UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934**
For the Quarterly Period Ended June 30, 2004

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o.

The number of shares outstanding of each registrant's common stock as of June 30, 2004 was:

Exelon Corporation Common Stock, without par value	660,149,965
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,486
PECO Energy Company Common Stock, without par value	170,478,507
Exelon Generation Company, LLC	not applicable

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Exelon Corporation Yes ☑ No o Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC Yes o No ☑.

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TABLE OF CONTENTS

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation (Exelon), Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Exelon Generation Company, LLC (Generation) (collectively, the Registrants). Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant.

FORWARD-LOOKING STATEMENTS

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.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., 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, the web site maintained by the SEC at www.sec.gov and Exelon's website at www.exeloncorp.com.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Operating revenues	$3,550	$3,721	$7,272	$7,795
Operating expenses				
Purchased power	673	746	1,234	1,586
Purchased power from AmerGen Energy Company, LLC	—	110	—	177
Fuel	538	531	1,374	1,356
Operating and maintenance	1,056	1,100	2,165	2,212
Depreciation and amortization	315	275	616	549
Taxes other than income	185	159	378	358
Total operating expenses	2,767	2,921	5,767	6,238
Operating income	783	800	1,505	1,557
Other income and deductions				
Interest expense	(156)	(217)	(286)	(437)
Interest expense to affiliates	(90)	(3)	(183)	(6)
Distributions on preferred securities of subsidiaries	(1)	(10)	(2)	(22)
Equity in earnings (losses) of unconsolidated affiliates	(31)	15	(55)	33
Other, net	230	10	287	(131)
Total other income and deductions	(48)	(205)	(239)	(563)
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	735	595	1,266	994
Income taxes	226	222	376	370
Income before minority interest and cumulative effect of changes in accounting principles	509	373	890	624
Minority interest	12	(1)	11	(3)
Income before cumulative effect of changes in accounting principles	521	372	901	621
Cumulative effect of changes in accounting principles (net of income taxes of $22 and $69 for the six months ended June 30, 2004 and 2003, respectively)	—	—	32	112
Net income	521	372	933	733
Other comprehensive income (loss) (net of income taxes)				
Change in net unrealized gain (loss) on cash-flow hedges	50	62	(154)	(84)
Foreign currency translation adjustment	(4)	1	(2)	2
Unrealized gain (loss) on marketable securities	(31)	3	22	(2)
SFAS No. 143 transition adjustment	—	—	—	168
Interest in other comprehensive income (loss) of unconsolidated affiliates	—	17	(8)	8
Total other comprehensive income (loss)	15	83	(142)	92
Total comprehensive income	$ 536	$ 455	$ 791	$ 825
Average shares of common stock outstanding — Basic	661	650	660	649
Average shares of common stock outstanding — Diluted	667	655	666	653
Earnings per average common share — Basic:				
Income before cumulative effect of changes in accounting principles	$ 0.79	$ 0.57	$ 1.36	$ 0.96
Cumulative effect of changes in accounting principles	—	—	0.05	0.17
Net income	$ 0.79	$ 0.57	$ 1.41	$ 1.13
Earnings per average common share — Diluted:				

Income before cumulative effect of changes in accounting principles	$ 0.78	$ 0.57	$ 1.35	$ 0.95
Cumulative effect of changes in accounting principles	—	—	0.05	0.17
Net income	$ 0.78	$ 0.57	$ 1.40	$ 1.12
Dividends per common share	$ 0.28	$ 0.23	$ 0.55	$ 0.46

See Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2004	Six Months Ended June 30, 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)
Gains on sales 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 benefits obligations	(175)	(146)
Other noncurrent assets and liabilities	35	(38)
Net cash flows provided by operating activities	1,907	1,292
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	(669)	(1,016)
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	(937)	(255)
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	$ 794	$ 464

Supplemental cash flow information		
Noncash investing and financing activities:		
Consolidation of Sithe Energies, Inc. pursuant to FASB Interpretation No. 46-R, “Consolidation of Variable Interest Entities”	$ 85	$ —

See Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 794	$ 493
Restricted cash and investments	179	97
Accounts receivable, net		
Customer	1,645	1,567
Other	403	582
Mark-to-market derivative assets	433	337
Inventories, at average cost		
Fossil fuel	165	212
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

See Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Commercial paper	$ 261	$ 326
Note 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 Transition 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 Transition 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
Commitments and contingencies		
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

See Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Operating revenues				
Operating revenues	$1,397	$1,345	$2,722	$2,756
Operating revenues from affiliates	6	16	17	29
Total operating revenues	1,403	1,361	2,739	2,785
Operating expenses				
Purchased power	60	5	65	11
Purchased power from affiliate	514	528	1,043	1,099
Operating and maintenance	178	197	348	431
Operating and maintenance from affiliates	45	24	90	52
Depreciation and amortization	103	96	205	190
Taxes other than income	72	68	151	148
Total operating expenses	972	918	1,902	1,931
Operating income	431	443	837	854
Other income and deductions				
Interest expense	(68)	(106)	(144)	(215)
Interest expense to affiliates	(28)	—	(58)	—
Distributions on mandatorily redeemable preferred securities	—	(6)	—	(14)
Equity in (losses) of unconsolidated affiliates	(6)	—	(9)	—
Interest income from affiliates	5	7	11	13
Other, net	2	5	6	21
Total other income and deductions	(95)	(100)	(194)	(195)
Income before income taxes and cumulative effect of a change in accounting principle	336	343	643	659
Income taxes	132	138	255	263
Income before cumulative effect of a change in accounting principle	204	205	388	396
Cumulative effect of a change in accounting principle (net of income taxes of $0)	—	—	—	5
Net income	204	205	388	401
Other comprehensive income (loss) (net of income taxes)				
Change in net unrealized gain (loss) on cash-flow hedges	—	(3)	—	28
Unrealized gain on marketable securities	—	1	—	1
Foreign currency translation adjustment	—	1	—	2
Total other comprehensive income (loss)	—	(1)	—	31
Total comprehensive income	$ 204	$ 204	$ 388	$ 432

See Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2004	2003
Cash flows from operating activities		
Net income	$ 388	$ 401
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation and amortization	205	190
Cumulative effect of a change in accounting principle (net of income taxes)	—	(5)
Deferred income taxes and amortization of investment tax credits	86	60
Provision for uncollectible accounts	16	20
Equity in losses of unconsolidated affiliates	9	—
Other operating activities	24	25
Changes in assets and liabilities		
Receivables	(38)	9
Inventories	(1)	2
Accounts payable, accrued expenses and other current liabilities	12	(115)
Receivables and payables to affiliates	15	(155)
Other current assets	5	(2)
Pension and non-pension postretirement benefits obligations	(93)	(72)
Other noncurrent assets and liabilities	(26)	11
Net cash flows provided by operating activities	602	369
Cash flows from investing activities		
Capital expenditures	(369)	(355)
Changes in Exelon intercompany money pool investment	207	(165)
Change in restricted cash	18	(18)
Other investing activities	11	14
Net cash flows used in investing activities	(133)	(524)
Cash flows from financing activities		
Issuance of long-term debt	—	1,135
Retirement of long-term debt	(178)	(662)
Retirement of long-term debt to ComEd Transitional Funding Trust	(179)	—
Issuance of mandatorily redeemable preferred securities	—	200
Retirement of mandatorily redeemable preferred securities	—	(200)
Change in short-term debt	—	(71)
Dividends paid on common stock	(207)	(211)
Contributions from parent	62	61
Settlement of cash-flow and fair-value hedges	26	(51)
Other financing activities	—	(28)
Net cash flows (used in) provided by financing activities	(476)	173
(Decrease) increase in cash and cash equivalents	(7)	18
Cash and cash equivalents at beginning of period	34	16
Cash and cash equivalents at end of period	$ 27	$ 34
Supplemental cash flow information		
Noncash investing and financing activities:		
Adoption of SFAS No. 143 — adjustment to other paid in capital and goodwill	$ —	$ 210

See Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 27	$ 34
Restricted cash	2	20
Accounts receivable, net		
Customer	720	683
Other	53	68
Inventories, at average cost	44	43
Deferred income taxes	5	6
Receivables from affiliates	22	23
Investment in Exelon intercompany money pool	198	405
Other	26	31
Total current assets	1,097	1,313
Property, plant and equipment, net	9,288	9,096
Deferred debits and other assets		
Investments	37	36
Investment in affiliates	63	73
Goodwill	4,714	4,719
Receivables from affiliates	2,300	2,271
Pension asset	117	4
Other	394	453
Total deferred debits and other assets	7,625	7,556
Total assets	$18,010	$17,965

See Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 59	$ 236
Long-term debt to ComEd Transitional Funding Trust due within one year	307	317
Accounts payable	184	170
Accrued expenses	526	540
Payables to affiliates	222	207
Customer deposits	80	78
Other	12	9
Total current liabilities	1,390	1,557
Long-term debt	4,158	4,167
Long-term debt to ComEd Transitional Funding Trust	1,190	1,359
Long-term debt to other affiliates	361	361
Deferred credits and other liabilities		
Deferred income taxes	1,775	1,686
Unamortized investment tax credits	47	48
Non-pension postretirement benefits obligation	210	190
Payables to affiliates	27	28
Regulatory liabilities	1,967	1,891
Other	300	336
Total deferred credits and other liabilities	4,326	4,179
Total liabilities	11,425	11,623
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Preference stock	7	7
Other paid in capital	4,115	4,115
Receivable from parent	(188)	(250)
Retained earnings	1,064	883
Accumulated other comprehensive income (loss)	(1)	(1)
Total shareholders' equity	6,585	6,342
Total liabilities and shareholders' equity	$18,010	$17,965

See Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2004	2003	2004	2003
Operating revenues				
Operating revenues	$1,027	$958	$2,262	$2,173
Operating revenues from affiliates	5	3	9	5
Total operating revenues	1,032	961	2,271	2,178
Operating expenses				
Purchased power	53	62	100	127
Purchased power from affiliate	349	324	699	681
Fuel	76	67	325	257
Fuel from affiliate	7	—	7	—
Operating and maintenance	104	110	215	236
Operating and maintenance from affiliates	28	11	51	25
Depreciation and amortization	125	116	250	236
Taxes other than income	60	47	118	110
Total operating expenses	802	737	1,765	1,672
Operating income	230	224	506	506
Other income and deductions				
Interest expense	(14)	(83)	(28)	(168)
Interest expense to affiliates	(62)	—	(125)	—
Distributions on mandatorily redeemable preferred securities	—	(2)	—	(5)
Equity in losses of unconsolidated affiliates	(7)	—	(13)	—
Other, net	3	1	5	10
Total other income and deductions	(80)	(84)	(161)	(163)
Income before income taxes	150	140	345	343
Income taxes	50	52	112	119
Net income	100	88	233	224
Preferred stock dividends	1	2	2	3
Net income on common stock	$ 99	$ 86	$ 231	$ 221
Other comprehensive income (net of income taxes)				
Net income	$ 100	$ 88	$ 233	$ 224
Other comprehensive income (net of income taxes):				
Change in net unrealized gain on cash-flow hedges	2	—	3	—
Unrealized gain on marketable securities	—	—	1	—
Total other comprehensive income	2	—	4	—
Total comprehensive income	$ 102	$ 88	$ 237	$ 224

See Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2004	2003
Cash flows from operating activities		
Net income	$ 233	$ 224
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation and amortization	250	236
Deferred income taxes and amortization of investment tax credits	(95)	(28)
Provision for uncollectible accounts	19	21
Equity in losses of unconsolidated affiliates	13	—
Other operating activities	(4)	5
Changes in assets and liabilities		
Receivables	21	48
Receivables and payables to affiliates	21	27
Inventories	24	(1)
Accounts payable, accrued expenses and other current liabilities	56	11
Prepaid taxes	(96)	(91)
Deferred energy costs	56	(24)
Other current assets	(2)	(4)
Pension and non-pension postretirement benefits obligations	15	16
Other noncurrent assets and liabilities	(2)	(15)
Net cash flows provided by operating activities	509	425
Cash flows from investing activities		
Capital expenditures	(105)	(132)
Changes in Exelon intercompany money pool investment	(35)	—
Change in restricted cash	—	28
Other investing activities	3	6
Net cash flows used in investing activities	(137)	(98)
Cash flows from financing activities		
Issuance of long-term debt	75	450
Retirement of long-term debt	(75)	(592)
Retirement of long-term debt to PECO Energy Transition Trust	(166)	—
Change in short-term debt	(46)	(30)
Issuance of mandatorily redeemable preferred securities	—	100
Retirement of mandatorily redeemable preferred securities	—	(50)
Retirement of preferred stock	—	(50)
Dividends paid on preferred and common stock	(182)	(168)
Contribution from parent	71	17
Other financing activities	6	(6)
Net cash flows used in financing activities	(317)	(329)
Increase (decrease) in cash and cash equivalents	55	(2)
Cash and cash equivalents at beginning of period	44	63
Cash and cash equivalents at end of period	$ 99	$ 61

See Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 99	$ 44
Accounts receivable, net		
Customer	318	363
Other	32	27
Inventories, at average cost		
Gas	76	99
Materials and supplies	6	7
Investment in Exelon intercompany money pool	35	—
Deferred income taxes	81	64
Deferred energy costs	25	81
Prepaid taxes	97	1
Other	12	10
Total current assets	781	696
Property, plant and equipment, net	4,286	4,256
Deferred debits and other assets		
Regulatory assets	5,038	5,226
Investments	20	20
Investment in affiliates	114	123
Receivables from affiliates	35	13
Pension asset	76	68
Other	10	8
Total deferred debits and other assets	5,293	5,458
Total assets	$10,360	$10,410

See Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Commercial paper	$ —	$ 46
Payables to affiliates	170	150
Long-term debt to PECO Energy Transition Trust due within one year	171	153
Accounts payable	74	92
Accrued expenses	310	237
Other	36	35
Total current liabilities	761	713
Long-term debt	1,360	1,359
Long-term debt to PECO Energy Transition Trust	3,512	3,696
Long-term debt to other affiliates	184	184
Deferred credits and other liabilities		
Deferred income taxes	2,925	2,986
Unamortized investment tax credits	20	22
Non-pension postretirement benefits obligation	310	287
Other	146	147
Total deferred credits and other liabilities	3,401	3,442
Total liabilities	9,218	9,394
Commitments and contingencies		
Shareholders' equity		
Common stock	2,000	1,999
Receivable from parent	(1,553)	(1,623)
Preferred stock	87	87
Retained earnings	597	546
Accumulated other comprehensive income	11	7
Total shareholders' equity	1,142	1,016
Total liabilities and shareholders' equity	$10,360	$10,410

See Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Operating revenues				
Operating revenues	$1,077	$ 990	$2,150	$1,876
Operating revenues from affiliates	871	896	1,750	1,889
Total operating revenues	1,948	1,886	3,900	3,765
Operating expenses				
Purchased power	560	675	1,069	1,436
Purchased power from affiliates	3	125	12	206
Fuel	462	348	1,048	706
Operating and maintenance	554	411	1,139	861
Operating and maintenance from affiliates	69	40	134	82
Depreciation and amortization	69	46	124	91
Taxes other than income	48	40	95	88
Total operating expenses	1,765	1,685	3,621	3,470
Operating income	183	201	279	295
Other income and deductions				
Interest expense	(50)	(16)	(75)	(30)
Interest expense to affiliates	(1)	(4)	(2)	(8)
Equity in earnings (losses) of unconsolidated affiliates	—	18	(2)	37
Other, net	134	34	183	(132)
Total other income and deductions	83	32	104	(133)
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	266	233	383	162
Income taxes	100	91	146	71
Income before minority interest and cumulative effect of changes in accounting principles	166	142	237	91
Minority interest	12	—	11	(2)
Income before cumulative effect of changes in accounting principles	178	142	248	89
Cumulative effect of changes in accounting principles (net of income taxes of $22 and $70 for the six months ended June 30, 2004 and 2003, respectively)	—	—	32	108
Net income	178	142	280	197
Other comprehensive income (loss) (net of income taxes)				
Change in net unrealized gain (loss) on cash-flow hedges	48	64	(147)	(116)
Unrealized gain (loss) on marketable securities	(31)	2	8	(3)
Foreign currency translation adjustment	(4)	—	(4)	—
SFAS No. 143 transition adjustment	—	—	—	168
Interest in other comprehensive income of unconsolidated affiliates	—	17	2	8
Total other comprehensive income (loss)	13	83	(141)	57
Total comprehensive income	$ 191	$ 225	$ 139	$ 254

See Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Cash flows from operating activities		
Net income	$ 280	$ 197
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation, amortization and accretion, including nuclear fuel	438	388
Cumulative effect of changes in accounting principles (net of income taxes)	(32)	(108)
Gain on sale of investment	(90)	—
Impairment of investment	—	200
Impairment of long-lived assets	—	5
Deferred income taxes and amortization of investment tax credits	148	(107)
Provision for uncollectible accounts	2	1
Equity in (earnings) losses of unconsolidated affiliates	2	(37)
Net realized losses (gains) on nuclear decommissioning trust funds	1	(12)
Other operating activities	15	1
Changes in assets and liabilities		
Receivables	(108)	(112)
Receivables and payables to affiliates, net	(35)	238
Inventories	(10)	(19)
Accounts payable, accrued expenses and other current liabilities	24	10
Other current assets	(15)	(104)
Net realized and unrealized mark-to-market and hedging transactions	39	76
Pension and non-pension postretirement benefits obligations	(59)	(59)
Other noncurrent assets and liabilities	16	(19)
Net cash flows provided by operating activities	616	539
Cash flows from investing activities		
Capital expenditures	(366)	(510)
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 affiliate	—	35
Net cash increase from consolidation of Sithe Energies, Inc. and Exelon Energy Company	24	—
Change in restricted cash	(18)	(38)
Other investing activities	58	(1)
Net cash flows used in investing activities	(438)	(534)
Cash flows from financing activities		
Issuance of long-term debt	—	211
Retirement of long-term debt	(4)	(3)
Change in short-term debt	211	—
Payment on acquisition note payable to Sithe Energies, Inc.	(27)	(210)
Changes in Exelon intercompany money pool borrowings	(218)	165
Change in note payable, affiliate	—	(107)
Distribution to member	(109)	(45)
Other financing activities	6	—
Net cash flows (used in) provided by financing activities	(141)	11
Increase in cash and cash equivalents	37	16
Cash and cash equivalents at beginning of period	158	58
Cash and cash equivalents at end of period	$ 195	$ 74
Supplemental cash flow information		
Noncash investing and financing activities:		
Consolidation of Sithe Energies, Inc. pursuant to FASB Interpretation No. 46-R, "Consolidation of Variable Interest Entities"	$ 85	$ —
Contribution of Exelon Energy Company from Exelon Corporation	(9)	—
Distribution to member	—	17

See Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 195	$ 158
Restricted cash	173	75
Accounts receivable, net		
Customer	575	389
Other	444	402
Mark-to-market derivative assets	433	322
Receivables from affiliates	335	421
Inventories, at average cost		
Fossil fuel	90	98
Materials and supplies	267	259
Notes receivable	6	5
Deferred income taxes	43	40
Assets held for sale	9	36
Other	222	233
Total current assets	2,792	2,438
Property, plant and equipment, net	6,493	7,106
Deferred debits and other assets		
Nuclear decommissioning trust funds	4,890	4,721
Investments	98	65
Receivable from affiliate	22	22
Pension asset	173	79
Mark-to-market derivative asset	390	100
Other	544	118
Total deferred debits and other assets	6,117	5,105
Total assets	$15,402	$14,649

See Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2004	December 31, 2003
Liabilities and member's equity		
Current liabilities		
Long-term debt due within one year	$ 61	$ 1,068
Commercial paper	211	—
Accounts payable	906	848
Mark-to-market derivative liabilities	805	581
Payables to affiliates	32	1
Notes payable to affiliates	198	506
Accrued expenses	401	423
Liabilities held for sale	3	—
Other	99	126
Total current liabilities	2,716	3,553
Long-term debt	2,469	1,649
Deferred credits and other liabilities		
Deferred income taxes	378	195
Unamortized investment tax credits	214	218
Asset retirement obligation	3,099	2,996
Pension obligation	20	21
Non-pension postretirement benefits obligation	592	555
Spent nuclear fuel obligation	872	867
Payable to affiliates	1,247	1,195
Mark-to-market derivative liabilities	425	133
Other	331	308
Total deferred credits and other liabilities	7,178	6,488
Total liabilities	12,363	11,690
Commitments and contingencies		
Minority interest of consolidated subsidiary	52	3
Member's equity		
Membership interest	2,495	2,490
Undistributed earnings	773	602
Accumulated other comprehensive loss	(281)	(136)
Total member's equity	2,987	2,956
Total liabilities and member's equity	$15,402	$14,649

See Combined Notes to Consolidated Financial Statements

1. Basis of Presentation (Exelon, ComEd, PECO and Generation)

Exelon Corporation (Exelon) is a utility services holding company engaged, through its subsidiaries, in the energy delivery, wholesale generation and enterprises businesses discussed below (see Note 17 — Segment Information). The energy delivery business segment consists of the purchase and sale of electricity and distribution and transmission services by Commonwealth Edison Company (ComEd) in northern Illinois and by PECO Energy Company (PECO) in southeastern Pennsylvania and the purchase and sale of natural gas and related distribution services by PECO in the Pennsylvania counties surrounding the City of Philadelphia. The generation business segment consists of the electric generating facilities and energy marketing operations of Exelon Generation Company, LLC (Generation) and Generation's equity interest in EXRES SHC, Inc., the holding company of Sithe Energies, Inc. and its subsidiaries, referred to herein as Sithe. Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, became part of Generation. As of June 30, 2004, the enterprises business segment consists of the energy, infrastructure and electrical contracting services of Exelon Enterprises Company, LLC (Enterprises) and other investments related to the communications, energy services and retail services industries. See Note 3 — Acquisitions and Dispositions for further information regarding the disposition of businesses within the Enterprises segment.

The consolidated financial statements of Exelon, ComEd, PECO and Generation each include the accounts of entities in which it has a controlling financial interest, other than certain financing trusts of ComEd and PECO described below, after the elimination of intercompany transactions. A controlling financial interest is evidenced by either a voting interest greater than 50% or a risk and rewards model that identifies the registrant as the primary beneficiary of the variable interest entity. Investments and joint ventures in which Exelon, ComEd, PECO and Generation do not have a controlling financial interest and certain financing trusts of ComEd and PECO are accounted for under the equity or cost methods of accounting.

In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" (FIN No. 46-R), Sithe, a 50% owned subsidiary of Generation, was consolidated in the financial statements of Exelon and Generation as of March 31, 2004. Certain trusts and limited partnerships that are financing subsidiaries of ComEd and PECO have issued debt or mandatorily redeemable preferred securities. Due to the adoption of FIN No. 46-R, these trusts and limited partnerships are no longer consolidated within the financial statements of Exelon, ComEd or PECO as of December 31, 2003, or as of July 1, 2003 for PECO Energy Capital Trust IV (PECO Trust IV). See Note 2 — New Accounting Principles for further discussion of the adoption of FIN 46-R and the resulting consolidation of Sithe and the deconsolidation of these financing entities.

The accompanying consolidated financial statements as of June 30, 2004 and for the three and six months then ended are unaudited but, in the opinion of the management of each of Exelon, ComEd, PECO and Generation, include all adjustments that are considered necessary for a fair presentation of its respective financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). All adjustments are of a normal, recurring nature, except as otherwise disclosed. The share and per-share amounts included in Exelon's consolidated financial statements and combined notes to consolidated financial statements have been adjusted for all periods presented to reflect a 2-for-1 stock split of Exelon's common stock. See Note 14 — Earnings Per Share and Shareholders' Equity for additional information regarding the stock split. The December 31, 2003 Consolidated Balance Sheets were derived from audited financial statements. These combined notes to consolidated financial statements do not include all disclosures required by GAAP. Certain prior-year amounts have been reclassified for comparative purposes.

These reclassifications had no effect on net income or shareholders' or member's equity. These notes should be read in conjunction with the Notes to Consolidated Financial Statements of Exelon, ComEd, PECO and Generation included in or incorporated by reference in ITEM 8 of their Annual Reports on Form 10-K for the year ended December 31, 2003.

2. New Accounting Principles (Exelon, ComEd, PECO and Generation)

New Accounting Principles with a Cumulative Effect upon Adoption

FIN No. 46 and FIN No. 46-R

The FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46) in January 2003 and subsequently issued its revision in FIN No. 46-R in December 2003, which addressed the requirements for consolidating certain variable interest entities. FIN No. 46 was effective for Exelon's variable interest entities created after January 31, 2003 and FIN No. 46-R was effective December 31, 2003 for Exelon's other variable interest entities that were considered to be special-purpose entities. FIN No. 46-R applied to all other variable interest entities as of March 31, 2004.

Exelon and Generation consolidated Sithe as of March 31, 2004 pursuant to the provisions of FIN No. 46-R and recorded income of $32 million (net of income taxes) as a result of the elimination of a guarantee of Sithe's commitments previously recorded by Generation. This income was reported as a cumulative effect of a change in accounting principle in the first quarter of 2004. Generation is a 50% owner of Sithe, and Exelon and Generation had accounted for Sithe as an unconsolidated equity method investment prior to March 31, 2004. Sithe owns and operates power-generating facilities. See Note 4 — Sithe for additional information on the consolidation of Sithe.

PECO Trust IV, a financing subsidiary of PECO created in May 2003, was deconsolidated from the financial statements of Exelon and PECO pursuant to the provisions of FIN No. 46 as of July 1, 2003. Pursuant to the provisions of FIN No. 46-R, as of December 31, 2003, the financing trusts of ComEd, namely ComEd Financing II, ComEd Financing III, ComEd Funding LLC and ComEd Transitional Funding Trust, were deconsolidated from the financial statements of Exelon and ComEd, and the other financing trusts of PECO, namely PECO Energy Capital Trust III (PECO Trust III) and PECO Energy Transition Trust (PETT), were deconsolidated from the financial statements of Exelon and PECO. Amounts owed to these financing trusts were recorded as debt to financing trusts or affiliates within the Consolidated Balance Sheets at June 30, 2004 and December 31, 2003 as follows:

	June 30, 2004	December 31, 2003
Exelon	$5,725	$6,070
ComEd	1,858	2,037
PECO	3,867	4,033

This change in presentation had no effect on the net income of Exelon, ComEd or PECO. In accordance with FIN No. 46-R, prior periods were not reclassified.

SFAS No. 143

FASB Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143), provides accounting requirements for retirement obligations (whether statutory, contractual or as a result of principles of promissory estoppel) associated with tangible long-lived assets. Exelon, ComEd, PECO and Generation were required to adopt SFAS No. 143 as of January 1, 2003.

A significant retirement obligation is Generation's obligation to decommission its nuclear plants at the end of their license lives. See Note 13 — Asset Retirement Obligations for additional information.

Exelon recorded income of $112 million (net of income taxes) as a cumulative effect of a change in accounting principle in connection with its adoption of SFAS No. 143 in the first quarter of 2003. The components of the cumulative effect of a change in accounting principle, net of income taxes, were as follows:

Generation (net of income taxes of $52)	$ 80
Generation's investments in AmerGen Energy Company, LLC and Sithe (net of income taxes of $18)	28
ComEd (net of income taxes of $0)	5
Enterprises (net of income taxes of $(1))	(1)
Total	$112

The cumulative effect of the change in accounting principle in adopting SFAS No. 143 had no effect on PECO's income statement.

