ramp-up Exelon Way Savings

(\$ in millions)	2003 Pre-tax O&M Ramp-up Savings		2003 Cap Ex Ramp-up Savings	
	2002	2003	2002	2003
GAAP Operating and Maintenance (O&M)	\$ 4,345	\$ 4,587	GAAP Capital Expenditures (CapEx) (A)	\$ 2,150 \$ 1,862
Operating Adjustments:			Adjustments:	
March 2003 ComEd Settlement Agreement	—	(41)	Exclude net impact of Boston Generating (A)	— 20
Severance	(10)	(256)	Include AmerGen	155 171
Enterprises goodwill impairment and impairments due to anticipated sales	—	(53)	Adjusted CapEx	\$ 2,305 \$ 2,053
Operating O&M	4,335	4,237	Year-over-year CapEx Savings	\$ 252
Exelon Way O&M Adjustments:			Exelon Way CapEx Savings:	
Remove Enterprises and Boston Generating (BG) (1)	(1,228)	(903)	Difference between 2002 and 2003 Exelon Way CapEx	\$ 252
Add incremental impact of Texas Plants	10	—	2003 inflationary impact (B)	69
Remove nuclear decommissioning accretion expense (2)	—	(197)	Calculated 2003 Savings	\$ 321
Add 2002 incremental impact of Exelon New England	50	—	Exclude savings from prior cost management initiatives (e.g., CMI)	(254)
Normalize incremental impact of nuclear outages	(24)	—	Exelon Way Savings - 2003 Ramp-up	\$ 67
Add AmerGen, net of decommissioning accretion (3)	412	393	(A) Net of proceeds from liquidated damages for 2003	
Add Payroll Taxes (4)	95	91	(B) Inflation assumed at 3%	
Exelon Way O&M	\$ 3,650	\$ 3,621	Total Ramp-up Cash Savings	
Exelon Way O&M Savings:			After-tax O&M	\$ 101
Difference between 2002 and 2003 Exelon Way O&M	—	29	CapEx	67
2003 inflationary impact (5)	—	107	Total Exelon Way Cash Savings	\$ 168
Pension and post-retirement increase (6)	—	103		
Calculated 2003 Savings	\$ 239	\$ 239		
Exclude savings from prior cost management initiatives (e.g., CMI)	—	(76)		
Exelon Way O&M Savings — Pre-tax	\$ 163	\$ 163		
After-tax O&M Savings (7)	\$ 101	\$ 101		

- (1) O&M is net of intercompany impact and excludes corporate business services costs that remain; Enterprises excludes Exelon Energy
- (2) Accretion expense is a non-cash expense related to nuclear decommissioning and is not included in Exelon Way expenditures
- (3) Normalized to 100% of AmerGen in 2002 and 2003; in 2002 and 2003, AmerGen was included in Equity in Earnings of Unconsolidated Affiliates
- (4) Includes AmerGen and excludes Enterprises
- (5) 2002 base excluding pension and post-retirement expenses of \$103m. Inflated at 3%
- (6) Pension and post-retirement expense increase
- (7) Tax rate is 38%

Exelon Way – 2004 June YTD Savings



(\$ in millions)	2004 Pre-tax O&M June YTD Savings		2004 CapEx June YTD Savings	
	2003	2004	2003	2004
GAAP Operating and Maintenance Expense (O&M)	\$ 2,212	\$ 2,165	GAAP Capital Expenditures (CapEx)	\$ 1,019 \$ 844
Operating Adjustments:			Adjustments:	
March 3 ComEd Global Settlement Agreement	(41)	—	Include AmerGen CapEx	33 —
Boston Generating (BG)	—	(57)	Exclude BG CapEx (incl. 2004 credit)	(80) 7
Investments in Synthetic Fuel Producing Facilities	—	(48)	Adjusted CapEx	\$ 972 \$ 851
Exelon Way Severance and Severance-related Charges	—	(22)	Year over Year CapEx Savings	\$ 121
Impairment of Exelon Enterprises' InfraSource Investment	(48)	—		
Operating O&M	2,123	2,038	Program-to-Date Exelon Way CapEx Savings:	
Exelon Way O&M Adjustments:				
Remove Net Enterprises and BG (1)	(473)	(161)	2003 Ramp-up	\$ 67
Remove Nuclear Decommissioning Accretion Expense (2)	(117)	(127)	2004 June YTD	121
Remove 2004 Incremental Impact of Sithe	—	(23)	Total Exelon Way CapEx Savings	\$ 188
Add AmerGen, net of Accretion and Severance (3)	193	—		
Normalize Incremental Impact of Nuclear Outages	—	(63)		
Add Payroll Taxes (4)	56	54		
Exelon Way O&M	\$ 1,782	\$ 1,718	Total YTD Cash Savings thru June 2004	
Year over Year Exelon Way O&M Savings		\$ 64	After-tax O&M	\$ 40
			CapEx	121
			Total Exelon Way Cash Savings	\$ 161
Program-to-Date O&M Savings	Pre-tax	After-tax(5)		
2003 Ramp-up	\$ 163	\$ 101	Total Program-to-Date Cash Savings	
2004 June YTD	64	40		
Total Exelon Way O&M Savings	\$ 227	\$ 141	After-tax O&M	\$ 141
			CapEx	188
			Total Exelon Way Cash Savings	\$ 329

- (1) O&M is net of intercompany impact and excludes corporate business services costs that remain. Enterprises excludes Exelon Energy in 2003; in 2004 Exelon Energy is included in Generation.
- (2) Accretion expense is a non-cash expense related to nuclear decommissioning and is not included in Exelon Way expenditures
- (3) Normalize to 100% of AmerGen in 2003; in 2003, AmerGen was included in Equity in Earnings of Unconsolidated Affiliates
- (4) Includes AmerGen and excludes Enterprises
- (5) Tax rate is 38%

Free Cash Flow

We define free cash flow as:

- Cash from operations (which includes pension contributions and the benefit of synthetic fuels investment), less
- Cash used in investing activities, less
 - Transition debt maturities
 - Common stock dividend payments at 2003 rates
 - Other routine activities (e.g., severance payments, tax effect of discretionary items, etc.)
- Plus cash from asset dispositions, etc.

Second Quarter 2004 Reconciliation

Total Increase in Cash and Cash Equivalents to Free Cash Flow Reconciliation

Increase in Cash and Cash Equivalents	\$	301
Adjustments for Goal:		
Discretionary Debt Activity:		
- Change in Short-Term Debt		65
- Net Long-Term Debt Retirements ⁽¹⁾		264
- Other Financing Activities		(36)
Cash from Long-Term Incentive Plan		(65)
Other Discretionary Adjustments ⁽²⁾		59
Total Adjustments		<u>287</u>
Free Cash Flow	\$	<u>588</u>

(1) Includes net long-term debt issuances and payment on the acquisition note to Sithe Energies, Inc. and excludes ComEd Transitional Funding Trust and PECO Energy Transition Trust Retirements.

(2) Includes the incremental increase in dividend payments over 2003, exclusion of Sithe cash, severance payments and the tax effect of discretionary items.