Other New Accounting Principles

EITF 03-11

In July 2003, the Emerging Issues Task Force (EITF) of the FASB reached a consensus on EITF Issue No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, 'Accounting for Derivative Instruments and Hedging Activities,' and Not 'Held for Trading Purposes' as Defined in EITF Issue No. 02-3, 'Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities' " (EITF 03-11), which was ratified by the FASB in August 2003. The EITF concluded that determining whether realized gains and losses on physically settled derivative contracts not "held for trading purposes" should be reported in the income statement on a gross or net basis is a matter of judgment that depends on the relevant facts and circumstances. Exelon and Generation adopted EITF 03-11 as of January 1, 2004 and presented $239 million of revenue, $238 million of purchased power and $1 million of fuel expense net within revenues during the three months ended June 30, 2004 and $452 million of revenue, $444 million of purchased power and $8 million of fuel expense net within revenues during the six months ended June 30, 2004. Prior periods were not reclassified. The adoption of EITF 03-11 had no effect on the net income of Exelon or Generation. Had EITF 03-11 been retroactively applied to 2003, operating revenues, purchased power and fuel expense would have been affected as follows:

Exelon

For the Three Months Ended June 30, 2003	As Reported	EITF 03-11 Impact	Pro Forma
Operating revenue	$3,721	$(234)	$3,487
Purchased power	856	(216)	640
Fuel expense	531	(18)	513

For the Six Months Ended June 30, 2003	As Reported	EITF 03-11 Impact	Pro Forma
Operating revenue	$7,795	$(485)	$7,310
Purchased power	1,763	(448)	1,315
Fuel expense	1,356	(37)	1,319

Generation

For the Three Months Ended June 30, 2003	As Reported	EITF 03-11 Impact	Pro Forma
Operating revenue	$1,886	$(234)	$1,652
Purchased power	800	(216)	584
Fuel expense	348	(18)	330

For the Six Months Ended June 30, 2003	As Reported	EITF 03-11 Impact	Pro Forma
Operating revenue	$3,765	$(485)	$3,280
Purchased power	1,642	(448)	1,194
Fuel expense	706	(37)	669

FSP FAS 106-2

Through its postretirement benefit plans, Exelon provides retirees with prescription drug coverage. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Prescription Drug Act) was enacted on December 8, 2003. The Prescription Drug Act introduced a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare prescription drug benefit. Actuarial equivalence has not yet been formally defined by the U.S. Department of Health and Human Services and thus is a matter of judgment by the plan sponsor and its actuaries. Management believes the prescription drug benefit provided under Exelon's postretirement benefit plans is at least actuarially equivalent to the Medicare prescription drug benefit. In response to the enactment of the Prescription Drug Act, in May 2004, the FASB issued FASB Staff Position (FSP) FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP FAS 106-2), which provides transition guidance for accounting for the effects of the Prescription Drug Act and supersedes FSP FAS 106-1, which had been issued in January 2004. FSP FAS 106-1 permitted a plan sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer the accounting for the effects of the Prescription Drug Act. Exelon made the one-time election allowed by FSP FAS 106-1 during the first quarter of 2004.

During the second quarter of 2004, Exelon early adopted the provisions of FSP FAS 106-2, resulting in a remeasurement of its postretirement benefit plans' assets and accumulated postretirement benefit obligations (APBO) as of December 31, 2003. Upon adoption, the effect of the subsidy on benefits attributable to past service was accounted for as an actuarial experience gain, resulting in a decrease of the APBO of approximately $177 million. The annualized reduction in the net periodic postretirement benefit cost is estimated to be approximately $32 million compared to the annual cost calculated without considering the effects of the Prescription Drug Act. The effect of the subsidy on the components of net periodic postretirement benefit cost for the three and six months ended June 30, 2004 included in the consolidated financial statements and Note 11 — Retirement Benefits was as follows:

	Three Months Ended June 30, 2004	Six Months Ended June 30, 2004
Amortization of the actuarial experience gain	$ 4	$ 8
Reduction in current period service cost	1	2
Reduction in interest cost on the APBO	3	6

The following table presents Exelon's net income and earnings per share for the three months ended March 31, 2004 as if FSP FAS 106-2 was adopted as of January 1, 2004. Previously reported historical financial information for the three months ended March 31, 2004 has been adjusted in the table below and will be adjusted when presented for comparative purposes in future periods to reflect a reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

	Three Months Ended March 31, 2004
Net income — as reported	$ 406
Reduction in net periodic postretirement benefit expense(a)	6
Adjusted net income	$ 412
Earnings per share:	
Basic — as reported	$0.62
Basic — as adjusted	$0.63
Diluted — as reported	$0.61
Diluted — as adjusted	$0.62

(a) A portion of the net periodic postretirement benefit cost is capitalized within Exelon's Consolidated Balance Sheets.

The following table presents net income of ComEd and Generation and net income on common stock of PECO for the three months ended March 31, 2004 as if FSP FAS 106-2 was adopted as of January 1, 2004. Historical financial information for the three months ended March 31, 2004 has been adjusted in the table below and will be adjusted when presented for comparative purposes in future periods to reflect a reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

Three Months Ended March 31, 2004	ComEd	PECO	Generation
Net income — as reported	$182	$130(a)	$ 99
Reduction in net periodic postretirement benefit expense(b)	2	1	3
Adjusted net income	$184	$131	$102

(a) Represents PECO's net income on common stock.

(b) A portion of the net periodic postretirement benefit cost is capitalized within the Consolidated Balance Sheets.

EITF 03-01

In March 2004, the EITF reached a consensus on and the FASB ratified EITF Issue No. 03-01, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (EITF 03-01). EITF 03-01 provides guidance for evaluating whether an investment is other-than-temporarily impaired and will be applied in other-than-temporary impairment evaluations made by Exelon beginning in the third quarter of 2004. Exelon adopted the disclosure requirements of EITF 03-01 for investments accounted for under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," within its financial statements for the year ended December 31, 2003. For all other investments within the scope of EITF 03-01 and for cost method investments, the disclosures will be effective for Exelon for the year ended December 31, 2004. Comparative information for periods prior to initial application is not required. Exelon, ComEd, PECO and Generation are still evaluating the potential impact of the adoption of EITF 03-01.

EITF 03-16

In March 2004, the EITF reached a consensus on and the FASB ratified EITF Issue No. 03-16, "Accounting for Investments in Limited Liability Companies" (EITF 03-16). The EITF concluded that if investors in a limited liability company have specific ownership accounts, they should follow the guidance prescribed in Statement of Position 78-9, "Accounting for Investments in Real Estate Ventures," and EITF Topic No. D-46, "Accounting for Limited Partnership Investments." Otherwise, investors should follow the significant influence model prescribed in Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." EITF 03-16 will be effective for Exelon, ComEd, PECO and Generation during the third quarter of 2004. Exelon, ComEd, PECO and Generation are still evaluating the potential impact of the adoption of EITF 03-16.

3. Acquisitions and Dispositions (Exelon and Generation)

Sale of Ownership Interest in Boston Generating, LLC (Exelon and Generation)

On May 25, 2004, Exelon and Generation completed the sale, transfer and assignment of ownership of their indirect wholly owned subsidiary Boston Generating, LLC (Boston Generating), which owns the companies that own Mystic 4-7, Mystic 8 and 9 and Fore River generating facilities, to a special purpose entity owned by the lenders under Boston Generating's $1.25 billion credit facility (Boston Generating Credit Facility).

The sale was pursuant to a settlement agreement reached with Boston Generating's lenders on February 23, 2004. The Federal Energy Regulatory Commission (FERC) approved the sale of Boston Generating in May 2004. Responsibility for plant operations and power marketing activities will be transferred to the lenders' special purpose entity in a separate transaction. Certain aspects of the transfer of operations and marketing are also subject to approval of the FERC. On June 24, 2004, the parties filed an application with the FERC for an order authorizing the transfer of responsibility for plant operations and power marketing, and the parties expect to complete that transfer during the third quarter of 2004. Pending completion of the transfer of operations and marketing activities, Generation affiliates will continue to operate and market power from the plants on behalf of the owners. Due to ongoing power marketing agreements between Generation and Boston Generating, the results of Boston Generating have not been classified as a discontinued operation within the Consolidated Statements of Income and Comprehensive Income of Exelon and Generation. Exelon and Generation are hedged to eliminate the financial effects of these power-marketing-agreements from their results of operations.

In connection with the settlement reached on February 23, 2004, Exelon, Generation, the lenders and Raytheon Company (Raytheon), the guarantor of the obligations of the turnkey contractor under the projects' engineering, procurement and construction agreements, entered into a global settlement of all disputes relating to the construction of the Mystic 8 and 9 and Fore River generating facilities. See Note 15 — Commitments and Contingencies for information regarding the settlement of litigation associated with the projects.

In connection with the decision to transition out of Boston Generating and the generating units, Generation recorded during the third quarter of 2003 an impairment charge of its long-lived assets pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144), of $945 million ($573 million net of income taxes) in operating expenses within its Consolidated Statements of Income and Comprehensive Income. As a result of Boston Generating's liabilities being greater than its assets at the time of the sale, transfer and assignment of ownership, Exelon and Generation recorded a gain of $85 million ($52 million net of income taxes) in other income and deductions within the Consolidated Statements of Income and Comprehensive Income in the second quarter of 2004. In connection with the sale, Exelon and Generation recorded a liability associated with a guarantee by their subsidiary Exelon New England Holdings, LLC (Exelon New England) of fuel purchase obligations of Boston Generating. See Note 15 — Commitments and Contingencies for further information regarding the guarantee.

Boston Generating was reported in the Generation segment of Exelon's consolidated financial statements prior to its sale. At the date of the sale, Boston Generating had approximately $1.2 billion in assets, primarily consisting of property, plant and equipment, and approximately $1.3 billion of liabilities of which approximately $1.0 billion was debt outstanding under the Boston Generating Credit Facility. As of the date of transfer, these amounts were eliminated from the Consolidated Balance Sheets of both Exelon and Generation. Exelon's and Generation's Consolidated Statements of Income and Comprehensive Income for the three and six months ended June 30, 2004 and 2003 include the following financial results related to Boston Generating:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenues	$ 89	$130	$248	$183
Operating income (loss)	(15)	(10)	(47)	8
Net income (loss)(a)	42	(8)	24	3

(a) Net income for the three and six months ended June 30, 2004 included an after-tax gain of $52 million related to the sale of Boston Generating in the second quarter of 2004.

See Note 5 — Selected Pro Forma and Consolidating Financial Information for the effect of the sale of Boston Generating as if the transaction had occurred on January 1, 2003 and was included in Exelon and Generation's results from that date.

Disposition of Enterprises Entities (Exelon)

Exelon Thermal Holdings Inc. On June 30, 2004, Enterprises sold its Chicago business of Exelon Thermal Holdings, Inc. (Thermal) for net cash proceeds of $134 million. A pre-tax gain of $45 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. Enterprises repaid $37 million of debt outstanding of the Chicago thermal operations prior to closing, resulting in prepayment penalties of $9 million, which were recorded in interest expense.

Exelon Services, Inc. During the six months ended June 30, 2004, Enterprises disposed of certain businesses of Exelon Services, Inc. (Services), including Exelon Solutions and certain businesses of the Mechanical and Integrated Technology Group. Total expected proceeds and the net gain on sale (before income taxes) recorded during the six months ended June 30, 2004 related to the disposition of these Services businesses were $34 million and $9 million, respectively. The gain was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. As of June 30, 2004, Services had assets and liabilities of $58 million and $90 million, respectively, which primarily represented the corporate operations and the remaining businesses of the Mechanical and Integrated Technology Group. See Assets and Liabilities Held for Sale below for information regarding the classification of the assets and liabilities of the remaining business of Services as held for sale as of June 30, 2004.

PECO TelCove. On June 30, 2004, Enterprises sold its investment in PECO TelCove, a communications joint venture, along with certain telecommunications assets, for proceeds of $49 million. A pre-tax gain of $9 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. An impairment charge of $5 million (before income taxes) related to the telecommunications assets had been recorded in the fourth quarter of 2003.

InfraSource, Inc. On September 24, 2003, Enterprises sold the electric construction and services, underground and telecom businesses of InfraSource, Inc. (InfraSource). See the Notes to Consolidated Financial Statements in Exelon's 2003 Form 10-K for further information regarding this sale. Enterprises' results of operations for the three and six months ended June 30, 2004 compared to the same periods in 2003 were significantly affected by the sale of InfraSource.

The results of Exelon Thermal and Services have been included in income from continuing operations within Exelon's Consolidated Statements of Income and Comprehensive Income (as opposed to discontinued operations) as the impact of these entities on Exelon's consolidated financial statements was not significant.

Exelon Energy Company (Generation)

Effective January 1, 2004, Exelon contributed its interest in Exelon Energy Company to Generation. The transaction had no effect on the assets and liabilities of Exelon Energy Company, which were previously reported as a part of the Enterprises segment. Beginning in 2004, Exelon Energy Company's assets and liabilities and results of operations are included in Generation's financial statements. Generation and Enterprises' 2003 segment information has been adjusted to reflect this transfer in Note 17 — Segment Information.

The following summary represents the assets and liabilities of Exelon Energy Company that were transferred to Generation as of January 1, 2004:

Current assets (including $5 million of cash)	$ 89
Property, plant and equipment	2
Deferred debits and other assets	13
Current liabilities	(96)
Deferred credits and other liabilities	(10)
Accumulated other comprehensive loss	(2)
Member's equity	4

See Note 5 — Selected Pro Forma and Consolidating Financial Information for the effect of the transfer of Exelon Energy Company to Generation as if the transaction had occurred on January 1, 2003 and was included in Generation's results from that date.

AmerGen Energy Company, LLC (Exelon and Generation)

On December 22, 2003, Generation purchased British Energy plc's (British Energy) 50% interest in AmerGen Energy Company, LLC (AmerGen) for $277 million. The allocation of fair value related to the valuation of long-lived assets will be affected by the finalization of the purchase price based on the completion of the review of the closing AmerGen balances at December 31, 2003.

Prior to the purchase, Generation was a 50% owner of AmerGen and had accounted for the investment as an unconsolidated equity method investment. For the three and six months ended June 30, 2003, Generation recorded $20 million and $84 million, respectively, of equity in earnings of unconsolidated affiliates related to its investment in AmerGen and recorded $110 million and $177 million, respectively, of purchased power from AmerGen. The book value of Generation's investment in AmerGen prior to the purchase was $311 million. For the six months ended June 30, 2004, AmerGen's assets and liabilities and results of operations are included in Generation's financial statements.

See Note 5 — Selected Pro Forma and Consolidating Financial Information for the effect of the acquisition of the remaining 50% interest in AmerGen by Generation as if the transaction had occurred on January 1, 2003 and was included in Exelon and Generation's results from that date.

Synthetic Fuel-Producing Facilities (Exelon)

In November 2003, Exelon purchased interests in two synthetic fuel-producing facilities. The purchase price for these facilities included a combination of cash, notes payable and contingent consideration dependent upon the production level of the facilities. These facilities are not consolidated within Exelon's financial statements because Exelon does not have a controlling financial interest in these facilities. The notes payable recorded for the purchase of the facilities was $238 million. Exelon's right to acquire its share of tax credits generated by the facilities was recorded as an intangible asset and will be amortized as the tax credits are earned. Synthetic fuel facilities chemically change coal, including waste and marginal coal, into a fuel used at power plants. In April 2004, the Internal Revenue Service (IRS) issued two private letter rulings that affirmed that the process used by the facilities will produce a solid synthetic fuel that qualifies for tax credits under Section 29 of the Internal Revenue Code. See Note 19 — Subsequent Events for information regarding investments in synthetic fuel-producing facilities that occurred in July 2004.

Assets and Liabilities Held for Sale (Exelon and Generation)

The major classes of assets and liabilities classified as held for sale within Exelon's and Generation's Consolidated Balance Sheets as of June 30, 2004 consisted of the following:

	Generation	Enterprises	Exelon
Accounts receivable, net	$ —	$ 8	$ 8
Other current assets	—	2	2
Property, plant and equipment, net	9	1	10
Assets classified as held for sale	$ 9	$ 11	$ 20

	Generation	Enterprises	Exelon
Accounts payable, accrued expenses and other current liabilities	$ —	$ 11	$ 11
Debt	3	—	3
Liabilities classified as held for sale	$ 3	$ 11	$ 14

Generation. Generation classified certain assets and liabilities of Sithe as held for sale as of June 30, 2004. Sithe is consolidated within the financial statements of Generation pursuant to FIN No. 46-R. During the three months ended June 30, 2004, Sithe completed the sale of its gas and Australian businesses, which represented $151 million and $140 million of assets and liabilities held for sale, respectively, at March 31, 2004.

Enterprises. Enterprises classified the assets and liabilities of certain Services businesses as held for sale as of June 30, 2004 due to ongoing efforts to dispose of these businesses. These businesses are expected to be sold in 2004. See “Disposition of Enterprises Entities” above for further information.

4. Sithe (Exelon and Generation)

Sithe is primarily engaged in the development, construction, ownership and operation of electric wholesale generating facilities in North America. At June 30, 2004, excluding assets held for sale, Sithe operated nine power plants with total average net capacity of 1,323 megawatts (MW). Sithe also has 49.5% interests in two 230-MW projects in Mexico, which commenced commercial operations during the second quarter of 2004.

The financial statements of all foreign subsidiaries were prepared in their respective local currencies and translated into U.S. dollars based on the current exchange rates at the end of the periods for the Consolidated Balance Sheets and on weighted-average rates for the periods for the Consolidated Statements of Income and Comprehensive Income. Foreign currency translation adjustments, net of deferred income tax benefits, are reflected as a component of other comprehensive income on the Consolidated Statements of Income and Comprehensive Income and accordingly have no effect on net income.

On November 25, 2003, Generation, Reservoir Capital Group (Reservoir) and Sithe completed a series of transactions resulting in Generation and Reservoir each indirectly owning a 50% interest in Sithe (Generation owned 49.9% prior to November 25, 2003). Generation’s intent is to fully divest its interest in Sithe. See the 2003 Form 10-K for further details regarding these transactions.

Exelon and Generation had accounted for the investment in Sithe as an unconsolidated equity method investment prior to its consolidation on March 31, 2004 pursuant to FIN No. 46-R. See Note 2 — New Accounting Principles for further discussion.

As a result of the series of transactions referred to above, the consolidation of Sithe at March 31, 2004 was accounted for as a step acquisition pursuant to purchase accounting policies. Under the provisions of FIN No. 46-R, the operating results of Sithe were included in Exelon’s and Generation’s results of operations beginning April 1, 2004. Sithe has entered into tolling arrangements (Tolling Agreement) with Dynegy Power Marketing and its affiliates with respect to Sithe’s Independence Station. The Tolling Agreement commenced on July 1, 2001 and runs through 2014. Additionally, Sithe has entered into an energy purchase agreement (Energy Purchase Agreement) with Consolidated Edison Company relating to the Independence Station, which continues through 2014. As a result of the acquisition accounting described above, values were assigned to the Tolling Agreement and the Energy Purchase Agreement on March 31, 2004 of approximately $91 million and $282 million, respectively, which have been recorded as intangible assets on Exelon’s and Generation’s Consolidated Balance Sheets in deferred debits and other assets. These amounts were determined based on fair value techniques utilizing the contract terms and various other estimates including forward power prices, discount rates and option pricing models. The intangible assets representing the Tolling Agreement and the Energy Purchase Agreement are being amortized using a method that reflects the pattern in which the economic benefits of the intangible assets are consumed or used up in accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets” (SFAS No. 142), not to exceed the terms of the related contracts. The allocation of fair value related to the valuation of long-lived assets is preliminary and is anticipated to be finalized in the third quarter of 2004.

Sithe's intangible assets are subject to amortization and are included in other non-current assets on Generation's Consolidated Balance Sheet. Amortization expense for intangible assets was $15 million for the three months ended June 30, 2004. The components of Sithe's intangible assets at June 30, 2004 were as follows:

Agreement Type	Gross Carrying Amount	Accumulated Amortization June 30, 2004	Intangible Asset, net
Energy Purchase Agreement	$376	$ 13	$363
Tolling Agreement	71	2	69
Total	$447	$ 15	$432

Annual amortization expense for intangible assets is estimated to be $43 million for 2004, $58 million for 2005, $56 million for 2006, $50 million for 2007, and $44 million for 2008.

In connection with the consolidation of Sithe, certain indemnification guarantees, which were previously recorded in accordance with the provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN No. 45), at Generation on November 25, 2003 pursuant to the series of transactions referred to above, were reversed in accordance with FIN No. 45 as Generation can no longer record liabilities associated with guarantees for the performance of a consolidated entity. The reversal of the guarantees resulted in Exelon and Generation recording income of $32 million (net of income taxes) as a cumulative effect of a change in accounting principle. The condensed consolidating financial information included in Note 5 — Selected Pro Forma and Consolidating Financial Information presents the financial position of Exelon, Generation and Sithe, as well as consolidating entries related primarily to acquisition notes payables and receivables between Generation and Sithe.

The book value of Generation's investment in Sithe immediately prior to its consolidation on March 31, 2004 was $49 million. For the three months ended June 30, 2004, Generation recorded no equity method income or loss as Sithe is consolidated in Generation's results. For the three months ended June 30, 2003, Generation recorded $2 million of equity method losses. Generation recorded $2 million of equity method losses during the six months ended June 30, 2004 and no equity method income or losses for the six months ended June 30, 2003.

Substantially all of Sithe's property, plant and equipment and project agreements secure Sithe's outstanding long-term debt, which consists primarily of project debt. During 2003, Sithe entered into an agreement with Exelon and Generation under which Exelon would obtain letters of credit to support contractual obligations of Sithe and its subsidiaries. As of June 30, 2004, Exelon has obtained $60 million of letters of credit in support of Sithe's obligations not including a $50 million letter of credit which is not guaranteed by Exelon. With the exception of the issuance of letters of credit to support contractual obligations, the creditors of Sithe have no recourse against the general credit of Exelon or Generation.

The following table details the Sithe balance sheet classification of the mark-to-market energy contract net assets recorded as of June 30, 2004:

Current assets	$ 24
Noncurrent assets	232
Total mark-to-market energy contract assets	256
Current liabilities	(16)
Noncurrent liabilities	(140)
Total mark-to-market energy contract liabilities	(156)
Total mark-to-market energy contract net assets	$ 100

5. Selected Pro Forma and Consolidating Financial Information

Exelon

The following unaudited pro forma financial information gives effect to the acquisition of the remaining 50% interest in AmerGen by Generation and the sale of Boston Generating by Generation, in each case, as if the transaction had occurred on January 1, 2003 and was included in or excluded from Exelon's results from that date.

Three Months Ended June 30, 2003	Exelon As Reported	Acquisition of 50% of AmerGen	Sale of Boston Generating	Eliminating Entries	Pro Forma Exelon Consolidated
Total operating revenue	$3,721	$159	$130	$(110)	$3,640
Operating income (loss)	800	21	(10)	—	831
Income (loss) before cumulative effect of changes in accounting principles	372	38	(8)	(20)	398

Six Months Ended June 30, 2003	Exelon As Reported	Acquisition of 50% of AmerGen	Sale of Boston Generating	Eliminating Entries	Pro Forma Exelon Consolidated
Total operating revenue	$7,795	$307	$183	$(177)	$7,742
Operating income	1,557	59	8	—	1,608
Income before cumulative effect of changes in accounting principles	621	72	3	(37)	653

The above unaudited pro forma financial information should not be relied upon as being indicative of the historical results that would have been obtained if the transactions had actually occurred on January 1, 2003, nor of the results that might be obtained in the future.

Exelon Condensed Consolidating Balance Sheet at June 30, 2004

The following condensed consolidating financial information presents the financial position of Exelon and Sithe, as well as eliminating entries related primarily to acquisition notes payables and receivables between Generation and Sithe.

June 30, 2004	Exelon	Sithe	Eliminating Entries	Exelon Consolidated (As Reported)
Assets				
Current assets	$ 4,317	$ 370	$(156)	$ 4,531
Assets held for sale(a)	11	9	—	20
Property, plant and equipment, net	19,954	274	—	20,228
Other noncurrent assets	16,589	770	(36)	17,323
Total assets	$40,871	$1,423	$(192)	$42,102
Liabilities and stockholders' equity				
Current liabilities	$ 4,150	$ 321	$(156)	$ 4,315
Liabilities held for sale(a)	11	3	—	14
Long-term debt	13,100	819	—	13,919
Other long-term liabilities(b)	14,497	195	49	14,741
Stockholders' equity(c)	9,113	85	(85)	9,113
Total liabilities and stockholders' equity	$40,871	$1,423	$(192)	$42,102

(a) Excludes assets and liabilities held for sale.

(b) Includes minority interest of consolidated subsidiaries.

(c) Includes preferred securities of subsidiaries.

Generation

The following unaudited pro forma financial information gives effect to the acquisition of the remaining 50% interest in AmerGen, the transfer of Exelon Energy Company to Generation and the sale of Boston Generating, in each case, as if the transaction had occurred on January 1, 2003 and was included in or excluded from Generation's results from that date.

Three Months Ended June 30, 2003	Generation As Reported	Businesses Acquired(a)	Businesses Disposed(b)	Eliminating Entries	Pro Forma Generation Consolidated
Total operating revenue	$1,886	$333	$130	$(154)	$1,935
Operating income (loss)	201	23	(10)	—	234
Income (loss) before cumulative effect of changes in accounting principles	142	38	(8)	(20)	168

(a) Includes the acquisition of the remaining 50% interest in AmerGen, and the transfer of Exelon Energy Company to Generation.

(b) Includes the sale of Boston Generating.

Six Months Ended June 30, 2003	Generation As Reported	Businesses Acquired(a)	Businesses Disposed(b)	Eliminating Entries	Pro Forma Generation Consolidated
Total operating revenue	$3,765	$811	$183	$(285)	$4,108
Operating income	295	45	8	—	332
Income before cumulative effect of changes in accounting principles	89	62	3	(37)	111

(a) Includes the acquisition of the remaining 50% interest in AmerGen, and the transfer of Exelon Energy Company to Generation.

(b) Includes the sale of Boston Generating.

The above unaudited pro forma financial information should not be relied upon as being indicative of the historical results that would have been obtained if these acquisitions had actually occurred on January 1, 2003, nor of the results that might be obtained in the future.

Generation Condensed Consolidating Balance Sheet at June 30, 2004

The following condensed consolidating financial information presents the financial position of Generation, Sithe and Exelon Energy, as well as eliminating entries related primarily to acquisition notes payables and receivables between Generation and Sithe.

June 30, 2004	Generation	Sithe	Exelon Energy	Eliminating Entries	Generation Consolidated (As Reported)
Assets					
Current assets(a)	$ 2,515	$ 370	$ 68	$(170)	$ 2,783
Assets held for sale	—	9	—	—	9
Property, plant and equipment, net	6,218	274	1	—	6,493
Other noncurrent assets	5,367	770	16	(36)	6,117
Total assets	$14,100	$1,423	$ 85	$(206)	$15,402
Liabilities and members' equity					
Current liabilities(a)	$ 2,496	$ 321	$ 66	$(170)	$ 2,713
Liabilities held for sale	—	3	—	—	3
Long-term debt	1,650	819	—	—	2,469
Other long-term liabilities(b)	6,981	195	5	49	7,230
Members' equity	2,973	85	14	(85)	2,987
Total liabilities and members' equity	$14,100	$1,423	$ 85	$(206)	$15,402

(a) Excludes assets and liabilities held for sale.

(b) Includes minority interest of consolidated subsidiaries.

6. Stock-Based Compensation (Exelon, ComEd, PECO and Generation)

Exelon accounts for its stock-based compensation plans under the intrinsic method prescribed by Accounting Principles Board No. 25, “Accounting for Stock Issued to Employees” and related interpretations and follows the disclosure requirements of SFAS No. 123, “Accounting for Stock-Based Compensation” (SFAS No. 123), and SFAS No. 148, “Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of FASB Statement No. 123.” The tables below show the effect on net income and earnings per share for Exelon had Exelon elected to account for its stock-based compensation plans using the fair-value method under SFAS No. 123 for the three and six months ended June 30, 2004 and 2003:

Exelon

	Three Months Ended June 30,	
	2004	**2003**
Net income — as reported	$ 521	$ 372
Deduct: Total stock-based compensation expense determined under fair-value method for all awards, net of income taxes	(5)	(5)
Pro forma net income	$ 516	$ 367
Earnings per share:		
Basic — as reported	$0.79	$0.57
Basic — pro forma	$0.78	$0.56
Diluted — as reported	$0.78	$0.57
Diluted — pro forma	$0.77	$0.56

	Six Months Ended June 30,	
	2004	**2003**
Net income — as reported	$ 933	$ 733
Deduct: Total stock-based compensation expense determined under fair-value method for all awards, net of income taxes	(10)	(10)
Pro forma net income	$ 923	$ 723
Earnings per share:		
Basic — as reported	$1.41	$1.13
Basic — pro forma	$1.40	$1.11
Diluted — as reported	$1.40	$1.12
Diluted — pro forma	$1.38	$1.11

The net income of ComEd, PECO and Generation for the three and six months ended June 30, 2004 and 2003 would not have been significantly affected had Exelon elected to account for its stock-based compensation plans using the fair-value method under SFAS No. 123.

7. Regulatory Issues (Exelon, ComEd and Generation)

Exelon and ComEd

PJM Integration. On April 1, 2003, ComEd received approval from the FERC to transfer control of its transmission assets to PJM Interconnection (PJM). The FERC also accepted for filing the amended PJM Tariff to reflect the inclusion of the transmission assets of ComEd and other new members, subject to a compliance filing and hearing on certain issues. On June 2, 2003, ComEd began receiving electric transmission reservation services from PJM and transferred control of ComEd's Open Access Same Time Information System to PJM. On March 18, 2004, the FERC approved ComEd's plan to complete its integration into PJM, subject to the North American Electric Reliability Council (NERC) approval of the

PJM and Midwest ISO reliability plans to assure no adverse effects. The NERC granted the required approval on April 2, 2004. On April 27, 2004, the FERC issued its order approving ComEd's application, subject to certain stipulations, including a provision to hold certain other utilities harmless from the impacts of ComEd joining PJM. ComEd agreed to these stipulations and fully integrated into PJM on May 1, 2004.

Open Access Transmission Tariff. On November 10, 2003, the FERC issued an order allowing ComEd to put into effect, subject to refund and rehearing, new transmission rates designed to reflect nearly $500 million of infrastructure investments made since 1998. However, because of the Illinois retail rate freeze and the method for calculating competitive transition charges, the increase is not expected to have a significant effect on operating revenues until after December 31, 2006. ComEd began charging the new rates May 1, 2004. ComEd's management believes an adequate reserve for any required refunds has been established in the event that the new rates are adjusted based on rehearing or settlement negotiations.

Exelon and Generation

Service Life Extension. Effective January 1, 2004, Generation changed its accounting estimates related to the depreciation of certain AmerGen generating facilities. The estimated service lives were extended by 20 years for the three AmerGen stations. These changes were based on engineering and economic feasibility analyses performed by Generation. The service life extensions are subject to approval by the Nuclear Regulatory Commission (NRC) extensions of the existing NRC operating licenses. Generation has not applied for license extensions at the AmerGen facilities, but has announced its plan to file an extension request for the Oyster Creek Nuclear Generating Station (Oyster Creek), and is planning on filing for license extensions at Unit 1 at the Three Mile Island Nuclear Station (TMI) and the Clinton Nuclear Power Station (Clinton) on a timeline consistent and integrated with the other planned extension filings for the Generation nuclear fleet.

8. Goodwill (Exelon and ComEd)

Exelon

As of June 30, 2004 and December 31, 2003, Exelon had recorded goodwill of approximately $4.7 billion. Under the provisions of SFAS No. 142, goodwill is tested for impairment at least annually, or more frequently if events or circumstances indicate that goodwill might be impaired. Exelon will perform its annual goodwill impairment assessment in the fourth quarter of 2004. The changes in the carrying amount of goodwill by reportable segment (see Note 17 — Segment Information for further information regarding Exelon's segments) for the periods ended June 30, 2004 and December 31, 2003 were as follows:

	Energy Delivery	Enterprises	Total
Balances as of January 1, 2003	$4,916	$ 76	$4,992
Impairment losses	—	(72)	(72)
Adoption of SFAS No. 143(a):			
Reduction of asset retirement obligation	(210)	—	(210)
Cumulative effect of change in accounting principle	5	—	5
Resolution of certain tax matters	8	—	8
Other	—	(4)	(4)
Balances as of December 31, 2003	4,719	—	4,719
Resolution of certain tax matters	(5)	—	(5)
Balances as of June 30, 2004	$4,714	$ —	$4,714

(a) See Notes to Consolidated Financial Statements of Exelon in the 2003 Form 10-K for information regarding the adoption of SFAS No. 143.

ComEd

As of June 30, 2004 and December 31, 2003, ComEd had recorded goodwill of approximately $4.7 billion. Under the provisions of SFAS No. 142, goodwill is tested for impairment at least annually, or more frequently if events or circumstances indicate that goodwill might be impaired. ComEd will perform its annual goodwill impairment assessment in the fourth quarter of 2004. The changes in the carrying amount of goodwill for the periods ended June 30, 2004 and December 31, 2003 were as follows:

Balance as of January 1, 2003	$4,916
Adoption of SFAS No. 143(a):	
Reduction of asset retirement obligation	(210)
Cumulative effect of change in accounting principle	5
Resolution of certain tax matters	8
Balance as of December 31, 2003	4,719
Resolution of certain tax matters	(5)
Balance as of June 30, 2004	$4,714

(a) See Notes to Consolidated Financial Statements of ComEd in the 2003 Form 10-K for information regarding the adoption of SFAS No. 143.

9. Long-Term Debt (Exelon, ComEd, PECO and Generation)

Boston Generating Credit Facility

Approximately $1.0 billion of debt was outstanding under the non-recourse Boston Generating Credit Facility at December 31, 2003, all of which was reflected in the Consolidated Balance Sheets of Exelon and Generation as a current liability due to certain events of default under the Boston Generating Credit Facility.

The outstanding debt under the Boston Generating Credit Facility was eliminated from the financial statements of Exelon and Generation upon the sale of Generation's ownership interest in Boston Generating in May 2004. See Note 3 — Acquisitions and Dispositions for additional information regarding the sale.

Long-Term Debt

Issuance of Long-Term Debt. During the six months ended June 30, 2004, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount
PECO	First and Refunding Mortgage Bonds	5.90%	May 1, 2034	$ 75
Total issuances				$ 75

Debt Retirements and Redemptions. During the six months ended June 30, 2004, the following debt was retired or redeemed:

Company	Type	Interest Rate	Maturity	Amount
PECO	First and Refunding Mortgage Bonds	6.375%	August 15, 2005	$ 75
ComEd	Note	7.375%	January 15, 2004	150
ComEd	Pollution Control Revenue Bonds	5.30%	January 15, 2004	26
ComEd	Sinking Fund Debentures	3.125%	April 1, 2004	1
ComEd	Sinking Fund Debentures	4.750%	June 1, 2004	1
Enterprises	Note	7.68%	June 30, 2023	11
Enterprises	Note	9.09%	January, 31, 2020	26
Total retirements and redemptions				$290

During the three and six months ended June 30, 2004, ComEd made payments of $86 million and $179 million, respectively, related to its obligation to the ComEd Transitional Funding Trust, and PECO made payments of $78 million and $166 million, respectively, related to its obligation to the PETT. Additionally, Exelon made payments on other long-term debt obligations of $22 million.

Sithe Long-Term Debt. At June 30, 2004, the following long-term debt of Sithe was consolidated in Exelon's and Generation's Consolidated Balance Sheets as a result of the adoption of FIN No. 46-R. See Note 2 — New Accounting Principles and Note 4 — Sithe for further information regarding the consolidation of Sithe.

	Stated Interest Rate	Maturity	Face Amount of Debt
Non-recourse project debt:			
Independence notes and bonds:			
Secured bonds payable in semiannual installments commencing June 2003	8.50%(a)	2007	$122
Secured bonds payable in semiannual installments commencing December 2007	9.00%(a)	2013	409
Term loan repayable primarily in quarterly installments:			
Batavia	18.00%	2007	1
Subordinated debt:			
Tracking account loan payable in semiannual installments commencing June 2015	7.00%(a)	2035	419
Total face amount of debt			$951
Unamortized debt discount and premium, net			(99)
Long-term debt due within one year			(33)
Total long-term debt			$819

(a) In addition to the stated interest rate, an additional 1.97% and 0.99% of interest on the carrying amount of the secured bonds payable is being credited due to debt premiums and 1.63% of interest on the carrying amount of the subordinated debt is being incurred due to the debt discount recorded at the time of the purchase.

Additionally, $3 million of Sithe's long-term debt was classified as liabilities held for sale at June 30, 2004.

Aggregate maturities of Sithe's long-term debt relating to continuing operations are as follows:

2004	$ 33
2005	34
2006	37
2007	40
2008	44
2009 and thereafter	763
Total minimum payments	951
Net debt discount to be amortized to interest expense	(99)
Present value of minimum payments	$852

10. Severance Benefits (Exelon, ComEd, PECO and Generation)

Exelon, ComEd, PECO and Generation provide severance and health and welfare benefits to terminated employees pursuant to pre-existing severance plans primarily based upon each employee's years of service with Exelon and compensation level. The registrants account for their ongoing severance plans in accordance with SFAS No. 112, "Employer's Accounting for Postemployment Benefits, an amendment of FASB Statements No. 5 and 43," and SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and accrue amounts associated with severance benefits that are considered probable and that can be reasonably estimated.

In conjunction with The Exelon Way, a company-wide effort to define how Exelon will conduct business in years to come, Exelon, ComEd, PECO and Generation have collectively identified 1,650 positions for elimination through June 30, 2004. Exelon, ComEd, PECO and Generation based their estimates of the number of positions to be eliminated on management's current plans and ability to determine the appropriate staffing levels to effectively operate the businesses. Exelon, ComEd, PECO and Generation may incur further severance costs associated with The Exelon Way if additional positions are identified for elimination. These costs will be recorded in the period in which the costs can be first reasonably estimated.

The following table presents, by segment, Exelon's total salary continuance severance costs for the three and six months ended June 30, 2004. There were no significant salary continuance severance costs recorded during the three and six months ended June 30, 2003.

Salary continuance severance	Energy Delivery	Generation	Enterprises	Corporate	Exelon Consolidated
Expense (income) recorded for three months ended June 30, 2004	$(1)	$ 1	$ (1)	$ 4	$ 3
Expense (income) recorded for six months ended June 30, 2004(a,b)	4	(5)	—	5	4

(a) In 2004, PECO recorded a charge of $4 million for new positions identified.

(b) In 2004, Generation recorded a charge of $2 million for new positions identified and reversed $7 million to reduce accruals for individuals previously identified under The Exelon Way.

The following table provides total salary continuance severance costs for ComEd, PECO and Generation for the three and six months ended June 30, 2004. There were no significant salary continuance severance costs recorded during the three and six months ended June 30, 2003.

Salary continuance severance	ComEd	PECO	Generation
Expense (income) recorded for three months ended June 30, 2004	$ —	$(1)	$ 1
Expense (income) recorded for six months ended June 30, 2004(a,b)	—	4	(5)

(a) In 2004, PECO recorded a charge of $4 million for new positions identified.

(b) In 2004, Generation recorded a charge of $2 million for new positions identified and reversed $7 million to reduce accruals for individuals previously identified under The Exelon Way.

The following tables provide a roll forward of the salary continuance severance obligations from January 1, 2003 through June 30, 2004 for Exelon, ComEd, PECO and Generation:

Salary continuance obligations	Exelon Consolidated	ComEd	PECO	Generation
Balance at January 1, 2003	$ 39	$ 15	$ —	$ 11
Additions	135	61	16	38
Payments	(39)	(21)	(2)	(9)
Other adjustments	4	—	—	3
Balance at January 1, 2004	139	55	14	43
Additions (reductions)(a)(b)	4	—	4	(5)
Payments	(42)	(13)	(4)	(16)
Other adjustments(c)	(3)	—	—	—
Balance at June 30, 2004	$ 98	$ 42	$ 14	$ 22

(a) In 2004, Generation recorded a charge of $2 million for new positions identified and reversed $7 million to reduce accruals for individuals previously identified under The Exelon Way.

(b) In 2004, PECO recorded a charge of $4 million for new positions identified.

(c) In 2004, Generation increased the reserve for liabilities acquired upon the transfer of the operations of Exelon Energy Company to Generation and reduced the reserve for liabilities associated with Boston Generating, which was sold in May 2004.

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

Exelon sponsors defined benefit pension plans and postretirement welfare benefit plans applicable to essentially all ComEd, PECO, Generation and Exelon Business Services Company (BSC) employees and certain employees of Enterprises. Substantially all non-union employees and electing union employees hired on or after January 1, 2001 participate in Exelon-sponsored cash balance pension plans. Substantially all non-union employees hired prior to January 1, 2001 were offered a choice to remain in Exelon’s traditional pension plan or transfer to a cash balance pension plan for management employees. Employees of AmerGen participate in separate defined benefit pension plans and postretirement welfare benefit plans sponsored by AmerGen.

The defined benefit pension plans and postretirement welfare benefit plans are accounted for in accordance with SFAS No. 87, “Employer’s Accounting for Pensions,” and SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other than Pensions,” and are disclosed in accordance with SFAS No. 132, “Employers’ Disclosures about Pensions and Other Postretirement Benefits — an Amendment of FASB Statements No. 87, 88, and 106” (revised 2003). The costs of providing benefits under these plans are dependent on historical information, such as employee age, length of service and level of compensation, and the actual rate of return on plan assets, in addition to assumptions about the future, including the expected rate of return on plan assets, the discount rate applied to benefit obligations, rate of compensation increase and the anticipated rate of increase in health care costs. The effects of changes in these factors on pension and other postretirement welfare benefit obligations are generally recognized over the expected remaining service life of the employees rather than immediately recognized in the income statement. Exelon uses a December 31 measurement date for the majority of its plans.

Exelon’s traditional and cash balance pension plans are intended to be tax-qualified defined benefit plans, and Exelon has submitted applications to the IRS for rulings on the tax-qualification of the form of each plan. By letters dated April 21, 2004, the IRS notified Exelon that the rulings on its applications for the traditional and management cash balance plans were delayed pending advice from its National Office, pursuant to a previously announced moratorium on rulings with respect to plans involved in so called cash balance “conversions.” On June 1, 2004, the IRS issued a favorable ruling on the union cash balance plan.

On June 15, 2004, the U.S. Treasury Department announced the withdrawal of its proposed regulations covering cash balance plans in order to provide Congress an opportunity to consider proposed legislation. In addition, various methods used by other employers to accrue and calculate benefits under cash balance plans have been challenged in recent lawsuits. The design of Exelon’s cash balance plans differs in certain material respects from the cash balance plans involved in the cases decided to date, and the courts have not reached uniform decisions on certain issues. As a result, considerable uncertainty remains regarding the application of the Employee Retirement Income Security Act of 1974, the Internal Revenue Code and federal employment laws to cash balance plans. Exelon does not know how the current uncertainty will be resolved and cannot determine at this time what impact, if any, future developments in this area will have on its pension plans or the funding of its pension obligations.

During the second quarter of 2004, Exelon early adopted FSP FAS 106-2. See Note 2 — New Accounting Principles for information regarding the adoption of FSP FAS 106-2 and the effect on the net periodic benefit cost of the other postretirement benefits plans included in the tables below.

The following tables present the components of Exelon's net periodic benefit costs recognized for the three and six months ended June 30, 2004 and 2003, including the net periodic benefit costs of AmerGen's pension and postretirement plans for 2004. The expected long-term rates of return on plan assets used to estimate 2004 pension and other postretirement benefit costs are 9.00% and 8.33%, respectively. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2004	2003	2004	2003
Service cost	$ 33	$ 27	$ 20	$ 17
Interest cost	134	130	44	41
Expected return on assets	(153)	(146)	(23)	(19)
Amortization of:				
Transition obligation (asset)	(1)	(1)	2	3
Prior service cost	4	4	(19)	(14)
Actuarial loss	15	5	15	12
Curtailment charge(a)	5	—	3	—
Special termination benefits charge(b)	—	—	8	—
Net periodic benefit cost	$ 37	$ 19	$ 50	$ 40

(a) ComEd, PECO and Generation were allocated curtailment charges for pension and other postretirement benefits of $3 million, $2 million and $3 million, respectively.

(b) ComEd, PECO and Generation were allocated special termination benefit charges related to other postretirement benefits of $3 million, $2 million and $2 million, respectively.

	Pension Benefits		Other Postretirement Benefits	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Service cost	$ 66	$ 54	$ 40	$ 34
Interest cost	268	260	89	83
Expected return on assets	(307)	(292)	(46)	(38)
Amortization of:				
Transition obligation (asset)	(2)	(2)	4	5
Prior service cost	8	8	(38)	(27)
Actuarial loss	30	11	30	24
Curtailment charge(a)	5	—	3	—
Special termination benefits charge(b)	—	—	8	—
Net periodic benefit cost	$ 68	$ 39	$ 90	$ 81

(a) ComEd, PECO and Generation were allocated curtailment charges for pension and other postretirement benefits of $3 million, $2 million and $3 million, respectively.

(b) ComEd, PECO and Generation were allocated special termination benefit charges related to other postretirement benefits of $3 million, $2 million and $2 million, respectively.

The following table presents the allocation by registrant of Exelon’s pension and post-retirement benefit costs, excluding curtailment and special termination benefits costs, during the three and six months ended June 30, 2004 and 2003:

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension and Postretirement Benefit Costs	2004	2003	2004	2003
ComEd	$ 23	$ 23	$ 47	$ 46
PECO	8	13	16	28
Generation	30	24	59	48

Exelon sponsors savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. Exelon matches a percentage of the employee contribution up to certain limits. The following table presents, by registrant, the matching contribution to the savings plans during the three and six months ended June 30, 2004 and 2003:

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings plan matching contributions	2004	2003	2004	2003
Exelon	$ 14	$ 15	$ 28	$ 27
ComEd	4	5	8	9
PECO	1	2	3	4
Generation	6	6	13	12

12. Income Taxes (Exelon, ComEd, PECO and Generation)

Exelon

Exelon's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
Synthetic fuel-producing facilities credit(a)	(6.5)	—	(7.2)	—
Low income housing credit	(0.5)	(0.6)	(0.5)	(0.7)
Plant basis differences	(0.4)	(0.6)	(0.4)	(0.6)
Amortization of investment tax credit	(0.4)	(0.4)	(0.4)	(0.5)
Tax exempt interest income	(0.3)	(0.2)	(0.4)	(0.4)
State income taxes, net of Federal income tax benefit	2.7	3.4	2.7	3.6
Nontaxable employee benefits	(0.3)	—	(0.3)	—
Other, net	1.4	0.7	1.2	0.8
Effective income tax rate	30.7%	37.3%	29.7%	37.2%

(a) See Note 3 — Acquisitions and Dispositions for further information regarding these investments.

ComEd

ComEd's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
State income taxes, net of Federal income tax benefit	4.7	4.8	4.8	4.8
Amortization of regulatory asset	0.5	0.5	0.5	0.5
Amortization of investment tax credit	(0.2)	(0.2)	(0.2)	(0.2)
Nontaxable employee benefits	(0.3)	—	(0.2)	—
Other	(0.4)	0.1	(0.2)	(0.2)
Effective income tax rate	39.3%	40.2%	39.7%	39.9%

PECO

PECO's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
Plant basis differences	(1.4)	(1.5)	(1.2)	(1.0)
State income taxes, net of Federal income tax benefit	(0.7)	(0.2)	0.3	0.9
Amortization of investment tax credit	(0.4)	(0.4)	(0.4)	(0.4)
Nontaxable employee benefits	(0.5)	—	(0.2)	—
Other	1.3	4.2	(1.0)	0.2
Effective income tax rate	33.3%	37.1%	32.5%	34.7%

Generation

Generation's effective income tax rate varied from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:				
State income taxes, net of Federal income tax benefit	3.1	3.4	3.5	8.0
Tax exempt interest income	(0.9)	(0.5)	(1.3)	(2.2)
Nontaxable employee benefits	(0.6)	—	(0.5)	—
Amortization of investment tax credit	(0.4)	(0.6)	(0.6)	(1.6)
Nuclear decommissioning trust income	1.3	1.7	2.0	4.2
Other	0.1	0.1	—	0.4
Effective income tax rate	37.6%	39.1%	38.1%	43.8%

13. Asset Retirement Obligations (Exelon and Generation)

SFAS No. 143 provides accounting guidance for retirement obligations (whether statutory, contractual or as a result of principles of promissory estoppel) associated with tangible long-lived assets. Liabilities for SFAS No. 143 asset retirement obligations (AROs) have been recorded at Generation in connection with its obligation to decommission its nuclear power plants as well as legal obligations associated with the closing of its fossil power plants. Based on the extended license lives of the nuclear plants, decommissioning expenditures are expected to occur primarily during the period 2029 through 2056. Exelon, through its regulated subsidiary utility companies, ComEd and PECO, currently recovers costs for decommissioning Generation's nuclear generating stations, excluding the AmerGen plants, through regulated rates. The amounts recovered from customers are deposited into trust accounts and invested for funding the future decommissioning costs of the nuclear generating stations.

Exelon and Generation had $4,890 million and $4,721 million as of June 30, 2004 and December 31, 2003, respectively, recorded as nuclear decommissioning trust funds on Exelon's and Generation's Consolidated Balance Sheets which represent decommissioning assets in trust accounts. Generation anticipates that all trust fund assets will ultimately be used to decommission Generation's nuclear plants.

The following table presents a roll forward of the ARO reflected on the Exelon and Generation Consolidated Balance Sheets from January 1, 2003 to June 30, 2004:

	Generation	Exelon
Asset retirement obligation at January 1, 2003	$2,363	$2,366
Consolidation of AmerGen	487	487
Accretion expense	160	161
Expenditures to decommission retired plants	(14)	(14)
Reclassification of Thermal ARO as held for sale(a)	—	(3)
Asset retirement obligation at December 31, 2003	2,996	2,997
Accretion expense for the six months ended June 30, 2004	102	102
Additional liabilities incurred(b)	6	6
Expenditures to decommission retired plants	(5)	(5)
Asset retirement obligation at June 30, 2004	$3,099	$3,100

(a) The ARO of Thermal was removed from the balance sheet upon its sale in the second quarter of 2004.

(b) Additional liabilities incurred are primarily due to the consolidation of Sithe.

Generation is currently evaluating changes in estimated future cash flows related to the decommissioning of its nuclear units that will impact the recorded amount of the ARO. This evaluation is expected to be completed by the end of 2004.

14. Earnings Per Share and Shareholders' Equity (Exelon)

Stock Split

On January 27, 2004, the Board of Directors of Exelon approved a 2-for-1 stock split of Exelon's common stock. The distribution date was May 5, 2004. The authorized common stock was increased from 600,000,000 shares with no par value to 1,200,000,000 shares with no par value. The share and per-share amounts included in Exelon's consolidated financial statements and combined notes to consolidated financial statements have been adjusted for all periods presented to reflect the stock split.

Earnings per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Income before cumulative effect of changes in accounting principles	$ 521	$ 372	$ 901	$ 621
Cumulative effect of changes in accounting principles	—	—	32	112
Net income	$ 521	$ 372	$ 933	$ 733
Average common shares outstanding — basic	661	650	660	649
Assumed exercise of stock options	6	5	6	4
Average common shares outstanding — diluted	667	655	666	653
Earnings per average common share — Basic:				
Income before cumulative effect of changes in accounting principles	$0.79	$0.57	$1.36	$0.96
Cumulative effect of changes in accounting principles	—	—	0.05	0.17
Net income	$0.79	$0.57	$1.41	$1.13
Earnings per average common share — Diluted:				
Income before cumulative effect of changes in accounting principles	$0.78	$0.57	$1.35	$0.95
Cumulative effect of changes in accounting principles	—	—	0.05	0.17
Net income	$0.78	$0.57	$1.40	$1.12

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 1 million and 10 million for the three months ended June 30, 2004 and 2003, respectively, and 1 million and 10 million for the six months ended June 30, 2004 and 2003, respectively.

Share Repurchase Program

In April 2004, Exelon's Board of Directors approved a discretionary share repurchase program that allows Exelon to repurchase shares of its common stock on a periodic basis in the open market. The share repurchase program is intended to mitigate, in part, the dilutive effect of shares issued under Exelon's employee stock option plan and Exelon's Employee Stock Purchase Plan (ESPP). The aggregate value of the shares of common stock repurchased pursuant to the program cannot exceed the economic benefit received after January 1, 2004 due to stock option exercises and share purchases pursuant to Exelon's ESPP. The economic benefit consists of the direct cash proceeds from purchases of stock and the tax benefits associated with exercises of stock options. The share repurchase program has no specified limit on the number of shares that may be repurchased and no specified termination date. Any shares repurchased are held as treasury shares unless cancelled or reissued at the discretion of Exelon's management. Treasury shares are recorded at cost. During the three and six months ended June 30, 2004, 2.3 million shares of common stock were purchased under the share repurchase program for $75 million.

Shareholders' Equity

The following table summarizes the changes in shareholders' equity for the six months ended June 30, 2004:

Dollars in millions, shares in thousands	Issued Shares	Common Stock	Treasury Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2003	656,366	$7,292	—	$ —	$2,320	$(1,109)	$8,503
Net income		—	—	—	933	—	933
Long-term incentive plan activity	5,956	166	—	—	—	—	166
Employee stock purchase plan issuances	155	5	—	—	—	—	5
Treasury stock purchases	—	—	2,327	(75)	—	—	(75)
Common stock dividends declared	—	—	—	—	(364)	—	(364)
Other comprehensive income (loss)	—	—	—	—	—	(142)	(142)
Balance, June 30, 2004	662,477	$7,463	2,327	$(75)	$2,889	$(1,251)	$9,026

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

For information regarding capital commitments, nuclear decommissioning and spent fuel storage at December 31, 2003, see the Commitments and Contingencies and Nuclear Decommissioning and Spent Fuel Storage notes in the Notes to Consolidated Financial Statements of Exelon, ComEd, PECO and Generation in the 2003 Form 10-K.

Energy Commitments

At June 30, 2004, Generation's long-term commitments, relating to the purchase and sale of energy, capacity and transmission rights from unaffiliated utilities and others, including the Midwest Generation contract, did not change significantly from December 31, 2003, except for the following:

- Sithe has power-only sales commitments of $46 million, transmission rights of $27 million and minimum fuel purchase commitments of $109 million.

Commercial Commitments

Exelon, ComEd, PECO and Generation's commercial commitments as of June 30, 2004, representing commitments not recorded on the balance sheet but potentially triggered by future events, including obligations to make payments on behalf of other parties and financing arrangements to secure obligations, did not change significantly from December 31, 2003, except for the following:

- In connection with the transfer of Exelon Energy Company to Generation effective January 1, 2004, Generation acquired $162 million in energy marketing contract guarantees. This transfer had no effect on the guarantees of Exelon.

- Generation acquired a $50 million letter of credit to support the contractual obligations of Sithe and its subsidiaries.

- Mystic Development LLC (Mystic) a former affiliate of Exelon New England has a long-term agreement through January 2020 with Distrigas of Massachusetts Corporation (Distrigas) for gas supply, primarily for the Boston Generating units. Under the agreement, gas purchase prices from Distrigas are indexed to the New England gas markets. Exelon New England has guaranteed Mystic's financial obligations to Distrigas under the long-term supply agreement. Exelon New England's guarantee to Distrigas remained in effect following the transfer of ownership interest in Boston Generating in May 2004. Under FIN No. 45, approximately $17 million is included as a liability within the Consolidated Balance Sheets of Exelon and Generation as of June 30, 2004 related to this guarantee. The terms of the guarantee do not limit the potential future payments that Exelon New England could be required to make under the guarantee.

Environmental Liabilities

Exelon, ComEd, PECO and Generation accrue amounts for environmental investigation and remediation costs that can be reasonably estimated, including amounts for manufactured gas plant (MGP) investigation and remediation. Exelon has identified 69 sites where former MGP activities have or may have resulted in actual site contamination. Of these 69 sites, the Illinois Environmental Protection Agency has approved the clean up of 4 sites and the Pennsylvania Department of Environmental Protection has approved the clean up of 8 sites. Pursuant to a Pennsylvania Public Utility Commission (PUC) order, PECO is currently recovering a provision for environmental costs annually for the remediation of former MGP facility sites, for which PECO has recorded a regulatory asset (see Note 16 — Supplemental Financial Information). As of June 30, 2004 and December 31, 2003, Exelon, ComEd, PECO and Generation had accrued the following amounts for environmental liabilities:

June 30, 2004	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation(a)
Exelon	$130	$101
ComEd	66	61
PECO	50	40
Generation	14	—

(a) Discounted.

December 31, 2003	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation(a)
Exelon	$129	$105
ComEd	69	64
PECO	50	41
Generation	10	—

(a) Discounted.

Exelon, ComEd, PECO and Generation cannot predict the extent to which they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by environmental agencies or others, or whether such costs may be recoverable from third parties.

Litigation

ComEd

Retail Rate Law. In 1996, three developers of non-utility generating facilities filed litigation against various Illinois officials claiming that the enforcement against those facilities of an amendment to Illinois law removing the entitlement of those facilities to state-subsidized payments for electricity sold to ComEd after March 15, 1996 violated their rights under federal and state constitutions. The developers also filed suit against ComEd for a declaratory judgment that their rights under their contracts with ComEd were not affected by the amendment and for breach of contract. On November 25, 2002, the court granted the developers' motions for summary judgment. The judge also entered a permanent injunction enjoining ComEd from refusing to pay the retail rate on the grounds of the amendment and Illinois from denying ComEd a tax credit on account of such purchases. ComEd and Illinois each appealed the ruling. On March 9, 2004, the Illinois Appellate Court reversed the trial court. The Appellate Court held that the 1996 law does apply to the developers' facilities and, therefore, they are not entitled to subsidized payments. The Court expressly ruled that the breach of contract claims against ComEd are dismissed with prejudice. Two of the developers sought review of the Appellate Court's decision by the Illinois Supreme Court. On May 26, 2004, the Supreme Court declined to hear the earlier-filed of the two appeals. There is no set date by which the Court must decide if it will hear the remaining appeal. While ComEd cannot currently predict the ultimate outcome of this action, it does not believe that the action will have a material adverse effect on its results of operations or its cash flows.

PECO and Generation

Real Estate Tax Appeals. PECO and Generation each have been challenging real estate taxes assessed on nuclear plants. PECO is involved in litigation in which it is contesting taxes assessed in 1997 under the Pennsylvania Public Utility Realty Tax Act of March 4, 1971, as amended (PURTA), and has appealed local real estate assessments for 1998 and 1999 on the Limerick Generating Station (Montgomery County, PA) (Limerick) and Peach Bottom Atomic Power Station (York County, PA) (Peach Bottom) plants. Generation is involved in real estate tax appeals for 2000 through 2004, also regarding the valuation of its Limerick and Peach Bottom plants, its Quad Cities Station (Rock Island County, IL) and, through its wholly owned subsidiary AmerGen, Three Mile Island Nuclear Station (Dauphin County, PA) and Oyster Creek Nuclear Generating Station (Forked River, NJ).

PECO and Generation believe their reserve balances for exposures associated with the real estate taxes as of June 30, 2004 reflect the probable expected outcome of the litigation and appeals proceedings in accordance with SFAS No. 5, "Accounting for Contingencies." The ultimate outcome of such matters, however, could result in additional unfavorable or favorable adjustments to the consolidated financial statements of Exelon, PECO and Generation and such adjustments could be material.

Generation

Cotter Corporation Litigation. During 1989 and 1991, actions were brought in federal and state courts in Colorado against ComEd and its subsidiary, Cotter Corporation (Cotter), seeking unspecified damages and injunctive relief based on allegations that Cotter permitted radioactive and other hazardous material to be released from its mill into areas owned or occupied by the plaintiffs, resulting in property damage and potential adverse health effects. Several of these actions resulted in nominal jury verdicts or were settled or dismissed. One action resulted in an award for the plaintiffs of a more substantial amount, but was reversed on April 22, 2003 by the Tenth Circuit Court of Appeals and remanded for retrial. An appeal by the plaintiffs to the United States Supreme Court was denied on November 10, 2003. No date has been set for a new trial.

On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability incurred by Cotter as a result of these actions, as well as any liability arising in connection with the West Lake Landfill discussed in the next paragraph. In connection with Exelon’s 2001 corporate restructuring, the responsibility to indemnify Cotter for any liability related to these matters was transferred by ComEd to Generation. Generation cannot predict the ultimate outcome of the cases.

The U.S. Environmental Protection Agency (EPA) has advised Cotter that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. Cotter is alleged to have disposed of approximately 39,000 tons of soils mixed with 8,700 tons of leached barium sulfate at the site. Cotter, along with three other companies identified by the EPA as potentially responsible parties (PRPs), has submitted a draft feasibility study addressing options for remediation of the site. The PRPs are also engaged in discussions with the State of Missouri and the EPA. The estimated costs of the anticipated remediation strategy for the site may range up to $22 million. Once a remedy is selected, it is expected that the PRPs will agree on an allocation of responsibility for the costs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of the liability.

Raytheon and Mitsubishi Litigation. In connection with the February 2004 settlement among Exelon, Generation and the lenders under the Boston Generating Credit Facility more fully described in Note 3 — Acquisitions and Dispositions, Exelon, Generation, the lenders and Raytheon, the guarantor of the obligations of the turnkey contractor under the projects’ engineering, procurement and construction agreements entered into a global settlement of all disputes relating to the construction of the Mystic 8 and 9 and Fore River generating facilities. Under the global settlement, Generation agreed to pay approximately $31.1 million to Raytheon and approximately $1.4 million to Boston Generating. Raytheon released Exelon, Generation, their affiliates and the lenders from construction claims related to the projects. Raytheon also resolved all of the pending Mitsubishi Heavy Industries, LTD (MHI) and Mitsubishi Heavy Industries of America (MHIA) claims relating to work performed on the projects prior to the settlement, and has indemnified Exelon, Generation, their affiliates and the lenders from certain subcontractor claims relating to the projects. In return, Exelon, Generation, their affiliates and the lenders released all of their claims against Raytheon. All litigation by and between Raytheon, MHI, MHIA and the project companies relating to the projects has been dismissed. Raytheon has also ceased all construction activities related to the Mystic 8 and 9 and Fore River generating facilities and assigned subcontracts to the project companies, and will cooperate with the transition of construction to a new contractor. In the event that the transfer of plant operations and power marketing activities are not completed by September 1, 2004, under the settlement documents among Exelon and the lenders, Generation will be reimbursed for the $32.5 million paid in connection with the settlement through a first claim against any payments otherwise payable to the lenders on account of their interests in the projects.

Oyster Creek. On April 7, 2004, AmerGen entered into settlements with the State of New Jersey relating to an environmental incident on September 23, 2002 at Oyster Creek. The incident resulted in a fishkill from heated water discharged from the plant. The State alleged that the plant had violated its water discharge permit. The settlements with the State of New Jersey settled all claims without any admission of liability for payments aggregating $1 million.

Exelon, ComEd, PECO and Generation

Exelon, ComEd, PECO and Generation are involved in various other litigation matters that are being defended and handled in the ordinary course of business. Exelon, ComEd, PECO and Generation maintain accruals for such costs that are probable of being incurred and subject to reasonable estimation. The ultimate outcomes of such matters, as well as the matters discussed above, are uncertain and may have a material adverse effect on their respective financial condition, results of operations or cash flows.

Credit Contingencies

Dynegy. Generation is counterparty to Dynegy, Inc. (Dynegy) in various energy transactions. The credit ratings of Dynegy are below investment grade. As of June 30, 2004, Generation has credit risk associated with Dynegy through Generation's investment in Sithe. Sithe is a 100% owner of the Independence generating station, a 1,028-MW gas-fired facility that has an energy-only long-term tolling agreement with Dynegy, with a related financial swap arrangement. As of March 31, 2004, Generation consolidated the assets and liabilities of Sithe in accordance with the provisions of FIN No. 46-R. As a result, Generation has recorded an asset of $114 million on its Consolidated Balance Sheets related to the fair market value of the financial swap agreement with Dynegy that is marked-to-market under the terms of SFAS No. 133, "Accounting for Derivatives and Hedging Activities." If Dynegy were unable to fulfill the terms the financial swap agreement, Generation would be required to impair the related asset. Exelon estimates, as a 50% owner of Sithe, that the impairment would result in an after-tax reduction of its net income of approximately $21 million.

In addition to the asset impairment, if Dynegy were unable to fulfill its obligations under the financial swap agreement and the tolling agreement, Generation would likely incur an impairment of the intangible asset associated with the tolling agreement associated with the Independence plant. Depending upon the timing of Dynegy's failure to fulfill its obligations and the outcome of any restructuring initiatives, Generation could realize an after-tax charge of up to $50 million. In the event of a sale of Generation's investment in Sithe to a third party, proceeds from the sale could be negatively affected by up to $84 million, which would represent an after-tax loss of up to $50 million. Additionally, the future economic value of AmerGen's purchased power arrangement with Illinois Power Company (Illinois Power), a subsidiary of Dynegy, could be affected by events related to Dynegy's financial condition. In February 2004, Dynegy announced an agreement to sell Illinois Power to a third party, which, upon closing of the transaction, would reduce Generation's credit risk associated with Dynegy.

Income Tax Refund Claims

ComEd and PECO have entered into several agreements with a tax consultant related to the filing of refund claims with the IRS. ComEd and PECO previously made refundable prepayments to the tax consultant of $11 million and $5 million, respectively. The fees for these agreements are contingent upon a successful outcome of the claims and are based upon a percentage of the refunds to be recovered from the IRS, if any. The ultimate net cash outflow to ComEd and PECO related to all the agreements will either be positive or neutral depending upon the outcome of the refund claims with the IRS. These potential tax benefits and associated fees could be material to the financial position, results of operations and cash flows of ComEd and PECO. A portion of ComEd's tax benefits, including any associated interest for periods prior to the merger of Exelon, Unicom Corporation and PECO on October 20, 2000 (Merger), would be recorded as a reduction of goodwill pursuant to a reallocation of the Merger purchase price. ComEd and PECO cannot predict the timing of the final resolution of the refund claims.

During the three months ended June 30, 2004, the IRS granted preliminary approval for one of ComEd's refund claims. As such, ComEd believes that it is probable that a fee will ultimately be paid to the tax consultant. Therefore, ComEd has recorded an expense of $5 million (pretax), which resulted in a decrease to the prepayment from $11 million to $6 million. The charge represents an estimate of the fee to the tax consultant which may be adjusted upward or downward depending on the IRS' final calculation of the tax and interest benefit. ComEd has not reflected the tax benefit associated with the refund claim pending final approval of the IRS. However, as described above, the net income statement impact for ComEd is not anticipated to be material.

Jointly Owned Electric Utility Plant

On January 28, 2004, the NRC issued a letter requesting PSE&G to conduct a review of its Salem facility, of which Generation owns 42.59%, to assess the workplace environment for raising and addressing safety issues. PSE&G responded to the letter on February 28, 2004, and had independent assessments of the work environment at the facility performed. Assessment results were provided to the NRC in May. The assessments concluded that Salem was safe for continued operation, but also identified issues that need to be addressed. At an NRC public meeting on June 16, 2004, PSE&G outlined its action plans to address these issues, which focus on safety conscious work environment, the corrective action program, and work management. A letter documenting these plans and commitments was sent to the NRC on June 25, 2004.

In June 2001, the NJDEP issued a renewed NPDES permit for Salem, expiring in July 2006, allowing for the continued operation of Salem with its existing cooling water system. An application for renewal of that permit, including a demonstration of compliance with the requirements of the recently published FWPCA Section 316(b) regulations, must be submitted to NJDEP by February 2, 2006 unless the agency grants additional time to collect information to comply with the new regulations. NJDEP advised PSE&G in a letter dated July 12, 2004 that it strongly recommends reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSE&G has not made a determination regarding how it will demonstrate compliance with the Section 316(b) regulations. If application of the Section 316(b) regulations require the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, the retrofit would result in material costs of compliance to the owners of the facility.

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

The following tables provide additional information regarding the regulatory assets and liabilities of ComEd and PECO:

ComEd	June 30, 2004	December 31, 2003
Regulatory Assets (Liabilities)		
Nuclear decommissioning	$(1,212)	$(1,183)
Removal costs	(992)	(973)
Recoverable transition costs	109	131
Reacquired debt costs and interest-rate swap settlements	162	172
Deferred income taxes	(60)	(61)
Other	26	23
Total	$(1,967)	$(1,891)

PECO	June 30, 2004	December 31, 2003
Regulatory Assets (Liabilities)		
Competitive transition charge	$4,129	$4,303
Deferred income taxes	775	762
Non-pension postretirement benefits	55	58
Reacquired debt costs	45	49
MGP regulatory asset (see Note 15 — Commitments and Contingencies)	30	34
U.S. Department of Energy facility decommissioning	23	26
Nuclear decommissioning	(35)	(12)
Other	16	6
Long-term regulatory assets	5,038	5,226
Deferred energy costs (current asset)	25	81
Total	$5,063	$5,307

The following tables provide supplemental balance sheet information as of June 30, 2004 and December 31, 2003:

June 30, 2004	Exelon	ComEd	PECO	Generation
Property, plant and equipment:				
Accumulated depreciation	$6,472	$879	$2,105	$3,370
Accounts receivable:				
Allowance for uncollectible accounts	101	16	61	18

December 31, 2003	Exelon	ComEd	PECO	Generation
Property, plant and equipment:				
Accumulated depreciation	$6,948	$771	$2,048	$4,025
Accounts receivable:				
Allowance for uncollectible accounts	110	16	72	14

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

Exelon operates in three business segments: Energy Delivery (ComEd and PECO), Generation and Enterprises. Exelon evaluates the performance of its business segments on the basis of net income.

ComEd, PECO and Generation each operate in a single business segment; as such, no separate segment information is provided for these registrants.

Three Months Ended June 30, 2004 and 2003

Exelon's segment information for the three months ended June 30, 2004 and 2003 is as follows:

	Energy Delivery	Generation	Enterprises	Corporate and Intersegment Eliminations	Consolidated
Total revenues(a):					
2004	$2,435	$1,948	$ 43	$(876)	$3,550
2003	2,322	2,058(b)	269(b)	(928)	3,721
Intersegment revenues:					
2004	$ 11	$ 871	$ (4)	$(878)	$ —
2003	19	896	14(b)	(929)	—
Income (loss) before income taxes and minority interest:					
2004	$ 485	$ 266	$ 51	$ (67)	$ 735
2003	481	234(b)	(96)(b)	(24)	595
Income taxes:					
2004	$ 182	$ 100	$ 24	$ (80)	$ 226
2003	190	92(b)	(35)(b)	(25)	222
Net income (loss):					
2004	$ 303	$ 178	$ 27	$ 13	$ 521
2003	291	142(b)	(61)(b)	—	372

(a) $57 million and $51 million in utility taxes are included in the revenues and expenses for the three months ended June 30, 2004 and 2003, respectively, for ComEd. $50 million and $47 million in utility taxes are included in the revenues and expenses for the three months ended June 30, 2004 and 2003, respectively, for PECO.

(b) Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, was transferred to Generation. Segment information for the three months ended June 30, 2003 included in the table above has been adjusted to reflect Exelon Energy Company as part of the Generation segment. For the three months ended June 30, 2003, Exelon Energy Company reported the following:

Total revenues	$174	Intersegment revenues	$ 2
Income (loss) before income taxes	$ 1	Income taxes	$ 1
Net income (loss)	$ —		

Six Months Ended June 30, 2004 and 2003, June 30, 2004 and December 31, 2003

Exelon's segment information for the six months ended June 30, 2004 and 2003 and at June 30, 2004 and December 31, 2003 is as follows:

	Energy Delivery	Generation	Enterprises	Corporate and Intersegment Eliminations	Consolidated
Total revenues(a):					
2004	$ 5,010	$ 3,900	$ 133	$(1,771)	$ 7,272
2003	4,964	4,260(b)	518(b)	(1,947)	7,795
Intersegment revenues:					
2004	$ 26	$ 1,750	$ —	$(1,776)	$ —
2003	35	1,889	26(b)	(1,950)	—
Income (loss) before income taxes, minority interest and cumulative effect of changes in accounting principles:					
2004	$ 986	$ 383	$ 26	$ (129)	$ 1,266
2003	998	146(b)	(109)(b)	(41)	994
Income taxes:					
2004	$ 367	$ 146	$ 15	$ (152)	$ 376
2003	382	65(b)	(41)(b)	(36)	370
Cumulative effect of change in accounting principle:					
2004	$ —	$ 32	$ —	$ —	$ 32
2003	5	108	(1)	—	112
Net income (loss):					
2004	$ 619	$ 280	$ 11	$ 23	$ 933
2003	621	187(b)	(69)(b)	(6)	733
Total assets:					
June 30, 2004	$28,370	$15,402(c)	$ 592	$(2,262)	$42,102
December 31, 2003	28,369	14,753(b)	727(b)	(1,967)	41,882

(a) $119 million and $113 million in utility taxes are included in the revenues and expenses for the six months ended June 30, 2004 and 2003, respectively, for ComEd. $100 million and $98 million in utility taxes are included in the revenues and expenses for the six months ended June 30, 2004 and 2003, respectively, for PECO.

(b) Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, was transferred to Generation. Segment information for the six months ended June 30, 2003 and as of December 31, 2003 included in the table above has been adjusted to reflect Exelon Energy Company as part of the Generation segment. Exelon Energy Company's total assets as of December 31, 2003 were $104 million and for the six months ended June 30, 2003, Exelon Energy Company reported the following:

Total revenues	$504	Intersegment revenues	$ 9
Income (loss) before income taxes	$ (16)	Income taxes	$(6)
Net income (loss)	$ (10)		

(c) Includes $1,423 million of Sithe consolidated assets under the provisions of FIN No. 46-R. See Note 4 — Sithe for further information regarding the consolidation of Sithe.

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

Exelon and ComEd

Effective December 31, 2003, ComEd Financing II, ComEd Financing III, ComEd Funding, LLC and ComEd Transitional Funding Trust were deconsolidated from the financial statements of Exelon and ComEd in conjunction with the adoption of FIN No. 46-R. Prior periods were not restated in accordance with FIN No. 46-R.

The financial statements of Exelon and ComEd include related-party transactions with its unconsolidated affiliates as presented in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Interest expense to affiliates				
ComEd Transitional Funding Trust	$ 21	$ —	$ 45	$ —
ComEd Financing II	4	—	7	—
ComEd Financing III	3	—	6	—
Equity in losses from unconsolidated affiliates				
ComEd Funding LLC	(6)	—	(9)	—

	June 30, 2004	December 31, 2003
Receivables from affiliates (current)		
ComEd Transitional Funding Trust	$ 13	$ 9
Investment in affiliates		
ComEd Funding, LLC	47	45
ComEd Financing II	10	8
ComEd Financing III	6	6
Receivable from affiliates (noncurrent)		
ComEd Transitional Funding Trust	10	9
Payables to affiliates (current)		
ComEd Financing II	6	6
ComEd Financing III	4	4
Long-term debt to affiliates (including due within one year)		
ComEd Transitional Funding Trust	1,497	1,676
ComEd Financing II	155	155
ComEd Financing III	206	206

In addition to the transactions described above, ComEd's financial statements include related-party transactions as presented in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenues from affiliates				
Generation(a)	$ 5	$ 15	$ 16	$ 26
Enterprises(a)	1	1	1	3
Purchased power from affiliate				
PPA with Generation(b)	514	528	1,043	1,099
Operations & maintenance from affiliates				
BSC(c)	49	21	89	46
Enterprises(d,e)	(4)	3	1	6
Interest income from affiliates				
UII(f)	4	6	9	12
Exelon intercompany money pool(j)	1	1	2	1
Capitalized costs				
BSC(c)	16	5	28	8
Enterprises(e)	—	6	—	12
Cash dividends paid to parent	104	91	207	211

	June 30, 2004	December 31, 2003
Receivables from affiliates (current)		
UII(f)	$ 9	$ 3
PECO(h)	—	6
Exelon intercompany money pool(j)	198	405
Other	—	5
Receivables from affiliates (noncurrent)		
UII(f)	1,071	1,071
Generation(k)	1,212	1,183
Other	7	8
Payables to affiliates (current)		
Generation decommissioning(g)	11	11
Generation(a,b)	182	171
BSC(c)	19	13
Other	—	2
Payables to affiliates (noncurrent)		
Generation decommissioning(g)	22	22
Other	5	6
Shareholders' equity — receivable from parent(i)	188	250

(a) ComEd provides electric, transmission and other ancillary services to Generation and Enterprises.

(b) Effective January 1, 2001, ComEd entered into a full-requirements PPA with Generation.

(c) ComEd receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. Additionally in 2004, due to the centralization of certain functions, certain employees were transferred from ComEd to BSC. As a result, ComEd now receives additional services from BSC including planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. A portion of such services, provided at cost including applicable overhead, is capitalized.

(d) ComEd has contracted with Services (an Enterprises company) to provide energy conservation services to ComEd customers. During the three months ended June 30, 2004, ComEd recorded a true-up of prior billings resulting in a credit balance.

(e) ComEd received substation and transmission engineering and construction services under contracts with InfraSource, Inc. (InfraSource). A portion of such services is capitalized. Exelon sold InfraSource in September 2003.

(f) ComEd has a note and interest receivable with a variable rate of the one month forward LIBOR rate plus 50 basis points from Unicom Investments Inc. (UII) relating to ComEd's December 1999 fossil plant sale. This note matures in December 2011.

(g) ComEd has a short-term and long-term payable to Generation, primarily representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation.

(h) In 2003, ComEd provided hurricane restoration assistance to PECO.

(i) ComEd has a non-interest bearing receivable from Exelon related to a corporate restructuring in 2001. The receivable is expected to be settled over the years 2004 through 2008.

(j) ComEd participates in Exelon's intercompany money pool. ComEd earns interest on its investment in the money pool at a market rate of interest.

(k) ComEd has a long-term receivable from Generation related to a regulatory liability as a result of the adoption of SFAS No. 143.

Exelon and PECO

Effective July 1, 2003, PECO Trust IV, a financing subsidiary created in May 2003, was deconsolidated from the financial statements of Exelon and PECO in conjunction with the adoption of FIN No. 46. Additionally, effective December 31, 2003, PECO Trust III and the PETT were deconsolidated from the financial statements of Exelon and PECO in conjunction with the adoption of FIN No. 46-R. Prior periods were not restated.

The financial statements of Exelon and PECO include related-party transactions with unconsolidated financing subsidiaries as presented in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenues from affiliate				
PETT(a)	$ 3	$ —	$ 5	$ —
Interest expense to affiliates				
PETT	59	—	119	—
PECO Trust III	1	—	3	—
PECO Trust IV	2	—	3	—

	June 30, 2004	December 31, 2003
Investment in affiliates		
PETT	$ 94	$ 104
PECO Energy Capital Corp	16	16
PECO Trust IV	4	3
Receivables from affiliates (non-current)		
PECO Trust IV	—	1
Payables to affiliates		
PECO Trust III	10	10
PECO Energy Capital Corp	1	1
Long-term debt to affiliates (including due within one year)		
PETT	3,683	3,849
PECO Trust III	81	81
PECO Trust IV	103	103

(a) PECO received a monthly service fee from PETT based on a percentage of the outstanding balance of all series of transition bonds.

In addition to the transactions described above, PECO's financial statements include related-party transactions as presented in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenues from affiliate				
Generation(a)	$ 2	$ 3	$ 4	$ 5
Purchased power from affiliate				
Generation(b)	349	324	699	681
Fuel from affiliate				
Generation(c)	7	—	7	—
Operating and maintenance from affiliates				
BSC(d)	28	10	51	22
Enterprises(e)	—	1	—	3
Capitalized costs				
Enterprises(e)	—	7	—	13
BSC(d)	5	2	9	3
Cash dividends paid to parent	90	76	180	165

	June 30, 2004	December 31, 2003
Receivable from affiliate (current)		
Exelon intercompany money pool(i)	$ 35	$ —
Receivable from affiliate (noncurrent)		
Generation decommissioning(f)	35	12
Payables to affiliates (current)		
Generation(b)	135	115
BSC(d)	24	15
ComEd(g)	—	6
Other	—	3
Shareholder's equity — receivable from parent(h)	1,553	1,623

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

(b) Effective January 1, 2001, PECO entered into a full-requirements PPA with Generation.

(c) Effective April 1, 2004, PECO entered into a one year gas procurement agreement with Generation.

(d) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. Additionally in 2004, due to the centralization of certain functions, certain employees were transferred from PECO to BSC. As a result, PECO now receives additional services from BSC, including planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. Such services are provided at cost, including applicable overhead. Some of these costs are capitalized.

(e) Prior to 2004, PECO received services from Enterprises for construction, which were capitalized, and the deployment of automated meter reading technology, which were expensed.

(f) PECO has a long-term receivable from Generation related to a regulatory liability as a result of the adoption of SFAS No. 143.

(g) In 2003, PECO received assistance from ComEd workers during Hurricane Isabel.

(h) PECO has a non-interest bearing receivable from Exelon related to the 2001 corporate restructuring. The receivable is expected to be settled over the years 2004 through 2010.

(i) PECO participates in Exelon's intercompany money pool. PECO earns interest on its investment in the money pool at a market rate of interest.

Exelon and Generation

The financial statements of Exelon and Generation include related-party transactions with unconsolidated affiliates as presented in the tables below. Generation accounted for its investment in AmerGen as an equity method investment prior to the acquisition of British Energy's 50% interest in December 2003 and its investment in Sithe as an equity method investment prior to its consolidation as of March 31, 2004. Additionally, effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, was transferred to Generation.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenues from affiliates				
ComEd(a)	$514	$528	$1,043	$1,099
PECO(a)	356	324	706	681
Exelon Energy Company(b)	—	44	—	109
BSC	1	—	1	—
Purchased power from affiliates				
AmerGen(c)	—	110	—	177
ComEd(a)	3	13	12	20
Exelon Energy Company(b)	—	2	—	9
Operating and maintenance from affiliates				
Sithe(d)	—	2	—	6
ComEd(a)	2	2	4	6
PECO(a)	2	3	4	6
BSC(e)	65	35	126	70
Interest expense to affiliates				
Sithe(d)	—	3	—	6
Exelon(f)	—	—	—	1
Exelon intercompany money pool(f)	1	1	2	1
Services provided to affiliates				
AmerGen(c)	—	18	—	35
Cash distribution paid to member	109	45	109	45

	June 30, 2004	December 31, 2003
Receivables from affiliates		
ComEd(a)	$ 182	$ 171
ComEd decommissioning(g)	11	11
PECO(a)	135	115
BSC(e)	—	3
Exelon Energy Company(b)	—	18
Sithe(d)	—	3
Other	6	8
Note receivable from affiliate		
Note receivable from Sithe(d)	—	92
Other	1	—
Long-term receivable from affiliate		
ComEd decommissioning(g)	22	22
Payables to affiliates		
Exelon(f)	—	1
BSC(e)	28	—
Other	4	—
Payables to affiliates (non-current)		
ComEd decommissioning(h)	1,212	1,183
PECO decommissioning(h)	35	12
Notes payable to affiliates		
Exelon(f)	—	115
Exelon intercompany money pool(f)	198	301
Sithe(d)	—	90

(a) Effective January 1, 2001, Generation entered into full-requirements PPAs with ComEd and PECO. Generation purchases transmission and ancillary services from ComEd and buys power from PECO for Generation’s own use. In order to facilitate payment processing, ComEd processes certain invoice payments on behalf of Generation.

(b) Generation sells power to Exelon Energy Company. Prior to May 1, 2004, Generation purchased excess power from Exelon Energy Company. Prior to the transfer of Exelon Energy Company’s assets to Generation from Enterprises effective January 1, 2004, Exelon Energy Company was an intercompany affiliate of Generation.

(c) Prior to Generation’s purchase of British Energy’s 50% interest in AmerGen in December 2003, AmerGen was an unconsolidated affiliate of Exelon and Generation and was considered to be a related party of Exelon and Generation. Generation entered into PPAs dated June 26, 2003, December 18, 2001 and November 22, 1999 with AmerGen. Under the 2003 PPA, Generation agreed to purchase from AmerGen all the energy from Oyster Creek through April 9, 2009. Under the 2001 PPA, Generation agreed to purchase from AmerGen all the energy from TMI from January 1, 2002 through December 31, 2014. Under the 1999 PPA, Generation agreed to purchase from AmerGen all of the residual energy from Clinton through December 31, 2004. Currently, the residual output is approximately 31% of the total output of Clinton. Under a service agreement dated March 1, 1999, Generation provides AmerGen with certain operation and support services to the nuclear facilities owned by AmerGen. This service agreement has an indefinite term and may be terminated by Generation or AmerGen with 90 days notice. Generation is compensated for these services at cost.

(d) Under a service agreement dated December 18, 2000, Sithe provides Generation certain fuel and project development services. Sithe is compensated for these services at cost. In December 2003, Sithe received letter of credit proceeds of $3 million, which Generation was billed on behalf of Sithe. Under the terms of the agreement to acquire Exelon New England dated November 1, 2002, Generation issued a note to Sithe which was subsequently modified and increased to $536 million. During 2003, Generation repaid $446 million of this note. In the first quarter of 2004, Generation repaid $27 million prior to consolidation of Sithe in accordance with the provisions of FIN No. 46-R. The balance of the note is to be paid on the earlier of December 1, 2004, certain Sithe liquidity requirements, or upon a change of control of Generation. The note bears interest at the rate equal to LIBOR plus 0.875%. In connection with a series of transactions in November 2003 that restructured the ownership of Sithe (see Note 4 — Sithe for additional information), Generation received a $92 million note receivable from EXRES SHC, Inc., which holds the common stock of Sithe. Generation owns 50% of EXRES SHC, Inc and consolidated its investment pursuant to FIN No. 46-R effective March 31, 2004. Prior to the consolidation of Sithe in connection with FIN No. 46-R, Sithe was an unconsolidated affiliate of Exelon and Generation and was considered to be a related party of Exelon and Generation.

(e) Generation receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. Such services are provided at cost, including applicable overhead. Some third party reimbursements due Generation are recovered through BSC.

(f) Represents the outstanding balance of amounts borrowed under the intercompany money pool and other short-term obligations payable to Exelon. In order to facilitate payment processing, Exelon processes certain invoice payments on behalf of Generation.

(g) Generation has a short-term and a long-term receivable from ComEd, primarily representing ComEd’s legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation resulting from the 2001 corporate restructuring.

(h) Generation has long-term payables to ComEd and PECO as a result of the adoption of SFAS No. 143.

19. Subsequent Events (Exelon, ComEd, PECO and Generation)

Credit Facility (Exelon, ComEd, PECO and Generation)

At June 30, 2004, Exelon Corporate, along with ComEd, PECO and Generation, participated in a $750 million 364-day unsecured revolving credit agreement and a $750 million three-year unsecured revolving credit agreement with a group of banks. On July 16, 2004, the $750 million 364-day facility was replaced with a $1 billion five-year facility and the $750 million three-year facility was reduced to $500 million. The terms of the new facilities are consistent with the previous facilities. Both revolving credit agreements are used principally to support the commercial paper programs at Exelon Corporate, ComEd, PECO and Generation and to issue letters of credit.

Synthetic Fuel-producing Facilities (Exelon)

In July 2004, Exelon purchased an interest in a limited partnership that indirectly owns four synthetic fuel-producing facilities. Exelon’s purchase price for these facilities included a combination of cash, a note payable and contingent consideration dependent upon the production levels of the facilities. These facilities are not consolidated within Exelon’s financial statements because Exelon does not have a controlling financial interest in these facilities. The note payable recorded for the purchase of the facilities was $22 million. Exelon’s right to acquire its share of tax credits generated by the facilities was recorded as an intangible asset and will be amortized as the tax credits are earned. Private letter rulings have been received by the partnership that indicate these facilities qualify for tax credits under Section 29 of the Internal Revenue Code.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

General

Exelon Corporation (Exelon), a registered public utility holding company, through its subsidiaries, operates in three business segments:

- *Energy Delivery*, whose businesses include the regulated sale of electricity and distribution and transmission services by Commonwealth Edison Company (ComEd) in northern Illinois and PECO Energy Company (PECO) in southeastern Pennsylvania and the purchase and sale of natural gas and distribution services by PECO in the Pennsylvania counties surrounding the City of Philadelphia.

- *Generation*, consisting of Exelon Generation Company, LLC's (Generation) owned and contracted for electric generating facilities, energy marketing operations, a 50% interest in EXRES SHC, Inc., the holding company of Sithe Energies, Inc. and its subsidiaries, hereafter referred to as Sithe, and, effective January 1, 2004, the competitive retail sales business of Exelon Energy Company.

- *Enterprises*, consisting primarily of the remaining energy services business of Exelon Services, Inc. (Services), the remaining district cooling investments of Exelon Thermal Holdings, Inc. (Thermal), the remaining electrical contracting business of F & M Holdings, LLC, and other investments related to the communications, energy services and retail services industries. Effective January 1, 2004, the competitive retail sales business of Exelon Energy Company was transferred to Generation. See Note 3 of the Combined Notes to Consolidated Financial Statements for information regarding the disposition of businesses within the Enterprises segment during 2004.

See Note 17 of the Combined Notes to Consolidated Financial Statements for further segment information. Exelon's corporate operations, through its business services subsidiary, Exelon Business Services Company (BSC), provide the business segments a variety of support services, including legal, human resources, financial, information technology, supply management and corporate governance services. Additionally, in 2004, due to the centralization of certain functions, certain employees were transferred from ComEd and PECO to BSC. As a result, ComEd and PECO now receive additional services from BSC, including planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems, and management of other support services. These costs are allocated to the business segments. Additionally, the results of Exelon's corporate operations include costs for strategic long-term planning, certain governmental affairs, and interest costs and income from various investment and financing activities.

Critical Accounting Policies and Estimates

Management of each of the registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the 2003 Form 10-K for a discussion of the estimates and judgments necessary in the registrants' accounting for derivative instruments, regulatory assets and liabilities, nuclear decommissioning, depreciable lives of property, plant and equipment, asset impairments, severance accounting, defined benefit pension and other postretirement welfare benefits, taxation, unbilled energy revenues and environmental costs. Set forth below is an update to the 2003 Form 10-K.

Accounting for Ownership Interests in Variable Interest Entities (Exelon, ComEd, PECO and Generation)

Exelon, through Generation, has a 50% interest in Sithe. In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" (FIN No. 46-R), Exelon and Generation consolidated Sithe within their financial statements as of March 31, 2004. The determination that Sithe qualified as a variable interest entity and that

Generation was the primary beneficiary under FIN No. 46-R required analysis of the economic benefits accruing to all parties pursuant to their ownership interests supplemented by management's judgment. Sithe's total assets and total liabilities as of June 30, 2004 were $1,423 million and $1,338 million, respectively. As required by FIN No. 46-R, upon the occurrence of a future triggering event, such as a change in ownership, management will reassess its investment in Sithe to determine if Generation continues to qualify as the primary beneficiary. If management determines in a future period that Sithe no longer qualifies to be consolidated within the financial statements of Exelon and Generation pursuant to FIN No. 46-R, the resulting deconsolidation of Sithe could have a significant effect on the Consolidated Balance Sheets of Exelon and Generation and classifications within their Consolidated Statements of Income and Comprehensive Income. The consolidation of Sithe did not have an effect on Exelon's and Generation's income before the cumulative effect of changes in accounting principles for the six months ended June 30, 2004, and Exelon and Generation do not anticipate that the consolidation will have a significant effect on net income in future periods.

In addition to Sithe, management reviewed other entities with which Exelon and its subsidiaries have business relationships to determine if those entities were variable interest entities that should be consolidated under FIN No. 46-R and concluded that those entities should not be consolidated within the financial statements of Exelon, ComEd, PECO and Generation.

New Accounting Pronouncements

See Note 2 of the Combined Notes to Consolidated Financial Statements for discussion of new accounting pronouncements.

EXELON CORPORATION

Executive Overview

Financial Results. Exelon's diluted earnings per average common share increased by 37% for the three months ended June 30, 2004 as compared to the same period in 2003, primarily as a result of decreased losses at Enterprises, an increase in net income at Generation and favorable tax effects from investments in synthetic fuel-producing facilities. Enterprises recorded a gain on the sale of Exelon Thermal Holdings, Inc. (Exelon Thermal) of $36 million (before income taxes and net of debt prepayment penalties), while Enterprises' 2003 income reflected a goodwill impairment charge of $47 million (before income taxes) and investment-related impairment charges of $35 million (before income taxes). The increase in Generation's net income reflects an $85 million gain (before income taxes) on the sale of Boston Generating, LLC (Boston Generating) during the second quarter of 2004. Exelon's investments in synthetic fuel-producing facilities provided a tax benefit of $48 million and increased Exelon's net income for the three months ended June 30, 2004 by $15 million.

Exelon's diluted earnings per average common share increased by 25% for the six months ended June 30, 2004 as compared to the same period in 2003, primarily as a result of decreased losses at Enterprises, an increase in net income at Generation and favorable tax effects from investments in synthetic fuel-producing facilities. Enterprises results were affected by the 2004 gain recorded on the sale of Thermal and the 2003 goodwill and investment impairment charges discussed above. The increase in Generation's net income reflects a 2003 impairment charge of $200 million (before income taxes) related to Generation's investment in Sithe and an $85 million gain (before income taxes) on the sale of Boston Generating during the second quarter of 2004. In the first quarter of 2004, Exelon recorded an after-tax gain of $32 million in accordance with FIN No. 46-R and the resulting consolidation of Sithe. In the first quarter of 2003, Exelon recorded an after-tax gain of $112 million upon the adoption of Statement of Financial Accounting Standards (SFAS) No. 143, "Asset Retirement Obligations" (SFAS No. 143).

The Exelon Way. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Exelon — Executive Summary" in the 2003 Form 10-K for a discussion of Exelon's implementation of The Exelon Way.

Investment Strategy. Exelon continued to follow a disciplined approach in investing to maximize the earnings and cash flows from its assets and businesses and to divest those assets and businesses that do not meet its goals. Highlights in the first half of 2004 include:

- On May 25, 2004, Generation completed the sale, transfer and assignment of ownership of its indirect wholly owned subsidiary Boston Generating, which owns the companies that own Mystic 4-7, Mystic 8 and 9 and Fore River generating facilities, to a special purpose entity owned by the lenders under Boston Generating's $1.25 billion credit facility. The resulting pre-tax gain of $85 million ($52 million after-tax) was recorded within Exelon's Consolidated Statements of Income and Comprehensive Income during the second quarter of 2004.

- Exelon continued to execute its divestiture strategy for Enterprises by selling five units of Exelon Services, Inc. (Services) during the six months ended June 30, 2004 for total expected proceeds of $34 million subject to post-closing adjustments, and selling its investment in PECO TelCove, a communications joint venture, along with certain telecommunications assets, for proceeds of $49 million in June 2004. Exelon closed on the sale of the Chicago business of Exelon Thermal during the second quarter of 2004 for net cash proceeds of $134 million and expects to close on the sale of the Aladdin thermal facility during the second half of 2004.

Enterprises continues to pursue the divestiture of other businesses and investments; however, it may be unable to fully divest certain businesses and investments for a number of reasons, including an inability to locate appropriate buyers or negotiate acceptable terms for the transactions. In addition, the amount that Enterprises may realize from a divestiture is subject to market conditions that may contribute to pricing and other terms that are materially less than expected and could result in a loss on the sale. Timing of any divestitures may positively or negatively affect the results of operations. As of June 30, 2004, Enterprises had total assets and liabilities of $592 million and $200 million, respectively.

Financing Activities. Exelon made payments of approximately $345 million for the purpose of retiring PECO and ComEd transition trust long-term debt and repaid approximately $237 million of other net long-term debt during the six months ended June 30, 2004. Exelon met all of its capital resource commitments with internally generated cash and expects to do so in the foreseeable future, absent new acquisitions. In January 2004, Exelon announced a 10% increase in its quarterly dividend on its common stock and approved a 2-for-1 split of its common stock. The distribution date was May 5, 2004. The share and per-share amounts included in this Form 10-Q have been adjusted for all periods presented to reflect the stock split. In the second quarter of 2004, Exelon's Board of Directors approved a discretionary share repurchase program. Exelon purchased common stock, held as treasury shares as of June 30, 2004, totaling $75 million during the second quarter of 2004. Exelon also replaced its $750 million 364-day unsecured revolving credit agreement with a $1 billion five-year facility and reduced its $750 million three-year facility to $500 million in a transaction that closed on July 16, 2004.

Regulatory Developments. On May 1, 2004, ComEd fully integrated its transmission facilities into PJM Interconnection (PJM). PECO and ComEd's membership in PJM supports Exelon's commitment to competitive wholesale electric markets and will provide Exelon the benefits of more transparent, liquid and competitive markets for the sale and purchase of electric energy and capacity. Upon joining PJM, ComEd began incurring administrative fees, which are expected to approximate $30 million annually. Exelon believes such costs will ultimately be partially offset by the benefits of full access to a wholesale competitive marketplace, particularly after ComEd's regulatory transition period ends in 2006; however, changes in market dynamics could affect the ultimate financial impact on Exelon.

ComEd currently earns approximately $66 million annually from through and out (T&O) rates for energy flowing across ComEd's transmission system. On March 19, 2004, the Federal Energy Regulatory Commission (FERC) issued an order to eliminate these rates effective May 1, 2004, which was subsequently deferred until December 1, 2004. The T&O rates are to be replaced by a new long-term transmission pricing structure that will eliminate seams in the PJM and Midwest ISO regions. Transmission owners in PJM and Midwest ISO and other parties must file one or more pricing proposals with the FERC on or before October 1, 2004, with an effective date of December 1, 2004. While Exelon and ComEd cannot predict the outcome of the FERC's final determination of a new long-term transmission pricing structure, such pricing structure could adversely impact Exelon's and ComEd's results of operations.

See ComEd's "Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview" for further information regarding Regulatory Developments.

Operations. Generation's nuclear fleet achieved a 93.3% capacity factor for the six months ended June 30, 2004 compared to 94.2% in the same period of 2003 primarily as a result of increased planned outage days.

Outlook for the Remainder of 2004 and Beyond. Exelon's outlook for the remainder of 2004 is consistent with the discussion within "Management's Discussion and Analysis of Financial Condition and Results of Operations — Exelon — Executive Summary" in the 2003 Form 10-K.

Results of Operations — Exelon Corporation

Three Months Ended June 30, 2004 Compared To Three Months Ended June 30, 2003

	2004	2003	Variance	% Change
Operating revenues	$3,550	$3,721	$(171)	(4.6)%
Purchased power and fuel expense	1,211	1,387	(176)	(12.7)%
Operating and maintenance expense	1,056	1,100	(44)	(4.0)%
Operating income	783	800	(17)	(2.1)%
Other income and deductions	(48)	(205)	157	(76.6)%
Income before income taxes and minority interest	735	595	140	23.5%
Net income	521	372	149	40.1%
Diluted earnings per share	0.78	0.57	0.21	36.8%

Operating Revenues. Operating revenues decreased for the three months ended June 30, 2004 as compared to the same period in 2003 primarily due to decreased revenues at Enterprises due to the sale of the majority of the businesses of InfraSource, Inc. (InfraSource) during the third quarter of 2003, decreased competitive transition charge (CTC) collections at ComEd and Generation's adoption of Emerging Issues Task Force (EITF) Issue No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, 'Accounting for Derivative Instruments and Hedging Activities,' and Not 'Held for Trading Purposes' as Defined in EITF Issue No. 02-3, 'Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities' " (EITF 03-11) in 2004. Generation's adoption of EITF 03-11 during 2004 changed the presentation of certain power transactions and decreased operating revenues by $239 million for the three months ended June 30, 2004 but had no effect on net income. The decreases in operating revenues were partially offset by higher delivery volume and favorable weather conditions at Energy Delivery and an increase in market sales at Generation due to the acquisition of the remaining 50% of AmerGen Energy Company, LLC (AmerGen) and the consolidation of Sithe. See further discussion of operating revenues by segment below.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased during the three months ended June 30, 2004 as compared to the same period in 2003 primarily due to Generation's adoption of EITF 03-11 during 2004, which resulted in a decrease in purchased power and fuel expense of $239 million. In addition, purchased power decreased due to Generation's acquisition of the remaining 50% of AmerGen in December 2003, which was only partially offset by an increase in fuel expense. Purchased power represented 23% of Generation's total supply for the three months ended June 30, 2004 compared to 36% for the same period in 2003. See further discussion of purchased power and fuel expense by segment below.

Operating and Maintenance Expense. Operating and maintenance expense decreased for the three months ended June 30, 2004 as compared to the same period in 2003 primarily due to decreased expenses at Enterprises due to the sale of the majority of the businesses of InfraSource during the third quarter of 2003 and a goodwill impairment charge recorded during 2003, partially offset by increased expenses at Generation due to the acquisition of the remaining 50% of AmerGen, the consolidation of Sithe and increased costs at Boston Generating. Investments made by Exelon in the fourth quarter of 2003 in synthetic fuel-producing facilities increased operating and maintenance expense by $24 million. See further discussion of operating and maintenance expenses by segment below.

Operating Income. The change in operating income, exclusive of the changes in operating revenues, purchased power and fuel expense and operating and maintenance expense discussed above, was primarily the result of increased depreciation expense due to additional plant placed in service after the second quarter of 2003 and increased amortization expense due to investments made in the fourth quarter of 2003 in synthetic fuel-producing facilities. Taxes other than income were higher in 2004 as compared to 2003, primarily at Energy Delivery, as a result of a refund of Illinois Electricity Distribution taxes at ComEd and the reversal of a use tax accrual resulting from an audit settlement at PECO, both in 2003.

Other Income and Deductions. Other income and deductions changed primarily due to 2004 gains on the sales of Boston Generating and Exelon Thermal and 2003 investment impairments of $35 million recorded by Enterprises. Equity in earnings of unconsolidated affiliates decreased by $46 million due to the acquisition of the remaining 50% of AmerGen in December 2003, the deconsolidation of certain financing trusts during 2003 and investments made in the fourth quarter of 2003 in synthetic fuel-producing facilities. Interest expense and distributions on preferred securities of subsidiaries collectively increased $17 million, primarily due to increased interest expense at Generation.

Effective Income Tax Rate. Exelon's effective income tax rate decreased from 37% for the three months ended June 30, 2003 to 31% for the same period in 2004, primarily due to investments made in synthetic fuel-producing facilities during the fourth quarter of 2003. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations by Business Segment

Exelon evaluates its performance on a business segment basis. The comparisons of operating results and other statistical information for the three months ended June 30, 2004 and 2003 set forth below reflect intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Net Income (Loss) by Business Segment

	Three Months Ended June 30,			
	2004	**2003**	**Variance**	**% Change**
Energy Delivery	$303	$291	$ 12	4.1%
Generation	178	142	36	25.4%
Enterprises	27	(61)	88	n.m.
Corporate	13	—	13	n.m.
Total	$521	$372	$149	40.1%

n.m. — not meaningful

Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, was transferred to Generation. The information for the three months ended June 30, 2003 related to the Enterprises and Generation segments discussed below has not been adjusted to reflect the transfer of Exelon Energy Company from the Enterprises segment to the Generation segment. Exelon Energy Company's results for the three months ended June 30, 2003 were as follows:

Total revenues	$174
Intersegment revenues	2
Income before income taxes	1
Income taxes	1
Net income (loss)	—

Results of Operations — Energy Delivery

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$2,435	$2,322	$113	4.9%
Purchased power and fuel expense	1,059	986	73	7.4%
Operating and maintenance expense	355	342	13	3.8%
Depreciation and amortization expense	228	213	15	7.0%
Operating income	661	666	(5)	(0.8)%
Interest expense	172	189	(17)	(9.0)%
Net income	303	291	12	4.1%

Operating Revenues. The changes in Energy Delivery's operating revenues for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Electric	Gas	Total Variance
Volume	$107	$ 4	$111
ComEd's integration into PJM	43	—	43
Weather	43	(14)	29
Rate changes and mix	(11)	13	2
Customer choice	(67)	—	(67)
Other effects	(11)	6	(5)
Increase (decrease) in operating revenues	$104	$ 9	$113

Volume. Both ComEd's and PECO's electric revenues increased as a result of higher delivery volume, exclusive of the effect of weather and customer choice, due to an increased number of customers and increased usage per customer, primarily residential and large commercial and industrial customers for ComEd and across all customer classes for PECO.

ComEd's Integration into PJM. Energy Delivery's operating revenues and purchased power expense each increased by $43 million in the three months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. The increases relate to the change in control of the transmission assets from ComEd to PJM as a result of which ComEd receives revenues for its proportionate share of the transmission revenues generated by PJM, but also pays PJM for the use of its transmission assets. This is consistent with how PECO accounts for its PJM transmission revenues and expenses. For 2004, ComEd's operating revenues are estimated to increase by approximately $180 million, offset by a corresponding and equal increase in purchased power expense. Starting in 2005, on an annual basis, ComEd's operating revenues and purchased power expense are estimated to increase between $200 to $250 million. However, there is no expected effect on revenues net of purchased power expense.

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased sales of electricity. Conversely, mild weather reduces demand. Energy Delivery's electric revenues were positively affected by favorable weather conditions. Cooling degree-days in the ComEd and PECO service territories were 68% and 66% higher, respectively. Heating degree-days in the ComEd and PECO service territories were 18% lower and 32% lower, respectively.

Energy Delivery's gas revenues were negatively affected by unfavorable weather conditions.

Rate Changes and Mix. ComEd's CTC is reset in the second quarter of each year to reflect market price adjustments. Starting in the June 2003 billing cycle, the increased wholesale market price of electricity and other adjustments to the energy component decreased the collection of CTCs as compared to the respective prior year period. As a result, ComEd's CTC revenues decreased $44 million for the three months ended June 30, 2004 as compared to the same period in 2003. This decrease was partially offset by increased wholesale market prices which increased energy revenue received under ComEd's power purchase option (PPO) by $28 million.

Decreased average rates paid by ComEd's residential customers resulted in a $10 million decrease in revenues. Although residential rates are frozen through 2006, ComEd's average effective residential rates fluctuate due to the usage patterns of customers.

Electric revenues increased $17 million at PECO as a result of $12 million of favorable rate mix due to changes in monthly usage patterns in all customer classes and $5 million related to a scheduled phase-out of merger-related rate reductions. In connection with the Pennsylvania Public Utility Commission's (PUC) approval of the merger of PECO, Unicom Corporation, and Exelon in 2000, PECO entered into a settlement agreement with the PUC and agreed to $200 million in aggregate rate reductions for all customers over the period January 1, 2002 through 2005. Rates were reduced by $60 million per year in 2002 and 2003 and will be reduced by $40 million per year in 2004 and 2005.

Energy Delivery's gas revenues reflect increases in rates through PUC approved changes to the purchased gas adjustment clause that became effective June 1, 2003 and March 1, 2004. The average purchased gas cost rate per million cubic feet for the three months ended June 30, 2004 was 30% higher than the rate for the same period in 2003. PECO's purchased gas cost rates are subject to periodic adjustments by the PUC and are designed to recover from or refund to customers the difference between the actual cost of purchased gas and the amount included in rates. PECO has asked the PUC for a decrease in its rates through the purchased gas adjustment clause effective December 1, 2004 as a result of lower current gas costs. This proposed decrease would have no impact on PECO's operating income.

Customer Choice. For the three months ended June 30, 2004 and 2003, 29% and 25%, respectively, of energy delivered to Energy Delivery's retail customers was provided by alternative electric suppliers (AES) or under the ComEd PPO. The decrease in electric retail revenues attributable to customer choice included a decrease in revenues of $51 million from customers in Illinois electing to purchase energy from an AES or under ComEd's PPO and a decrease in revenues of $16 million from customers in Pennsylvania being assigned to or selecting an AES.

Purchased Power and Fuel Expense. The changes in Energy Delivery's purchased power and fuel expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Electric	Gas	Total Variance
Volume	$ 44	$ 3	$ 47
ComEd's integration into PJM	43	—	43
Prices	13	13	26
Weather	16	(10)	6
Customer choice	(56)	—	(56)
Other	(3)	10	7
Increase in purchased power and fuel expense	$ 57	$ 16	$ 73

Volume. ComEd's purchased power and fuel expense increased due to increases, exclusive of the effect of weather and customer choice, in the number of customers and average usage per customer, primarily residential and large commercial and industrial customers. PECO's electric purchased power and fuel expense increased as a result of higher delivery volume, exclusive of the effect of weather and customer choice, due to increased customer growth and usage per customer across all customer classes.

ComEd's Integration into PJM. Energy Delivery's operating revenues and purchased power expense each increased by $43 million in the three months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. See "Operating Revenues" above.

Prices. Energy Delivery's electric purchased power increased primarily due to an increase at PECO as a result of higher wholesale market prices associated with certain large commercial and industrial customers whose billing rates are tied to wholesale market prices for energy. Fuel expense for gas increased due to higher gas prices. See "Operating Revenues" above.

Weather. Energy Delivery's purchased power and fuel expense increased due to the effect of favorable weather conditions.

Customer Choice. An increase in customer switching resulted in a reduction of purchased power expense, primarily due to ComEd's non-residential customers electing to purchase energy from an AES or ComEd's PPO and PECO's residential and small commercial and industrial customers selecting or being assigned to purchase energy from an AES.

Operating and Maintenance Expense. The changes in operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Higher corporate allocations(a)	$ 29
Severance, pension and postretirement benefit costs associated with The Exelon Way	12
Tax consultant fees(b)	5
Employee fringe benefits(c)	(15)
Contractors	(8)
Environmental matters	(4)
Other	(6)
Increase in operating and maintenance expense	$ 13

(a) Higher corporate allocations primarily result from a higher percentage allocation to Energy Delivery due to the sale of certain Enterprises businesses.

(b) ComEd recorded a $5 million charge for contingent fees paid to a tax consultant (see Note 15 of the Combined Notes to Consolidated Financial Statements for more information).

(c) During the second quarter of 2004, ComEd and PECO adopted the provisions of FASB Staff Position (FSP) FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP FAS 106-2). Employee fringe benefits include a $2 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information related to employee fringe benefits.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense was primarily due to increased competitive transition charge amortization of $7 million at PECO and increased depreciation of $5 million due to capital additions across Energy Delivery.

Operating Income. The change in operating income, exclusive of the changes in operating revenues, purchased power and fuel expense and operating and maintenance expense discussed above, was the result of increased taxes other than income. This increase was primarily attributable to $12 million related to the reversal of a PECO use tax accrual resulting from an audit settlement in 2003 and a 2003 ComEd refund of $5 million for Illinois Electricity Distribution Taxes.

Interest Expense. The reduction in interest expense was primarily due to scheduled principal payments.

Energy Delivery Operating Statistics and Revenue Detail

Energy Delivery’s electric sales statistics and revenue detail were as follows:

Retail Deliveries — (in gigawatthours (GWhs))(a)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Full service(b)				
Residential	8,065	7,437	628	8.4%
Small commercial & industrial	6,477	6,646	(169)	(2.5)%
Large commercial & industrial	5,129	5,378	(249)	(4.6)%
Public authorities & electric railroads	1,424	1,555	(131)	(8.4)%
Total full service	21,095	21,016	79	0.4%
PPO (ComEd only)				
Small commercial & industrial	870	869	1	0.1%
Large commercial & industrial	877	1,318	(441)	(33.5)%
Public authorities & electric railroads	577	531	46	8.7%
	2,324	2,718	(394)	(14.5)%
Delivery only(c)				
Residential	488	186	302	162.4%
Small commercial & industrial	2,194	1,580	614	38.9%
Large commercial & industrial	3,280	2,320	960	41.4%
Public authorities & electric railroads	406	247	159	64.4%
	6,368	4,333	2,035	47.0%
Total PPO and delivery only	8,692	7,051	1,641	23.3%
Total retail deliveries	29,787	28,067	1,720	6.1%

(a) One GWh is the equivalent of one million kilowatthours (kWh).

(b) Full service reflects deliveries to customers taking electric generation service under tariffed rates.

(c) Delivery only service reflects customers receiving electric generation service from an AES.

Electric Revenue	Three Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	$ 819	$ 769	$ 50	6.5%
Small commercial & industrial	593	585	8	1.4%
Large commercial & industrial	352	351	1	0.3%
Public authorities & electric railroads	94	102	(8)	(7.8)%
Total full service	1,858	1,807	51	2.8%
PPO (ComEd only)(b)				
Small commercial & industrial	60	59	1	1.7%
Large commercial & industrial	51	72	(21)	(29.2)%
Public authorities & electric railroads	31	28	3	10.7%
	142	159	(17)	(10.7)%
Delivery only(c)				
Residential	38	14	24	171.4%
Small commercial & industrial	58	49	9	18.4%
Large commercial & industrial	48	48	—	—
Public authorities & electric railroads	9	8	1	12.5%
	153	119	34	28.6%
Total PPO and delivery only	295	278	17	6.1%
Total electric retail revenues	2,153	2,085	68	3.3%
Wholesale and miscellaneous revenue(d)	163	127	36	28.3%
Total electric revenue	$2,316	$2,212	$104	4.7%

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

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

(c) Delivery only revenue reflects revenue from customers receiving electric generation service from an AES. Revenue from customers choosing an AES includes a distribution charge and a CTC. Prior to ComEd's full integration into PJM on May 1, 2004, ComEd's transmission charges received from an AES were included in wholesale and miscellaneous revenue.

(d) Wholesale and miscellaneous revenues include transmission revenue (including revenue from PJM), sales to municipalities and other wholesale energy sales.

Energy Delivery’s gas sales statistics and revenue detail were as follows:

Deliveries to customers (in million cubic feet (mmcf))	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Retail sales	8,162	9,222	(1,060)	(11.5)%
Transportation	6,410	5,779	631	10.9%
Total	14,572	15,001	(429)	(2.9)%

Revenue	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Retail sales	$102	$ 99	$ 3	3.0%
Transportation	4	4	—	—
Resales and other	13	7	6	85.7%
Total	$119	$110	$ 9	8.2%

Results of Operations — Generation

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Operating revenues	$1,948	$1,886	$ 62	3.3%
Purchased power and fuel expense	1,025	1,148	(123)	(10.7)%
Operating and maintenance expense	623	451	172	38.1%
Operating income	183	201	(18)	(9.0)%
Income before income taxes and minority interest	266	233	33	14.2%
Net income	178	142	36	25.4%

Operating Revenues. The changes in Generation’s operating revenues for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Retail gas revenue	$ 84
Wholesale and retail electric sales	(39)
Electric revenue from affiliates	(31)
Other	48
Increase in operating revenues	$ 62

Retail Gas Revenue. Retail gas revenue increased $84 million as a result of the transfer of Exelon Energy Company to Generation as of January 1, 2004.

Wholesale and Retail Electric Sales. The changes in Generation's wholesale and retail electric sales for the three months ended June 30, 2004 compared to the same period in 2003, consisted of the following:

	Variance
Effects of the adoption of EITF 03-11(a)	$(238)
Sale of Boston Generating	(43)
Exelon Energy Company and AmerGen operations	104
Other operations	138
Decrease in wholesale and retail electric sales	$ (39)

(a) Does not include $1 million of EITF 03-11 adjustments related to fuel sales that are included in other revenues.

The adoption of EITF 03-11 on January 1, 2004 resulted in the netting of certain revenues and the associated purchase power and fuel expense in 2004. See Note 2 of the Combined Notes to Consolidated Financial Statements for further discussion of EITF 03-11. The sale of Boston Generating in May 2004 resulted in less revenues from this entity compared to the same period in the prior year. The acquisition of Exelon Energy and AmerGen resulted in increased wholesale and retail electric sales of approximately $104 million compared to the same period in the prior year.

The other increase in wholesale and retail electric sales was primarily due to higher demand in the forward wholesale market and higher prices in the spot wholesale market. Market prices in the Midwest region were primarily driven by higher coal prices, and in the Mid-Atlantic region market prices were driven primarily by higher oil and gas prices.

Electric Revenue from Affiliates. Revenue from sales to affiliates decreased primarily as a result of the transfer of Exelon Energy Company to Generation effective January 1, 2004 as a result of which sales to Exelon Energy Company are no longer reported as affiliate revenue by Generation. Revenue from sales to Exelon Energy Company for the three months ended June 30, 2003 was $44 million.

The decrease in revenue from sales to affiliates was partially offset by $15 million in higher sales to Energy Delivery. The higher sales to Energy Delivery were primarily due to overall increased usage per customer and favorable weather conditions.

Other. Certain other revenues increased for the three months ended June 30, 2004 as compared to the same period in 2003, primarily due to the consolidation of Sithe's operations beginning April 1, 2004.

Purchased Power and Fuel Expense. The changes in Generation's purchased power and fuel expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Effects of the adoption of EITF 03-11	$(239)
Boston Generating	(33)
Midwest Generation	(25)
AmerGen and Exelon Energy Company	(11)
Volume	92
Sithe Energies, Inc.	62
Price	49
Mark-to-market adjustments on hedging activity	11
Other	(29)
Decrease in purchased power and fuel expense	$(123)

Adoption of EITF 03-11. The adoption of EITF 03-11 resulted in a decrease in purchased power of $238 million and fuel expense of $1 million.

Boston Generating. The decrease in fuel and purchased power expense for Boston Generating is due primarily to the sale of the business in May 2004. See Note 3 of the Combined Notes to Consolidated Financial Statements for additional information regarding Boston Generating.

Midwest Generation. The volume of purchased power acquired from Midwest Generation declined in 2004 as a result of Generation exercising its option to reduce the capacity purchased from Midwest Generation.

AmerGen and Exelon Energy Company. As result of Generation's acquisition of the remaining 50% interest in AmerGen in December 2003, purchased power decreased $97 million. In prior periods, Generation reported energy purchased from AmerGen as purchased power expense.

Due to the transfer of Exelon Energy Company to Generation effective January 1, 2004, fuel expense increased $86 million as fuel purchases made by Exelon Energy Company did not previously affect Generation's results.

Volume. Generation experienced increases in purchased power and fuel expense due to increased market and retail electric sales throughout its various sales regions. The increase in purchased power is partially offset by decreased purchased power from Midwest Generation (see Midwest Generation above for further information).

Sithe Energies, Inc. Under the provisions of FIN No. 46-R, the operating results of Sithe were included in Generation's results of operations beginning April 1, 2004. See Note 4 of the Combined Notes to Consolidated Financial Statements for further discussion of Sithe.

Price. The increase reflects higher market energy prices due to increased natural gas, oil and coal prices.

Hedging Activity. Mark-to-market gains on hedging activities were $21 million for the three months ended June 30, 2004 compared to gains of $32 million for the same period of 2003. Hedging activities in 2004 relating to Boston Generating accounted for a gain of $6 million and hedging activities relating to other Generation operations in 2004 accounted for a gain of $15 million.

Other. Other decreases in purchased power and fuel expense were primarily due to $21 million of lower transmission expense resulting from reduced inter-region transmission charges, primarily associated with ComEd's integration into PJM during the second quarter of 2004 and $10 million of nuclear fuel amortization recorded in 2003 as a result of the replacement of underperforming fuel at the Quad Cities Station.

Operating and Maintenance Expense. The changes in operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
AmerGen and Exelon Energy Company	$ 87
Sithe Energies, Inc.	22
Decommissioning accretion costs(a)	18
Boston Generating	13
Pension, payroll and benefit costs, primarily associated with The Exelon Way	(14)
Other	46
Increase in operating and maintenance expense	$172

(a) Includes $10 million due to AmerGen asset retirement obligation accretion.

The increase in operating and maintenance expense is primarily due to the inclusion of AmerGen, Exelon Energy Company and Sithe in Generation's consolidated financial results for 2004. The increase in operating and maintenance expenses attributable to Boston Generating was due to the Mystic 8 and 9 and Fore River facilities commencing commercial operation at the end of the second quarter of 2003 and in the third quarter of 2003, respectively, which more than offset the reduction in operating and maintenance expenses resulting from their sale in May 2004. Decommissioning accretion costs increased primarily due to the inclusion of AmerGen for the three months ended June 30, 2004 as compared to the same period in the prior year. The reduction in payroll-related costs associated with the implementation of the programs associated with The Exelon Way partially offset the other increases to operating and maintenance expense.

Depreciation and Amortization. The increase in depreciation and amortization expense for the three months ended June 30, 2004 as compared to the same period in 2003 includes the impact of capital additions and the consolidation of Sithe, AmerGen and Exelon Energy. These increases were partially offset by a decrease in depreciation expense related to the Boston Generating facilities as the assets were classified as held for sale during the period.

Effective Income Tax Rate. The effective income tax rate was 38% for the three months ended June 30, 2004 compared to 39% for the same period in 2003. This decrease is primarily attributable to the impairment charges recorded in 2003 related to Generation's investment in Sithe which resulted in a pre-tax loss. This impairment charge was taxed at a rate different than the overall generation effective income tax rate. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Generation Operating Statistics

Generation's sales and the supply of these sales, excluding the trading portfolio, were as follows:

	Three Months Ended June 30,			
Revenue	**2004**	**2003**	**Variance**	**% Change**
Sales to affiliates(a)	$ 846	$ 877	$(31)	(3.5)%
Wholesale and retail electric sales(b)	858	897	(39)	(4.3)%
Total energy sales revenue	1,704	1,774	(70)	(3.9)%
Retail gas sales	84	—	84	n.m.
Trading portfolio	(2)	(1)	(1)	100.0%
Other revenue(c)	162	113	49	43.4%
Total revenue	$1,948	$1,886	$ 62	3.3%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Includes sales related to tolling agreements, including Sithe in 2004, and fossil fuel sales.

n.m. — not meaningful

	Three Months Ended June 30,			
Sales (in GWhs)	**2004(c)**	**2003**	**Variance**	**% Change**
Sales to affiliates(a)	26,133	26,869	(736)	(2.7)%
Wholesale and retail electric sales(b)	24,976	27,449	(2,473)	(9.0)%
Total sales	51,109	54,318	(3,209)	(5.9)%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Sales in 2004 do not include 6,185 GWhs, which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11.

Supply Source (in GWhs)	Three Months Ended June 30, 2004	2003	Variance	% Change
Nuclear generation(a)	34,254	29,619	4,635	15.6%
Purchases — non-trading portfolio(b)	11,904	19,344	(7,440)	(38.5)%
Fossil and hydroelectric generation	4,951	5,355	(404)	(7.5)%
Total supply	51,109	54,318	(3,209)	(5.9)%

(a) Excludes AmerGen in 2003. AmerGen generated 5,122 GWhs during the three months ended June 30, 2004.

(b) Sales in 2004 do not include 6,185 GWhs that were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes PPAs with AmerGen, which represented 3,731 GWhs in 2003.

Trading volumes of 5,324 GWhs and 7,919 GWhs for the three months ended June 30, 2004 and 2003, respectively, are not included in the table above. The decrease in trading volume is a result of reduced proprietary trading activity.

Generation's supply mix changed primarily as a result of the sale of Boston Generating in May 2004.

Generation's average margin and other operating data for the three months ended June 30, 2004 and 2003 were as follows:

($/MWh)	Three Months Ended June 30, 2004	2003	% Change
Average revenue			
Electric sales to affiliates(a)	$32.37	$32.64	(0.8)%
Market and retail electric sales(b)	34.35	32.68	5.1%
Total — excluding the trading portfolio	33.34	32.66	2.1%
Average supply cost(c) — excluding the trading portfolio	$20.06	$21.13	(5.1)%
Average margin — excluding the trading portfolio	$13.28	$11.53	15.2%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Average supply cost includes purchased power, fuel costs and PPAs with AmerGen in 2003.

Generation's average margin, excluding the trading portfolio, increased primarily due to decreased average supply cost as a result of forward hedging of fuel at lower costs during the three months ended June 30, 2004 as compared to the same period in the prior year. Also, Generation experienced a decrease in purchased power due to reducing the capacity purchased from Midwest Generation and the affect of acquiring the remaining 50% of AmerGen in 2003. The increase in nuclear generation during the quarter, which is generally less expensive than purchased power, along with the effect of the adoption of EITF 03-11, also contributed to the increase in average margin.

	Three Months Ended June 30,	
	2004	2003
Nuclear fleet capacity factor(a)	96.1%	94.0%
Nuclear fleet production cost per MWh(a)	$10.88	$12.08
Average purchased power cost for wholesale operations per MWh(b)	$47.13	$41.36

(a) Includes AmerGen and excludes Salem, which is operated by Public Service Enterprise Group Incorporated (PSE&G).

(b) Includes PPAs with AmerGen in 2003.

Higher nuclear capacity factors and lower nuclear production costs were primarily due to nine fewer planned refueling outage days, resulting in a $14 million decrease in planned outage costs for the three months ended June 30, 2004 as compared to the same period in 2003. There was one planned refueling outage that began in late March 2004 and was completed during the three months ended June 30, 2004, while there was one refueling outage that began and was completed during the three months ended June 30, 2003. The three months ended June 30, 2004 included seven unplanned outages compared to nine unplanned outages during the same period in 2003.

In the three months ended June 30, 2004 as compared to the three months ended June 30, 2003, the Quad Cities units operated at pre-Extended Power Uprate (EPU) generation levels due to performance issues with their steam dryers. Generation plans additional expenditures to ensure safe and reliable operations at the EPU output levels by mid-2005.

Results of Operations — Enterprises

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$ 43	$443	$(400)	(90.3)%
Purchased power and fuel expense	—	166	(166)	(100.0)%
Operating and maintenance expense	65	322	(257)	(79.8)%
Depreciation and amortization expense	—	10	(10)	(100.0)%
Operating income (loss)	(23)	(57)	34	(59.6)%
Other income and deductions	74	(38)	112	n.m.
Loss before income taxes	51	(95)	146	n.m.
Net income (loss)	27	(61)	88	n.m.

Divestiture of Businesses and Investments. Exelon is continuing to execute its divestiture strategy for Enterprises. Enterprises' results for the three months ended June 30, 2004 compared to the three months ended June 30, 2003 were significantly affected by the following transactions:

InfraSource, Inc. On September 24, 2003, Enterprises sold the electric construction and services, underground and telecom businesses of InfraSource.

Exelon Energy Company. Effective January 1, 2004, the operations and assets of Enterprises' competitive retail sales business, Exelon Energy Company, were transferred to Generation. See Note 3 of the Combined Notes to Consolidated Financial Statements for further discussion of this transfer.

Exelon Services, Inc. During the three months ended June 30, 2004, Enterprises disposed of certain businesses of Services, including Exelon Solutions and certain businesses of the Mechanical and Integrated Technology Group. Total expected proceeds and the net gain on sale recorded during the three months ended June 30, 2004 related to the disposition of these Services businesses were $16 million and $12 million, respectively. The gain was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. As of June 30, 2004, Services had assets and liabilities of $58 million and $90 million, respectively, which primarily represented the corporate operations and the remaining businesses of the Mechanical and Integrated Technology Group.

In addition, during the three months ended June 30, 2004, Enterprises disposed of the following business and investment. These dispositions and the transactions described above will affect Enterprises future results of operations.

Exelon Thermal Holdings Inc. On June 30, 2004, Enterprises sold its Chicago business of Exelon Thermal for proceeds of $134 million, subject to working capital adjustments. Enterprises repaid $37 million of debt outstanding of the Chicago thermal operations prior to closing, which resulted in prepayment penalties of $9 million, which were recorded as interest expense. A pre-tax gain of $45 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income.

PECO Telcove. On June 30, 2004, Enterprises sold its investment in PECO TelCove, a communications joint venture, along with certain telecommunications assets, for proceeds of $49 million. A pre-tax gain of $9 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. An impairment charge of $5 million (before income taxes) related to the telecommunications assets had been recorded in the fourth quarter of 2003.

Operating Revenues. The changes in Enterprises' operating revenues for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Transfer of Exelon Energy Company to Generation	$(174)
Sale of InfraSource businesses	(145)
Services(a)	(61)
F&M Holdings, LLC(b)	(28)
Other	8
Decrease in operating revenues	$(400)

(a) Primarily due to the sale of certain businesses.

(b) For the remaining businesses of F & M Holdings, LLC, operating revenues decreased as a result of the sale of certain businesses and the reduction of new business as a result of wind-down efforts.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased as a result of the transfer of Exelon Energy Company to Generation effective January 1, 2004.

Operating and Maintenance Expense. The changes in Enterprises' operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Sale of InfraSource businesses	$(135)
Services(a)	(52)
Goodwill impairment charge(b)	(47)
F & M Holdings, LLC(c)	(22)
Other	(1)
Decrease in operating and maintenance expense	$(257)

(a) Primarily due to the sale of certain businesses.

(b) Enterprises recorded a goodwill impairment charge of $47 million during the second quarter of 2003 related to the goodwill recorded within the InfraSource reporting unit.

(c) For the remaining businesses of F & M Holdings, LLC, operating and maintenance expense decreased $29 million as a result of wind-down efforts for these businesses. These decreases were partially offset by increased expense of $7 million due to margin deterioration on various construction projects.

Depreciation and Amortization. Depreciation and amortization expense decreased primarily as a result of the sale of the majority of the InfraSource businesses in the third quarter of 2003 and property, plant and equipment classified as held for sale.

Other Income and Deductions. The increase in other income and deductions was primarily due to 2004 gains on the sales of Exelon Thermal, the Services businesses and Enterprises' investment in PECO Telcove of an aggregate of $66 million (before income taxes and debt prepayment penalties) and income of $18 million recorded during the second quarter of 2004 related to the collection of a note receivable prior to its maturity. Other income and deductions in 2003 included impairment charges of energy-related and communications investments of $35 million.

Effective Income Tax Rate. The effective income tax rate was 47% for the three months ended June 30, 2004 compared to 36% for the same period in 2003. The increase in the effective tax rate was primarily attributable to state tax impact on the Thermal divestiture and tax adjustments resulting from various income tax related items.

Results of Operations — Exelon Corporation

Six Months Ended June 30, 2004 Compared To Six Months Ended June 30, 2003

	2004	2003	Variance	% Change
Operating revenues	$7,272	$7,795	$(523)	(6.7)%
Purchased power and fuel expense	2,608	3,119	(511)	(16.4)%
Operating and maintenance expense	2,165	2,212	(47)	(2.1)%
Operating income	1,505	1,557	(52)	(3.3)%
Other income and deductions	(239)	(563)	324	(57.5)%
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	1,266	994	272	27.4%
Income before cumulative effect of changes in accounting principles	901	621	280	45.1%
Cumulative effect of changes in accounting principles	32	112	(80)	(71.4)%
Net income	933	733	200	27.3%
Diluted earnings per share	1.40	1.12	0.28	25.0%

Operating Revenues. Operating revenues decreased for the six months ended June 30, 2004 as compared to the same period in 2003 primarily due to decreased revenues at Enterprises due to the sale of the majority of the businesses of InfraSource during the third quarter of 2003 and Generation's adoption of EITF 03-11 in the first quarter of 2004 which changed the presentation of certain power transactions and decreased operating revenues by $452 million. The adoption of EITF 03-11 had no impact on net income. See further discussion of operating revenues by segment below.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased during the six months ended June 30, 2004 as compared to the same period in 2003 primarily due to Generation's adoption of EITF 03-11 during 2004 which resulted in a decrease in purchased power expense and fuel expense of $452 million. In addition, purchased power decreased due to Generation's acquisition of the remaining 50% of AmerGen in December 2003, which was only partially offset by an increase in fuel expense, and the consolidation of Sithe. Purchased power represented 23% of Generation's total supply for the six months ended June 30, 2004 compared to 36% for the same period in 2003. See further discussion of purchased power and fuel expense by segment below.

Operating and Maintenance Expense. Operating and maintenance expense decreased slightly for the six months ended June 30, 2004 as compared to the same period in 2003 primarily due to decreased expenses at Enterprises due to the sale of the majority of the businesses of InfraSource during the third quarter of 2003 and decreased expenses at Energy Delivery due to a charge recorded in 2003 related to an agreement with various Illinois retail market participants and other interested parties, partially offset by increased expenses at Generation due to the acquisition of the remaining 50% of AmerGen and generating assets placed in service after the first quarter of 2003. Operating and maintenance expense increased $48 million due to investments made in the fourth quarter of 2003 in synthetic fuel-producing facilities. See further discussion of operating and maintenance expenses by segment below.

Operating Income. The slight decrease in operating income, exclusive of the changes in operating revenues, purchased power and fuel expense and operating and maintenance expense discussed above, was primarily due to an increase of $67 million in depreciation expense and increased taxes other than income at Energy Delivery. The increase in depreciation and amortization expense was primarily related to assets placed in service after the second quarter of 2003 and investments made in the fourth quarter of 2003 in synthetic fuel-producing facilities.

Other Income and Deductions. Other income and deductions changed primarily due to an impairment charge of $200 million (before income taxes) recorded during the first quarter of 2003 related to Generation's investment in Sithe, an $85 million gain (before income taxes) on the sale of Boston Generating and a $36 million gain on the sale of Exelon Thermal (before income taxes and net of debt prepayment penalties). Equity in earnings of unconsolidated affiliates decreased by $88 million due to the acquisition of the remaining 50% of AmerGen in December 2003, the deconsolidation of certain financing trusts during 2003 and investments made in the fourth quarter of 2003 in synthetic fuel-producing facilities. Interest expense and distributions on preferred securities of subsidiaries collectively increased $6 million, primarily due to increased interest expense at Generation, partially offset by lower outstanding debt and refinancings at lower rates at Energy Delivery.

Effective Income Tax Rate. Exelon's effective income tax rate decreased from 37% for the six months ended June 30, 2003 to 30% for the same period in 2004, primarily due to investments made in synthetic fuel-producing facilities during the fourth quarter of 2003. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Cumulative Effect of Changes in Accounting Principles. Net income for the six months ended June 30, 2004 reflects income of $32 million, net of income taxes, related to the consolidation of Sithe pursuant to FIN No. 46-R which resulted from the reversal of certain guarantees on behalf of Sithe that had been recorded at Generation prior to December 31, 2003, while net income for the six months ended June 30, 2003 reflects income of $112 million, net of income taxes, for the adoption of SFAS No. 143. See Note 2 of the Combined Notes to Consolidated Financial Statements for further information regarding the adoptions of FIN No. 46-R and SFAS No. 143.

Results of Operations by Business Segment

The comparisons of operating results and other statistical information for the six months ended June 30, 2004 and 2003 set forth below reflect intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Income (Loss) Before Cumulative Effect of Change in Accounting Principle by Business Segment

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Energy Delivery	$619	$616	$ 3	0.5%
Generation	248	89	159	178.7%
Enterprises	11	(78)	89	n.m.
Corporate	23	(6)	29	n.m.
Total	$901	$621	$280	45.1%

n.m. — not meaningful

Net Income (Loss) by Business Segment

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Energy Delivery	$619	$621	$ (2)	(0.3)%
Generation	280	197	83	42.1%
Enterprises	11	(79)	90	n.m.
Corporate	23	(6)	29	n.m.
Total	$933	$733	$200	27.3%

n.m. — not meaningful

Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, became part of Generation. The information for the six months ended June 30, 2003 related to the Enterprises and Generation segments discussed below has not been adjusted to reflect the transfer of Exelon Energy Company from the Enterprises segment to the Generation segment. Exelon Energy Company's results for the six months ended June 30, 2003 were as follows:

Total revenues	$504
Intersegment revenues	9
Loss before income taxes	(16)
Income tax benefit	(6)
Net loss	(10)

Results of Operations — Energy Delivery

	Six Months Ended June 30, 2004	2003	Variance	% Change
Operating revenues	$5,010	$4,964	$ 46	0.9%
Purchased power and fuel expense	2,239	2,175	64	2.9%
Operating and maintenance expense	704	744	(40)	(5.4)%
Depreciation and amortization expense	455	427	28	6.6%
Operating income	1,343	1,360	(17)	(1.3)%
Interest expense	355	383	(28)	(7.3)%
Income before income taxes and cumulative effect of a change in accounting principle	986	998	(12)	(1.2)%
Income before cumulative effect of a change in accounting principle	619	616	3	0.5%
Net income	619	621	(2)	(0.3)%

Operating Revenues. The changes in Energy Delivery's operating revenues for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Electric	Gas	Total Variance
Volume	$ 158	$ (4)	$ 154
ComEd's integration in PJM	43	—	43
Rate changes and mix	(68)	82	14
Customer choice	(149)	—	(149)
Weather	13	(19)	(6)
Other effects	(16)	6	(10)
(Decrease) increase in operating revenues	$ (19)	$ 65	$ 46

Volume. Both ComEd's and PECO's electric revenues increased as a result of higher delivery volume, exclusive of the effect of weather and customer choice, due to an increased number of customers and increased usage per customer, primarily residential and large commercial and industrial customers for ComEd and across all customer classes for PECO.

ComEd's Integration into PJM. Energy Delivery's transmission revenues and purchased power expense each increased by $43 million in the six months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM.

Rate Changes and Mix. Starting in the June 2003 billing cycle, the increased wholesale market price of electricity and other adjustments to the energy component decreased the collection of CTCs as compared to the respective prior year period. As a result, ComEd's CTC revenues decreased by $120 million for the six months ended June 30, 2004 as compared to the same period in 2003. This decrease was partially offset by increased wholesale market prices which increased energy revenue received under ComEd's PPO by $47 million.

Customer Choice. For the six months ended June 30, 2004 and 2003, 28% and 24%, respectively, of energy delivered to Energy Delivery's retail customers was provided by an AES or under the ComEd PPO. The decrease in electric retail revenues attributable to customer choice included a decrease in revenues of $107 million from customers in Illinois electing to purchase energy from an AES or ComEd's PPO and a decrease in revenues of $42 million from customers in Pennsylvania being assigned to or selecting an AES.

For the six months ended June 30, 2004 and June 30, 2003, ComEd collected approximately $87 million and $207 million, respectively, of CTC revenue. As a result of increasing mitigation factors, changes in energy prices and the ability of certain customers to establish fixed, multi-year CTC rates beginning in 2003, and increases in ComEd's open access transmission tariff rates (OATT) effective May 1, 2004, ComEd anticipates that this revenue source will decline to approximately $180 million for 2004 and range from $100 million to $180 million annually in 2005 and 2006. Under the current restructuring statute, no CTCs will be collected after 2006.

Electric revenues increased $2 million at PECO as a result of $9 million related to a scheduled phase-out of merger-related rate reductions, largely offset by a $7 million decrease reflecting a change in rate mix due to changes in monthly usage patterns in all customer classes during 2004 as compared to 2003. In connection with the PUC's approval of the merger of PECO, Unicom Corporation, and Exelon in 2000, PECO entered into a settlement agreement with the PUC and agreed to $200 million in aggregate rate reductions for all customers over the period January 1, 2002 through 2005. Rates were reduced by $60 million per year in 2002 and 2003 and will be reduced by $40 million per year in 2004 and 2005

Energy Delivery's gas revenues increased due to increases in rates through PUC approved changes to the purchased gas adjustment clause that became effective March 1, 2003, June 1, 2003, December 1, 2003 and March 1, 2004. The average purchased gas cost rate per million cubic feet for the six months ended June 30, 2004 was 39% higher than the rate for the same period in 2003.

Weather. Energy Delivery's electric revenues were affected by favorable weather conditions. Cooling degree-days in the ComEd and PECO service territories were 68% higher and 66% higher, respectively, for the six months ended June 30, 2004 as compared to the same period in 2003. Heating degree-days were 8% lower in both the ComEd and PECO service territories for the six months ended June 30, 2004 as compared to the same period in 2003.

Energy Delivery's gas revenues were affected by unfavorable weather conditions.

Purchased Power and Fuel Expense. The changes in Energy Delivery's purchased power and fuel expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Electric	Gas	Total Variance
Prices	$ —	$ 82	$ 82
Volume	81	(4)	77
ComEd's integration into PJM	43	—	43
Customer choice	(134)	—	(134)
Weather	5	(16)	(11)
Other	(6)	13	7
(Decrease) increase in purchased power and fuel expense	$ (11)	$ 75	$ 64

Prices. Energy Delivery's purchased power expense remained constant. Fuel expense for gas increased due to higher gas prices. See "Operating Revenues" above.

Volume. ComEd's purchased power and fuel expense increased due to increases, exclusive of the effect of weather and customer choice, in the number of customers and average usage per customer, primarily residential and large commercial and industrial customers at ComEd. PECO's electric purchased power and fuel expense increased as a result of higher delivery volume, exclusive of the effect of weather and customer choice, due to increased customer growth and usage per customer across all customer classes.

ComEd's Integration into PJM. Energy Delivery's transmission revenues and purchased power expense each increased by $43 million in the six months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. See "Operating Revenues" above.

Customer Choice. An increase in customer switching resulted in a reduction of purchased power expense, primarily due to ComEd's non-residential customers electing to purchase energy from an AES or

ComEd's PPO and PECO's residential and small commercial and industrial customers selecting or being assigned to purchase energy from an AES.

Weather. Energy Delivery's purchased power and fuel expense were affected by unfavorable weather conditions.

Operating and Maintenance Expense. The changes in operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Charge recorded at ComEd in 2003(a)	$(41)
Decreased payroll expense due to fewer employees(b)	(21)
Contractors	(9)
Allowance for uncollectible accounts expense	(6)
Environmental charges	(5)
Employee fringe benefits(b, d)	(3)
Higher corporate allocations(c)	42
Severance, pension and postretirement benefit costs associated with The Exelon Way	19
Tax Consultant fees(e)	5
Other	(21)
Decrease in operating and maintenance expense	$(40)

(a) In 2003, ComEd reached an agreement with various Illinois retail market participants and other interested parties.

(b) Energy Delivery has fewer employees as a result of The Exelon Way terminations.

(c) Higher corporate allocations primarily result from a higher percentage allocation to Energy Delivery due to the sale of certain Enterprises businesses.

(d) During the second quarter of 2004, ComEd and PECO adopted the provisions of FSP FAS 106-2. Employee fringe benefits include a $5 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

(e) ComEd recorded a $5 million charge for contingent fees paid to a tax consultant (see Note 15 to the Combined Notes to Consolidated Financial Statements for more information).

Depreciation and Amortization Expense. The increase in depreciation and amortization expense was primarily due to increased competitive transition charge amortization of $14 million at PECO and increased depreciation of $10 million due to capital additions across Energy Delivery.

Interest Expense. The reduction in interest expense was primarily due to scheduled principal payments and refinancings at lower rates.

Energy Delivery Operating Statistics and Revenue Detail

Energy Delivery's electric sales statistics and revenue detail were as follows:

Retail Deliveries — (in GWhs)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Full service(a)				
Residential	17,821	17,438	383	2.2%
Small commercial & industrial	13,294	14,053	(759)	(5.4)%
Large commercial & industrial	10,091	10,344	(253)	(2.4)%
Public authorities & electric railroads	2,893	3,224	(331)	(10.3)%
Total full service	44,099	45,059	(960)	(2.1)%
PPO (ComEd only)				
Small commercial & industrial	1,600	1,662	(62)	(3.7)%
Large commercial & industrial	1,624	2,750	(1,126)	(40.9)%
Public authorities & electric railroads	1,012	1,069	(57)	(5.3)%
	4,236	5,481	(1,245)	(22.7)%
Delivery only(b)				
Residential	1,070	450	620	137.8%
Small commercial & industrial	4,389	3,131	1,258	40.2%
Large commercial & industrial	6,371	4,362	2,009	46.1%
Public authorities & electric railroads	894	529	365	69.0%
	12,724	8,472	4,252	50.2%
Total PPO and delivery only	16,960	13,953	3,007	21.6%
Total retail deliveries	61,059	59,012	2,047	3.5%

(a) Full service reflects deliveries to customers taking electric generation service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an AES.

Electric Revenue	Six Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	$1,691	$1,673	$ 18	1.1%
Small commercial & industrial	1,143	1,177	(34)	(2.9)%
Large commercial & industrial	682	692	(10)	(1.4)%
Public authorities & electric railroads	188	207	(19)	(9.2)%
Total full service	3,704	3,749	(45)	(1.2)%
PPO (ComEd only)(b)				
Small commercial & industrial	108	109	(1)	(0.9)%
Large commercial & industrial	92	144	(52)	(36.1)%
Public authorities & electric railroads	53	55	(2)	(3.6)%
	253	308	(55)	(17.9)%
Delivery only(c)				
Residential	80	31	49	158.1%
Small commercial & industrial	110	99	11	11.1%
Large commercial & industrial	93	103	(10)	(9.7)%
Public authorities & electric railroads	18	17	1	5.9%
	301	250	51	20.4%
Total PPO and delivery only	554	558	(4)	(0.7)%
Total electric retail revenues	4,258	4,307	(49)	(1.1)%
Wholesale and miscellaneous revenue(d)	288	258	30	11.6%
Total electric revenue	$4,546	$4,565	$(19)	(0.4)%

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

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

(c) Delivery only reflects revenue from customers receiving electric generation service from an AES. Revenue from customers choosing an AES includes a distribution charge and a CTC. Prior to ComEd’s full integration into PJM on May 1, 2004, ComEd’s transmission charges received from an AES were included in wholesale and miscellaneous revenue.

(d) Wholesale and miscellaneous revenues include transmission revenue (including revenue from PJM), sales to municipalities and other wholesale energy sales.

Energy Delivery’s gas sales statistics and revenue detail were as follows:

Deliveries to customers (in mmcf)	Six Months Ended June 30, 2004	2003	Variance	% Change
Retail sales	37,965	40,685	(2,720)	(6.7)%
Transportation	13,542	13,942	(400)	(2.9)%
Total	51,507	54,627	(3,120)	(5.7)%

Revenue	Six Months Ended June 30, 2004	2003	Variance	% Change
Retail sales	$431	$372	$ 59	15.9%
Transportation	9	9	—	—
Resales and other	24	18	6	33.3%
Total	$464	$399	$ 65	16.3%

Results of Operations — Generation

	Six Months Ended June 30, 2004	2003	Variance	% Change
Operating revenues	$3,900	$3,765	$ 135	3.6%
Purchased power and fuel expense	2,129	2,348	(219)	(9.3)%
Operating and maintenance expense	1,273	943	330	35.0%
Operating income	279	295	(16)	(5.4)%
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	383	162	221	136.4%
Income before cumulative effect of changes in accounting principles	248	89	159	178.7%
Cumulative effect of changes in accounting principles	32	108	(76)	(70.4)%
Net income	280	197	83	42.1%

Operating Revenues. The changes in Generation's operating revenues for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Retail gas revenue	$ 260
Electric sales to affiliates	(136)
Wholesale and retail electric sales	(12)
Other	23
Increase in operating revenues	$ 135

Retail Gas Revenue. Retail gas revenue increased as a result of the transfer of Exelon Energy Company to Generation as of January 1, 2004.

Electric Sales to Affiliates. Revenue from sales to affiliates decreased primarily as a result of the transfer of Exelon Energy Company's assets and operations to Generation effective January 1, 2004. Sales to Exelon Energy Company are no longer reported as affiliate revenue by Generation. Revenue from sales to Exelon Energy Company for the six months ended June 30, 2003 was $108 million.

The decrease in revenue from affiliates included $40 million in lower sales to Energy Delivery. The lower sales to Energy Delivery were primarily due to customers purchasing energy from alternative electric suppliers and unfavorable weather conditions in the ComEd and PECO service territories compared to the prior year.

Wholesale and Retail Electric Sales. The changes in Generation's wholesale and retail electric sales for the six months ended June 30, 2004 compared to the same period in 2003, consisted of the following:

	Variance
Effects of the adoption of EITF 03-11(a)	$(444)
Boston Generating	74
Exelon Energy Company and AmerGen operations	182
Other operations	176
Decrease in wholesale and retail electric sales	$ (12)

(a) Does not include $8 million of EITF 03-11 adjustments related to fuel sales that are included in other revenues.

The adoption of EITF 03-11 on January 1, 2004 resulted in the netting of certain revenues and the associated purchase power and fuel expense in 2004.

The other increase in wholesale and retail electric sales was primarily due to higher demand in the forward wholesale market and higher prices in the spot wholesale market. Market prices in the Midwest region were primarily driven by higher coal prices, and in the Mid-Atlantic region market prices were driven primarily by higher oil and gas prices.

Other. Certain other revenues increased for the six months ended June 30, 2004 as compared to the same period in 2003, primarily due to the consolidation of Sithe's results of operations beginning April 1, 2004.

Purchased Power and Fuel Expense. The changes in Generation's purchased power and fuel expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Effects of the adoption of EITF 03-11	$(452)
Midwest Generation	(48)
Price	(47)
Volume	129
AmerGen and Exelon Energy Company	101
Sithe Energies, Inc.	62
Boston Generating	75
Mark-to-market adjustments on hedging activity	19
Other	(58)
Decrease in purchased power and fuel expense	$(219)

Effects of the Adoption of EITF 03-11. The adoption of EITF 03-11 resulted in a decrease in purchased power expense of $444 and fuel expense of $8 million.

Midwest Generation. The volume of purchased power acquired from Midwest Generation declined in 2004 as a result of Generation exercising its option to reduce the capacity purchased from Midwest Generation, as announced in 2003.

Price. The decrease primarily reflects lower average fossil fuel costs of $47 million during the six months ended June 30, 2004 as compared to the same period in 2003.

Volume. Generation experienced increased purchased power and fuel expense due to increased market and retail electric sales throughout its various sales regions. The increase in purchased power is partially offset by decreased purchased power from Midwest Generation (see Midwest Generation above for further information).

AmerGen and Exelon Energy Company. As result of Generation's acquisition of the remaining 50% interest in AmerGen in December 2003, purchased power decreased $160 million. In prior periods, Generation reported energy purchased from AmerGen as purchased power expense. Due to the transfer of Exelon Energy Company to Generation effective January 1, 2004, fuel expense increased $261 million as fuel purchases made by Exelon Energy Company were not previously included in Generation's results.

Boston Generating. The decrease in fuel and purchased power expense for Boston Generating is due primarily to the sale of the business in May of 2004. The Mystic 8 and 9 generating facilities began commercial operations at the end of the second quarter of 2003, and the Fore River generating facilities began commercial operations during the third quarter of 2003.

Sithe Energies, Inc. Under the provisions of FIN No. 46-R, the operating results of Sithe were included in Generation's results of operations beginning April 1, 2004. See Note 4 of the Combined Notes to Consolidated Financial Statements for further discussion of Sithe.

Hedging Activity. Mark-to-market losses on hedging activities were $18 million for the six months ended June 30, 2004 compared to gains of $1 million for the same period in 2003. Hedging activities in 2004 related to Boston Generating operations accounted for a gain of $4 million and hedging activities for other Generation operations in 2004 accounted for a loss of $22 million.

Other. Other decreases in purchased power and fuel were primarily due to $46 million in lower transmission expense resulting from reduced inter-region transmission as a result of ComEd's integration into PJM in the second quarter of 2004, offset by $16 million of nuclear fuel amortization recorded in 2003 as a result of the replacement of underperforming fuel at the Quad Cities Station.

Operating and Maintenance Expense. The changes in operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
AmerGen and Exelon Energy Company(a)	$197
Refueling outage costs	38
Boston Generating	33
Decommissioning accretion costs(b)	25
Sithe Energies, Inc.	22
Pension, payroll and benefit costs associated with The Exelon Way	(23)
Other	38
Increase in operating and maintenance expense	$330

(a) Includes refueling outage expense of $24 million at AmerGen.

(b) Includes $20 million due to AmerGen asset retirement obligation accretion.

Depreciation and Amortization. The increase in depreciation and amortization expense for the six months ended June 30, 2004 as compared to the same period in 2003 was primarily attributable to the impact of capital additions and the consolidation of Sithe Energies, AmerGen, and Exelon Energy. These increases were partially offset by a decrease in depreciation expense related to the Boston Generating facilities as the assets were classified as held for sale during the period.

Effective Income Tax Rate. The effective income tax rate was 38% for the six months ended June 30, 2004 compared to 44% for the same period in 2003. The decrease was primarily attributable to the impairment charge recorded in 2003 related to Generation's investment in Sithe that resulted in a pre-tax loss. The impairment charge was taxed at a rate different than the overall Generation effective tax rate. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Cumulative Effect of Changes in Accounting Principles. The cumulative effect of changes in accounting principles recorded during the six months ended June 30, 2004 and 2003 included $32 million, net of income taxes, recorded in 2004 related to the consolidation of Sithe pursuant to FIN No. 46-R which resulted from the reversal of certain guarantees on behalf of Sithe that had been recorded at Generation prior to December 31, 2003, and income of $108 million, net of income taxes, recorded in 2003 related to the adoption of SFAS No. 143. See Note 2 of the Combined Notes to Consolidated Financial Statements for further discussion of these effects.

Generation Operating Statistics

Generation's sales and the supply of these sales, excluding the trading portfolio, were as follows:

Revenue	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Sales to affiliates(a)	$1,706	$1,842	$(136)	(7.4)%
Wholesale and retail electric sales(b)	1,742	1,754	(12)	(0.7)%
Total energy sales revenue	3,448	3,596	(148)	(4.1)%
Retail gas sales	260	—	260	n.m.
Trading portfolio	(2)	(2)	—	n.m.
Other revenue	194	171	23	13.5%
Total revenue	$3,900	$3,765	$ 135	3.6%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Includes sales related to tolling agreements, including Sithe in 2004, and fossil fuel sales.

n.m. — not meaningful

Sales (in GWhs)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Sale to affiliates(a)	53,597	57,463	(3,866)	(6.7)%
Wholesale and retail electric sales(b)	48,959	51,264	(2,305)	(4.5)%
Total sales	102,556	108,727	(6,171)	(5.7)%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Sales in 2004 do not include 11,638 GWhs, which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes retail electric sales of Exelon Energy Company in 2004.

Supply Source (in GWhs)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Nuclear generation(a)	67,665	58,949	8,716	14.8%
Purchases — non-trading portfolio(b)	23,595	39,373	(15,778)	(40.1)%
Fossil and hydroelectric generation	11,296	10,405	891	8.6%
Total supply	102,556	108,727	(6,171)	(5.7)%

(a) Excludes AmerGen in 2003. AmerGen generated 9,761 GWhs during the six months ended June 30, 2004.

(b) Sales in 2004 do not include 11,638 GWhs, which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes PPAs with AmerGen, which represented 6,219 GWhs in 2003.

Trading volumes of 10,437 GWhs and 17,446 GWhs for the six months ended June 30, 2004 and 2003, respectively, are not included in the table above. The decrease in trading volume is a result of reduced proprietary trading activity.

Generation's supply mix changed as a result of increased fossil generation due to Boston Generating's Mystic units 8 and 9 and Fore River generating facilities becoming operational in the second and third quarter of 2003, which in total account for an increase of 2,688 GWhs.

Generation's average margin and other operating data for the six months ended June 30, 2004 and 2003 were as follows:

	Six Months Ended June 30,		
($/MWh)	2004	2003	% Change
Average revenue			
Energy Delivery and Exelon Energy Company(a)	$31.83	$32.06	(0.7)%
Market and retail electric sales(b)	35.58	34.22	4.0%
Total — excluding the trading portfolio	33.62	33.07	1.7%
Average supply cost(c) — excluding the trading portfolio	$20.77	$21.60	(3.8)%
Average margin — excluding the trading portfolio	$12.85	$11.47	12.0%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Average supply cost includes purchased power, fuel costs and PPAs with AmerGen in 2003.

Generation's average margin, excluding the trading portfolio, increased primarily due to decreased average supply cost as a result of forward hedging of fuel at lower costs than prior periods. Also, Generation experienced a decrease in purchased power due to reducing the capacity purchased from Midwest Generation and the impact of consolidating AmerGen in 2003. The increase in nuclear generation during the period, which is generally less expensive than purchased power, along with the effect of the adoption of EITF 03-11, contributed to the increase in average margin. The increase in nuclear generation is due primarily to the consolidation of AmerGen.

	Six Months Ended June 30,	
	2004	2003
Nuclear fleet capacity factor(a)	93.3%	94.2%
Nuclear fleet production cost per MWh(a)	$12.54	$12.40
Average purchased power cost for wholesale operations per MWh(b)	$45.81	$41.68

(a) Includes AmerGen and excludes Salem, which is operated by Public Service Enterprise Group Incorporated (PSE&G).

(b) Includes PPAs with AmerGen in 2003.

Lower nuclear capacity factors and increased nuclear production costs were primarily due to 55 additional planned refueling outage days, resulting in a $46 million increase in planned outage costs in the six months ended June 30, 2004 as compared to the same period in 2003. There were five planned outages during the six months ended June 30, 2004, compared to three planned outages during the same period in 2003. The six months ended June 30, 2004 included twelve unplanned outages compared to eleven unplanned outages during the same period in 2003. Nuclear capacity factors were also affected by Quad Cities operating at lower than anticipated capacity levels.

The Quad Cities units have intermittently been operating at pre-EPU generation levels due to performance issues with their steam dryers. Generation plans additional expenditures to ensure safe and reliable operations at the EPU output levels by mid-2005.

Results of Operations — Enterprises

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$133	$1,022	$(889)	(87.0)%
Purchased power and fuel expense	—	505	(505)	(100.0)%
Operating and maintenance expense	170	575	(405)	(70.4)%
Depreciation and amortization expense	—	20	(20)	(100.0)%
Operating income (loss)	(42)	(84)	42	(50.0)%
Other income and deductions	68	(41)	109	n.m.
Loss before income taxes and cumulative effect of change in accounting principle	26	(125)	151	n.m.
Loss before cumulative effect of change in accounting principle	11	(78)	89	n.m.
Net income (loss)	11	(79)	90	n.m.

Divestiture of Businesses and Investments. Exelon is continuing to execute its divestiture strategy for Enterprises. Enterprises' result for the six months ended June 30, 2004 compared to the six months ended June 30, 2003 were significantly affected by the following transactions:

InfraSource, Inc. On September 24, 2003, Enterprises sold the electric construction and services, underground and telecom businesses of InfraSource.

Exelon Energy Company. Effective January 1, 2004, the operations and assets of Enterprises' competitive retail sales business, Exelon Energy Company, were transferred to Generation. See Note 3 of the Combined Notes to Consolidated Financial Statements for further discussion of this transfer.

Exelon Services, Inc. During the six months ended June 30, 2004, Enterprises disposed of certain businesses of Services, including Exelon Solutions and certain businesses of the Mechanical and Integrated Technology Group. Total expected proceeds and the net gain on sale recorded during the six months ended June 30, 2004 related to the disposition of these Services businesses were $34 million and $9 million, respectively. The gain was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. As of June 30, 2004, Services had assets and liabilities of $58 million and $90 million, respectively, which primarily represented the corporate operations and the remaining businesses of the Mechanical and Integrated Technology Group.

In addition, during the six months ended June 30, 2004, Enterprises disposed of the following business and investment. These dispositions and the transactions described above will affect Enterprises future results of operations.

Exelon Thermal Holdings Inc. On June 30, 2004, Enterprises sold its Chicago business of Thermal for proceeds of $134 million, subject to working capital adjustments. Enterprises repaid $37 million of debt outstanding of the Chicago thermal operations prior to closing, which resulted in prepayment penalties of $9 million, which were recorded in interest expense. A pre-tax gain of $45 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income.

PECO TelCove. On June 30, 2004, Enterprises sold its investment in PECO TelCove, a communications joint venture, along with certain telecommunications assets, for proceeds of $49 million. A pre-tax gain of $9 million was recorded in other income and deductions on Exelon's Consolidated Statements of Income and Comprehensive Income. An impairment charge of $5 million (before income taxes) related to the telecommunications assets had been recorded in the fourth quarter of 2003.

Operating Revenues. The changes in Enterprises' operating revenues for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Transfer of Exelon Energy Company to Generation	$(504)
Sale of InfraSource businesses	(262)
Services(a)	(72)
F & M Holdings, LLC(b)	(60)
Other	9
Decrease in operating revenues	$(889)

(a) Primarily due to the sale of certain businesses.

(b) Operating revenues decreased $60 million as a result of the sale of certain businesses and the reduction of new business as a result of wind-down efforts.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased as a result of the transfer of Exelon Energy Company to Generation effective January 1, 2004.

Operating and Maintenance Expense. The changes in Enterprises' operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Sale of InfraSource businesses	$(246)
Services(a)	(56)
Goodwill impairment charge(b)	(47)
F & M Holdings, LLC(c)	(43)
Other	(13)
Decrease in operating and maintenance expense	$(405)

(a) Primarily due to the sale of certain businesses.

(b) Enterprises recorded a goodwill impairment charge of $47 million during the second quarter of 2003 related to the goodwill recorded within the InfraSource reporting unit.

(c) Operating and maintenance expense decreased $62 million as a result of wind-down efforts for these businesses. These decreases were partially offset by increased expense of $19 million due to margin deterioration on various construction projects.

Depreciation and Amortization. Depreciation and amortization expense decreased primarily as a result of the sale of the majority of the InfraSource businesses in the third quarter of 2003 and property, plant and equipment classified as held for sale.

Other Income and Deductions. The increase in other income and deductions was primarily due to 2004 gains on the sale of Exelon Thermal and Enterprises' investment in PECO Telcove of $54 million (before income taxes and net of debt prepayment penalties) and income of $18 million recorded during the second quarter of 2004 related to the collection of a note receivable prior to its maturity. Other income and deductions in 2003 included impairment charges of energy, software and communications investments of $40 million.

Effective Income Tax Rate. The effective income tax rate was 58% for the six months ended June 30, 2004 compared to 38% for the same period in 2003. The increase in the effective tax rate was primarily attributable to state tax impact on the Thermal divestiture and a 16.4% increase of tax expense resulting from various income tax related items.

Liquidity and Capital Resources

Exelon's businesses are capital intensive and require considerable capital resources. These capital resources are primarily provided by internally generated cash flows from Energy Delivery's and Generation's operations. When necessary, Exelon obtains funds from external sources in the capital markets and through bank borrowings. Exelon's access to external financing at reasonable terms depends on Exelon and its subsidiaries' credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where Exelon no longer has access to the capital markets at reasonable terms, Exelon has access to revolving credit facilities with aggregate bank commitments of $1.5 billion that it currently utilizes to support its commercial paper programs. See the "Credit Issues" section of "Liquidity and Capital Resources" for further discussion. Exelon primarily uses its capital resources to fund capital requirements, including construction, to repay maturing debt, to pay common stock dividends, to fund its pension obligations and to invest in new and existing ventures. Future acquisitions that Exelon may undertake may require external financing, which might include issuing Exelon common stock.

Cash Flows from Operating Activities

Energy Delivery's cash flows from operating activities primarily result from sales of electricity and gas to a stable and diverse base of retail customers at fixed prices and are weighted toward the third quarter. Energy Delivery's future cash flows will be affected by its ability to achieve cost savings in operations and the impact of the economy, weather, customer choice and future regulatory proceedings on its revenues. Generation's cash flows from operating activities primarily result from the sale of electric energy to wholesale customers, including Energy Delivery. Generation's future cash flows from operating activities will be affected by future demand and market prices for energy and its ability to continue to produce and supply power at competitive costs.

Cash flows from operations have been and are expected to continue to provide a reliable, steady source of cash flow sufficient to meet operating and capital expenditures requirements for the foreseeable future. Operating cash flows after 2006 could be negatively affected by changes in the rate regulatory environments of ComEd and PECO, although any effects are not expected to hinder Exelon's ability to fund its business requirements.

Cash flows from operations for the six months ended June 30, 2004 and 2003 were $1,907 million and $1,292 million, respectively. Changes in Exelon's cash flows from operations are generally consistent with changes in its results of operations, and further adjusted by changes in working capital in the normal course of business.

In addition to the items mentioned in "Results of Operations," the following items affected Exelon's operating cash flows for the six months ended June 30, 2004 and 2003:

- During the six months ended June 30, 2004, Exelon's federal income tax position changed from a net federal income tax payable to a net federal income tax receivable. The large increase in cash from the changes in receivables is due primarily to the current year federal income tax provision of approximately $200 million and the receipt of a $150 million federal income tax refund in the first quarter of 2004, partially offset by a $58 million increase in customer accounts receivable and the payment of $67 million for federal income taxes.

- Natural gas inventories and deferred natural gas costs decreased $24 million and $56 million, respectively, during the six months ended June 30, 2004 resulting in an $80 million increase to operating cash flows. During 2003, an increase in natural gas inventories of $1 million and an increase in deferred natural gas costs of $24 million resulted in a $25 million decrease to operating cash flow. PECO's gas cost rates are subject to periodic adjustments by the PUC and are designed to recover from or refund to customers the difference between the actual cost of purchased gas and the amount included in rates. During 2004, PECO was recovering fuel revenues from customers in excess of gas costs being incurred. During 2003, PECO was incurring gas costs in excess of fuel revenues being recovered from customers.

- An increase in required deposits for energy trading activity of $136 million resulted from Generation exceeding its negotiated credit positions with counterparties during the six months ended June 30, 2003. During 2004, required deposits for trading activity resulted in a $2 million net cash inflow.

- Discretionary tax-deductible pension plan payments were $288 million for the six months ended June 30, 2004 compared to $246 million for the same period in 2003. Additionally, $42 million and $30 million were contributed to the postretirement welfare benefit plans for the six months ended June 30, 2004 and 2003, respectively.

Exelon expects to contribute up to approximately $419 million to its pension plans in 2004. These contributions exclude benefit payments expected to be made directly from corporate assets. Of the $419 million expected to be contributed to the pension plans during 2004, $11 million is estimated to be needed to satisfy Internal Revenue Service (IRS) minimum funding requirements.

Exelon, through its ComEd subsidiary, has taken certain tax positions, which have been disclosed to the IRS to defer the tax gain on the 1999 sale of its fossil generating assets. As of June 30, 2004, deferred tax liabilities related to the fossil plant sale are reflected in Exelon’s Consolidated Balance Sheets with the majority allocated to the Consolidated Balance Sheets of ComEd and the remainder to the Consolidated Balance Sheets of Generation. The 1999 income tax liability deferred as a result of these transactions was approximately $1.1 billion. Changes in IRS interpretations of existing primary tax authority or challenges to ComEd’s positions could have the impact of accelerating future income tax payments and increasing interest expense related to the deferred tax gain that becomes current. Any required payments could be significant to the cash flows of Exelon. Exelon’s management believes Exelon’s reserve for interest, which has been established in the event that such positions are not sustained, has been appropriately recorded in accordance with SFAS No. 5, “Accounting for Contingencies” (SFAS No. 5). However, the ultimate outcome of such matters could result in additional unfavorable or favorable adjustments to the results of operations, and such adjustments could be material. Federal tax returns covering the period of the 1999 sale are currently under IRS audit. Final resolution of this matter is not anticipated for several years.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2004 and 2003 were $669 million and $1,016 million, respectively. The $347 million reduction of cash used in investing activities in 2004 versus 2003 is primarily attributable to the following:

- Cash proceeds of $210 million received during the six months ended June 30, 2004 from the sales of Exelon Thermal, certain businesses of Exelon Services and Enterprises’ investments in PECO TelCove and other equity method investments.

- Cash proceeds of $42 million received from the sale of three gas turbines at Generation that were classified as assets held for sale at December 31, 2003.

- A decrease in capital expenditures of $89 million net of liquidating damages received in 2003.

- An increase in investments in nuclear decommissioning trust funds of $30 million.

- On March 31, 2004, Exelon consolidated the assets and liabilities of Sithe under the provisions of FIN No. 46-R, which resulted in an increase in cash of $19 million. See Note 2 and Note 4 of the Combined Notes to Consolidated Financial Statements for further information regarding the FIN No. 46-R consolidation of Sithe.

- Early settlement on an acquisition note receivable from the 2003 disposition of InfraSource resulted in cash proceeds of $30 million during the six months ended June 30, 2004.

Capital expenditures by business segment for the six months ended June 30, 2004 and 2003 were as follows:

	Six Months Ended June 30,	
	2004	2003
Energy Delivery	$474	$487
Generation	366	424
Enterprises	—	11
Corporate and other	4	11
Total capital expenditures, net of liquidating damages received	$844	$933

Energy Delivery's capital expenditures for the six months ended June 30, 2004 reflect continuing efforts to improve the reliability of its transmission and distribution systems and capital additions to support new business and customer growth. ComEd estimates that it will spend up to approximately $715 million in total capital expenditures for 2004. This represents an increase of approximately $100 million more than had been previously planned, primarily as a result of expansion of the ComEd distribution system to support new business and customer growth. However, Exelon is continuing to evaluate its total capital spending requirements and potential mitigating opportunities across the company. Exelon anticipates that Energy Delivery's capital expenditures will be funded by internally generated funds, borrowings and the issuance of debt or preferred securities or capital contributions from Exelon.

Generation's capital expenditures for the six months ended June 30, 2004 reflect additions and upgrades to existing facilities (including nuclear refueling outages), nuclear fuel and increases in capacity at existing plants. Generation's capital expenditures for the six months ended June 30, 2003 reflected the construction of the Mystic 8 and 9 and Fore River Boston Generating facilities. During 2003, Boston Generating received $86 million of liquidated damages from Raytheon Company (Raytheon) as a result of Raytheon not meeting the expected completion date and certain contractual performance criteria in connection with Raytheon's construction of these generating facilities. Exelon anticipates that Generation's capital expenditures will be funded by internally generated funds, Generation's borrowings or capital contributions from Exelon.

Cash Flows from Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2004 were $937 million compared to $255 million for the same period in 2003. The increase in cash used in financing activities is primarily attributable to the net retirement of $582 million of long-term debt during the six months ended June 30, 2004 versus the net issuance of long-term debt of $334 million during the six months ended June 30, 2003. See Note 9 of the Combined Notes to Consolidated Financial Statements for further information regarding debt issuances and retirements during the six months ended June 30, 2004. During the six months ended June 30, 2004, Exelon repaid $65 million of commercial paper and received cash proceeds of $31 million from the settlement of interest-rate swaps. During the six months ended June 30, 2003, Exelon repaid $100 million of commercial paper and paid $51 million to settle an interest-rate swap. Additionally, Exelon purchased treasury shares totaling $75 million during the second quarter of 2004 and received proceeds from employee stock plans of $140 million and $91 million for the six months ended June 30, 2004 and 2003, respectively.

The cash dividend payments on common stock for the six months ended June 30, 2004 increased $79 million over the six months ended June 30, 2003, reflecting a 9% increase in the common stock dividend in the third quarter of 2003 and a 10% increase in the first quarter of 2004. Payment of future dividends is subject to approval and declaration by the Board.

From time to time and as market conditions warrant, Exelon may engage in long-term debt repurchases via tender offers, open market acquisitions or other viable options to preserve the integrity of Exelon's balance sheet.

Credit Issues

Exelon Credit Facility. Exelon meets its short-term liquidity requirements primarily through the issuance of commercial paper by Exelon corporate holding company (Exelon Corporate) and by ComEd, PECO and Generation. At June 30, 2004, Exelon Corporate, along with ComEd, PECO and Generation, participated in a $750 million 364-day unsecured revolving credit agreement and a $750 million three-year unsecured revolving credit agreement with a group of banks. On July 16, 2004, the $750 million 364-day facility was replaced with a $1 billion five-year facility, and the $750 million three-year facility was reduced to $500 million. Both revolving credit agreements are used principally to support the commercial paper programs at Exelon Corporate, ComEd, PECO and Generation and to issue letters of credit. At June 30, 2004, Exelon Corporate, ComEd, PECO and Generation had the following sublimits and available capacity under the credit agreements and the indicated amounts of outstanding commercial paper:

Borrower	Bank Sublimit(a)	Available Capacity(b)	Outstanding Commercial Paper
Exelon Corporate	$550	$531	$ 50
ComEd	100	74	—
PECO	250	250	—
Generation	600	460	211

(a) Sublimits under the credit agreements can change upon written notification to the bank group.

(b) Available capacity represents primarily the bank sublimit net of outstanding letters of credit. The amount of commercial paper outstanding does not reduce the available capacity under the Exelon Credit Facility.

Interest rates on the advances under the credit facility are based on either the London Interbank Offering Rate (LIBOR) plus an adder based on the credit rating of the borrower as well as the total outstanding amounts under the agreement at the time of borrowing or prime. The maximum LIBOR adder would be 175 basis points. For the six months ended June 30, 2004, the average interest rate on notes payable was approximately 1.05%.

The credit agreements require Exelon Corporate, ComEd, PECO and Generation to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The ratios exclude revenues and interest expenses attributable to securitization debt, certain changes in working capital, distributions on preferred securities of subsidiaries and, in the case of Exelon Corporate and Generation, revenues from Exelon New England Holding Company, LLC (Exelon New England) and Sithe and interest on the debt of their project subsidiaries. Exelon Corporate is measured at the Exelon consolidated level. The following table summarizes the minimum thresholds reflected in the credit agreements for the twelve-month period ended June 30, 2004:

	Exelon Corporate	ComEd	PECO	Generation
Credit agreement threshold	2.65 to 1	2.25 to 1	2.25 to 1	3.25 to 1

At June 30, 2004, each of Exelon Corporate, ComEd, PECO and Generation were in compliance with the foregoing thresholds.

Capital Structure. At June 30, 2004, Exelon's, ComEd's, PECO's and Generation's capital structure consisted of the following:

	Exelon Consolidated	ComEd(a)	PECO(a)	Generation
Long-term debt	37%	33%	21%	42%
Long-term debt to affiliates	24(b)	15(b)	61(b)	—
Common equity	38	52	17	—
Member's equity	—	—	—	50
Preferred securities	—	—	1	—
Notes payable	1	—	—	7
Minority interest	—	—	—	1

(a) At June 30, 2004, ComEd's capital structure, excluding the deduction from shareholders' equity of the $188 million receivable from Exelon (which amount is deducted for GAAP purposes, as reflected in the table, but is excluded from the percentages in this footnote) to reflect amounts expected to be received by ComEd from Exelon to pay future taxes, consisted of 33% long-term debt, 14% long-term debt to affiliates and 53% common equity. Likewise, PECO's capital structure, excluding the deduction from shareholder's equity of the $1.6 billion receivable from Exelon, consisted of 33% common equity, 1% preferred securities and 66% long-term debt, including long-term debt to unconsolidated affiliates.

(b) Includes $6 billion, $2 billion and $4 billion owed to unconsolidated affiliates of Exelon, ComEd and PECO, respectively, that qualify as special purpose entities under FIN No. 46-R. These special purpose entities were created for the sole purpose of issuing debt obligations to securitize intangible transition property and CTCs of Energy Delivery or mandatorily redeemable preferred securities. See Note 2 of the Combined Notes to Consolidated Financial Statements for further information regarding FIN No. 46-R.

Boston Generating Project Debt. Boston Generating had a $1.25 billion credit facility (Boston Generating Credit Facility), which was entered into primarily to finance the development and construction of the Mystic 8 and 9 and Fore River generating facilities. On May 25, 2004, Exelon and Generation completed the sale, transfer and assignment of ownership of Boston Generating to a special purpose entity owned by the lenders under the Boston Generating Credit Facility. Accordingly, the Boston Generating Credit Facility was eliminated from the consolidated financial statements of Exelon and Generation during the second quarter of 2004.

See Note 3 of the Combined Notes to Consolidated Financial Statements for information regarding the sale of Generation's ownership interest in Boston Generating to the lenders under the Boston Generating Credit Facility.

Intercompany Money Pool. To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Participation in the money pool is subject to authorization by Exelon's corporate treasurer. ComEd and its subsidiary, Commonwealth Edison of Indiana, Inc. (ComEd of Indiana), PECO, Generation and BSC may participate in the money pool as lenders and borrowers, and Exelon Corporate and Unicom Investment, Inc., a wholly owned subsidiary of Exelon, may participate as lenders. Funding of, and borrowings from, the money pool are predicated on whether the contributions and borrowings result in economic benefits. Interest on borrowings is based on short-term market rates of interest, or, if from an external source, specific borrowing rates. During 2004, ComEd, ComEd of Indiana and PECO had various contributions to the money pool, and Generation and BSC had various loans from the money pool as described in the following table:

	Maximum Invested	Maximum Borrowed	June 30, 2004 Contributed (Borrowed)
ComEd	$487	$ —	$ 198
ComEd of Indiana	21	—	21(a)
PECO	162	—	35
Generation	—	407	(198)
BSC	—	197	(35)

(a) The activity at ComEd of Indiana at June 30, 2004 was eliminated in the consolidation of ComEd.

Sithe Long-Term Debt. At June 30, 2004, $852 million of Sithe's long-term debt, including current maturities, was included in Exelon and Generation's Consolidated Balance Sheets. See Note 2 and Note 4 of the Combined Notes to Consolidated Financial Statements for information regarding the consolidation of Sithe and see Note 9 of the Combined Notes to Consolidated Financial Statements for information regarding Sithe's long-term debt and the annual maturities.

Security Ratings. Exelon's access to the capital markets, including the commercial paper market, and its financing costs in those markets depend on the securities ratings of the entity that is accessing the capital markets. On July 22, 2004, Standard & Poor's Ratings Services lowered the ratings on PECO's First Mortgage Bonds from A to A-. None of the other securities ratings of Exelon, PECO or Exelon subsidiaries has changed. None of Exelon's borrowings is subject to default or prepayment as a result of a downgrading of securities although such a downgrading could increase fees and interest charges under Exelon's credit facilities.

Shelf Registration. As of June 30, 2004, Exelon, ComEd and PECO have current shelf registration statements for the sale of $2.0 billion, $555 million and $550 million, respectively, of securities that are effective with the SEC. Exelon's ability to sell securities off its shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, the current financial condition of the company, its securities ratings and market conditions.

PUHCA Restrictions. On April 1, 2004, Exelon obtained a new order from the SEC under the Public Utilities Holding Company Act of 1935 (PUHCA) authorizing, through April 15, 2007, financing transactions, including the issuance of common stock, preferred securities, equity-linked securities, long-term debt and short-term debt in an aggregate amount not to exceed $8.0 billion above the amount outstanding for Exelon Corporate and Generation at December 31, 2003 with no separate sublimit for short-term debt. The new financing order replaced a prior SEC order that expired on March 31, 2004 that had authorized up to $4.0 billion of financing. No securities have been issued under the above described limit. The prior order also authorized Exelon to issue guarantees of up to $4.5 billion outstanding at any one time. The new order gives Exelon an additional $1.5 billion of guaranty authority. At June 30, 2004, Exelon had provided $1.9 billion of guarantees under the SEC order. See "Contractual Obligations and Off-Balance Sheet Arrangements" in this section for further discussion of guarantees. The SEC order requires Exelon to maintain a ratio of common equity to total capitalization (including securitization debt) of not less than 30%. At June 30, 2004, Exelon's common equity ratio was 38%. Exelon expects that it will maintain a common equity ratio of at least 30%.

Exelon is also limited by order of the SEC under PUHCA to an aggregate investment of $4.0 billion in exempt wholesale generators (EWGs) and foreign utility companies (FUCOs). At June 30, 2004, Exelon had invested $1.9 billion in EWGs, leaving $2.1 billion of investment authority under the order. In its April 1, 2004 financing order, the SEC authorized Exelon to invest $4 billion in EWGs and reserved jurisdiction over an additional $3.0 billion in investments in EWGs.

Under applicable law, Exelon, ComEd, PECO and Generation can pay dividends only from retained, undistributed or current earnings. A significant loss recorded at ComEd, PECO or Generation may limit the dividends that these companies can distribute to Exelon. At June 30, 2004, Exelon had retained earnings of $2.9 billion, including ComEd's retained earnings of $1,064 million (all of which had been appropriated for future dividend payments), PECO's retained earnings of $597 million and Generation's undistributed earnings of $773 million.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Obligations

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments represent commitments triggered by future events. Exelon's, ComEd's, PECO's and Generation's contractual obligations and commercial commitments as of June 30, 2004 were materially unchanged, other than in the normal course of business, from the amounts set forth in the 2003 Form 10-K except for the following:

- Generation acquired a $50 million letter of credit that supports the contractual obligations of Sithe and its subsidiaries.

- See Note 9 and Note 19 to the Combined Notes to Consolidated Financial Statements for discussion of material changes in the registrants' respective debt from the amounts set forth in the 2003 Form 10-K.

COMMONWEALTH EDISON COMPANY

General

ComEd operates in a single business segment and its operations consist of the regulated sale of electricity and distribution and transmission services in northern Illinois.

Executive Overview

Financial Results. ComEd's net income was consistent for the three months ended June 30, 2004 as compared to the same period in 2003.

ComEd experienced an overall decline in net income of 3% during the six months ended June 30, 2004. This decline primarily reflects lower collections of CTCs, partially offset by lower operating and maintenance expense compared to the corresponding period in 2003 in which ComEd recorded charges associated with an agreement with various Illinois retail market participants and other interested parties.

The Exelon Way. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — ComEd — Executive Summary" in the 2003 Form 10-K for a discussion of ComEd's implementation of The Exelon Way.

Financing Activities. During the six months ended June 30, 2004, ComEd repaid $178 million of long-term debt and made a $179 million payment on long-term debt to ComEd Transitional Funding Trust. ComEd met all of its capital resource commitments with internally generated cash and expects to do so in the foreseeable future, absent new acquisitions.

Regulatory Developments — PJM Integration. On April 1, 2003, ComEd received approval from the FERC to transfer control of its transmission assets to PJM. The FERC also accepted for filing the amended PJM Tariff to reflect the inclusion of the transmission assets of ComEd and other new members, subject to a compliance filing and hearing on certain issues. On June 2, 2003, ComEd began receiving electric transmission reservation services from PJM and transferred control of ComEd's Open Access Same Time Information System to PJM. On March 18, 2004, the FERC approved ComEd's plan to complete its integration into PJM, subject to the North American Electric Reliability Council (NERC) approval of the PJM and Midwest ISO reliability plans to assure no adverse effects. The NERC granted the required approval on April 2, 2004. On April 27, 2004, the FERC issued its order approving ComEd's application, subject to certain stipulations, including a provision to hold certain other utilities harmless from the impacts of ComEd joining PJM. ComEd agreed to these stipulations and fully integrated into PJM on May 1, 2004.

PECO and ComEd's membership in PJM supports Exelon's commitment to competitive wholesale electric markets and will provide Exelon the benefits of more transparent, liquid and competitive markets for the sale and purchase of electric energy and capacity. Upon joining PJM, ComEd began incurring administrative fees, which are expected to approximate $30 million annually. ComEd believes such costs will ultimately be partially offset by the benefits of full access to a wholesale competitive marketplace, particularly after ComEd's regulatory transition period ends in 2006; however, changes in market dynamics could affect the ultimate financial impact on ComEd.

Through and Out Rates. ComEd currently earns approximately $66 million annually from T&O rates for energy flowing across ComEd's transmission system. On March 19, 2004, the FERC issued an order to eliminate these rates effective May 1, 2004, which was subsequently deferred until December 1, 2004. The T&O rates are to be replaced by a new long-term transmission pricing structure that will eliminate seams in the PJM and Midwest ISO regions. Transmission owners in PJM and Midwest ISO and other parties must file one or more pricing proposals with the FERC on or before October 1, 2004, with an effective date of December 1, 2004. While Exelon and ComEd cannot predict the outcome of the FERC's final determination of a new long-term transmission pricing structure, such pricing structure could adversely impact Exelon's and ComEd's after-tax results of operations.

Delivery Services Rates. On March 3, 2003, ComEd entered into, and the ICC subsequently entered orders, which are now final, that effectuated an agreement (Agreement) with various Illinois retail market participants and other interested parties that settled, among other things, delivery service rates and the market value index proceeding and facilitates competitive service declarations for large-load customers and an extension of the PPA with Generation.

Open Access Transmission Tariff. On November 10, 2003, the FERC issued an order allowing ComEd to put into effect, subject to refund and rehearing, new transmission rates designed to reflect nearly $500 million of infrastructure investments made since 1998. However, because of the Illinois retail rate freeze and the method for calculating CTCs, the increase is not expected to have a significant effect on operating revenues until after December 31, 2006. ComEd began charging the new rates May 1, 2004. ComEd's management believes an adequate reserve for any required refunds has been established in the event that the new rates are adjusted based on rehearing or settlement negotiations.

Outlook for the Remainder of 2004 and Beyond. ComEd's outlook for the remainder of 2004 is consistent with the discussion within "Management's Discussion and Analysis of Financial Condition and Results of Operations — ComEd — Executive Summary" in the 2003 Form 10-K.

Results of Operations

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

	Three Months Ended June 30,			
	2004	**2003**	**Variance**	**% Change**
Operating revenues	$1,403	$1,361	$ 42	3.1%
Operating expenses				
Purchased power	574	533	41	7.7%
Operating and maintenance	223	221	2	0.9%
Depreciation and amortization	103	96	7	7.3%
Taxes other than income	72	68	4	5.9%
Total operating expense	972	918	54	5.9%
Operating income	431	443	(12)	(2.7)%
Other income and deductions				
Interest expense	(96)	(106)	10	(9.4)%
Distributions on mandatorily redeemable preferred securities	—	(6)	6	(100.0)%
Equity in earnings (losses) of unconsolidated affiliates	(6)	—	(6)	n.m.
Other, net	7	12	(5)	(41.7)%
Total other income and deductions	(95)	(100)	5	(5.0)%
Income before income taxes	336	343	(7)	(2.0)%
Income taxes	132	138	(6)	(4.3)%
Net income	$ 204	$ 205	$ (1)	(0.5)%

n.m. — not meaningful

Operating Revenues

ComEd's electric sales statistics were as follows:

Retail Deliveries — (in GWhs)	Three Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	5,793	5,163	630	12.2%
Small commercial & industrial	4,791	5,114	(323)	(6.3)%
Large commercial & industrial	1,426	1,683	(257)	(15.3)%
Public authorities & electric railroads	1,200	1,333	(133)	(10.0)%
Total full service	13,210	13,293	(83)	(0.6)%
PPO				
Small commercial & industrial	870	869	1	0.1%
Large commercial & industrial	877	1,318	(441)	(33.5)%
Public authorities & electric railroads	577	531	46	8.7%
	2,324	2,718	(394)	(14.5)%
Delivery only(b)				
Small commercial & industrial	1,761	1,257	504	40.1%
Large commercial & industrial	3,090	2,128	962	45.2%
Public authorities & electric railroads	406	247	159	64.4%
	5,257	3,632	1,625	44.7%
Total PPO and delivery only	7,581	6,350	1,231	19.4%
Total retail deliveries	20,791	19,643	1,148	5.8%

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an AES.

Electric Revenue	Three Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	$ 521	$ 472	$ 49	10.4%
Small commercial & industrial	396	405	(9)	(2.2)%
Large commercial & industrial	71	84	(13)	(15.5)%
Public authorities & electric railroads	74	81	(7)	(8.6)%
Total full service	1,062	1,042	20	1.9%
PPO(b)				
Small commercial & industrial	60	59	1	1.7%
Large commercial & industrial	51	72	(21)	(29.2)%
Public authorities & electric railroads	31	28	3	10.7%
	142	159	(17)	(10.7)%
Delivery only(c)				
Small commercial & industrial	35	32	3	9.4%
Large commercial & industrial	43	43	—	—
Public authorities & electric railroads	9	8	1	12.5%
	87	83	4	4.8%
Total PPO and delivery only	229	242	(13)	(5.4)%
Total electric retail revenues	1,291	1,284	7	0.5%
Wholesale and miscellaneous revenue(d)	112	77	35	45.5%
Total electric revenue	$1,403	$1,361	$ 42	3.1%

(a) Full service revenue reflects deliveries to customers taking electric service under tariffed rates, which include the cost of energy and the delivery cost of the transmission and the distribution of the energy.

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

(c) Delivery only revenue from customers choosing an AES includes a distribution charge and a CTC charge. Prior to ComEd’s full integration into PJM on May 1, 2004, ComEd’s transmission charges received from AES were included in wholesale and miscellaneous revenue.

(d) Wholesale and miscellaneous revenues include transmission revenue (including revenue from PJM), sales to municipalities and other wholesale energy sales.

The changes in electric retail revenues for the three months ended June 30, 2004, as compared to the same period in 2003, are attributable to the following:

	Variance
Volume	$ 61
Weather	29
Customer choice	(51)
Rate changes	(28)
Other	(4)
Electric retail revenue	7
ComEd's integration into PJM	43
Other	(8)
Wholesale and miscellaneous revenue	35
Total electric retail revenue	$ 42

Volume. Revenues from higher delivery volume, exclusive of weather, increased $61 million due to increased residential customer growth and an increased usage per customer, primarily residential and large commercial and industrial.

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased sales of electricity. Conversely, mild weather reduces demand. The weather conditions for the three months ended June 30, 2004 were favorable compared to the same period in 2003. Cooling degree-days increased 68% for the three months ended June 30, 2004 compared to the same period in 2003, and were 14% lower than normal. Heating degree-days decreased 18% for the three months ended June 30, 2004 compared to the same period in 2003, and were 13% lower than normal.

Customer Choice. All ComEd customers have the choice to purchase energy from an AES. This choice generally does not impact the volume of deliveries, but affects revenue collected from customers related to energy supplied by ComEd. As of June 30, 2004, no AES has sought approval from the ICC, and no electric utilities have chosen to enter the ComEd residential market for the supply of electricity. ComEd competes with AESs in the commercial market.

For the three months ended June 30, 2004, the energy provided by AESs was 5,257 GWhs, or 25%, as compared to 3,632 GWhs, or 18%, for the same period in 2003.

The decrease in revenues reflects customers in Illinois electing to purchase energy from an AES or the PPO. As of June 30, 2004, the number of retail customers that had elected to purchase energy from an AES or the ComEd PPO was approximately 21,400 as compared to 22,000 as of the same period in 2003, representing less than 1% of total customers in each period. MWhs delivered to such customers increased from approximately 6.3 million for the three months ended June 30, 2003 to 7.6 million for three months ended June 30, 2004, or from 32% to 36% of total quarterly retail deliveries.

Rate Changes. ComEd's CTC is reset in the second quarter of each year to reflect market price adjustments. Starting in the June 2003 billing cycle, the increased wholesale market price of electricity and other adjustments to the energy component, decreased the collection of CTCs as compared to the respective prior year period. ComEd's CTC revenues decreased $44 million for the three months ended June 30, 2004 as compared to the same period in 2003. This decrease was partially offset by increased wholesale market prices which increased energy revenue received under ComEd's PPO by $28 million.

Decreased average rates paid by residential customers resulted in a $10 million decrease. Although residential rates are frozen through 2006, average residential rates fluctuate due to the usage patterns of customers.

ComEd's Integration into PJM. ComEd's transmission revenues and purchased power expense each increased by $43 million in the three months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. The increase relates to the change in control of the transmission assets from ComEd to PJM whereby ComEd receives revenues for its proportionate share of the transmission revenues generated by PJM, but also pays PJM for the use of its transmission assets. For 2004, ComEd's operating revenues are estimated to increase by approximately $180 million, offset by a corresponding and equal increase in purchased power expense. Starting in 2005, on an annual basis, ComEd's operating revenues and purchased power expense are estimated to increase between $200 to $250 million; however, there is no expected impact on revenues net of purchased power expense.

Purchased Power

The increase in purchased power expense was primarily attributable to an increase of $28 million due to higher volume and a $10 million increase due to favorable weather conditions offset by a $40 million decrease as a result of non-residential customers choosing to purchase energy from an AES. ComEd's operating revenues and purchased power expense each increased by $43 million in the three months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. See "Operating Revenues" above.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Higher corporate allocations(a)	$ 17
Severance, pension and postretirement benefit costs associated with The Exelon Way	8
Tax consultant fees(b)	5
Employee fringe benefits(c)	(10)
Contractors	(11)
Environmental charges	(4)
Other	(3)
Increase in operating and maintenance expense	$ 2

(a) Higher corporate allocations primarily result from higher corporate governance allocations and employee fringe benefits. Corporate governance allocations increased as a result of the 2004 sale of certain Enterprise companies resulting in ComEd comprising a greater percentage of Exelon.

(b) ComEd recorded a $5 million charge for contingent fees paid to a tax consultant (see Note 15 of the Combined Notes to Consolidated Financial Statements for more information).

(c) During the second quarter of 2004, ComEd adopted the provisions of FSP FAS 106-2. Employee fringe benefits include a $1 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

Depreciation and Amortization

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Depreciation expense	$ 81	$ 76	$ 5	6.6%
Recoverable transition costs amortization	12	12	—	—
Other amortization expense	10	8	2	25.0%
Total depreciation and amortization	$103	$ 96	$ 7	7.3%

The increase in depreciation expense is primarily due to capital additions.

Recoverable transition costs amortization remained constant in the three months ended June 30, 2004 compared to the same period in 2003. ComEd expects to fully recover its remaining recoverable transition costs regulatory asset balance of $109 million by 2006. Consistent with the provision of the Illinois legislation, regulatory assets may be recovered at amounts that provide ComEd an earned return on common equity within the Illinois legislation earnings threshold.

Taxes Other Than Income

Taxes other than income increased for three months ended June 30, 2004 as compared to the same period in 2003 as a result of a 2003 refund of $5 million for Illinois Electricity Distribution Taxes.

Interest Expense and Distributions on Mandatorily Redeemable Preferred Securities

The aggregate of interest expense and distributions on mandatorily redeemable preferred securities decreased as a result of scheduled principal payments and refinancings at lower rates. Effective December 31, 2003, upon the adoption of FIN No. 46-R, ComEd deconsolidated its financing trusts (see Note 2 of the Combined Notes to Consolidated Financial Statements). ComEd no longer records distributions on mandatorily redeemable preferred securities but records interest expense to affiliates related to ComEd’s obligations to the financing trusts.

Equity in Earnings (Losses) of Unconsolidated Affiliates

In 2004, ComEd has $6 million of equity in net losses of subsidiaries as a result of deconsolidating its financing trusts.

Other, Net

The change in Other, net is primarily related to the 2003 $2 million gain on sale of non-utility property and $1 million decrease in interest income on the long-term receivable from Unicom Investments, Inc. as a result of a lower principal balance.

Income Taxes

The effective income tax rate was 39% for the three months ended June 30, 2004, compared to 40% for the three months ended June 30, 2003. The decrease in the effective tax rate was primarily attributable to the adoption of FSP FAS 106-2 and other items. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$2,739	$2,785	$(46)	(1.7)%
Operating expenses				
Purchased power	1,108	1,110	(2)	(0.2)%
Operating and maintenance	438	483	(45)	(9.3)%
Depreciation and amortization	205	190	15	7.9%
Taxes other than income	151	148	3	2.0%
Total operating expense	1,902	1,931	(29)	(1.5)%
Operating income	837	854	(17)	(2.0)%
Other income and deductions				
Interest expense	(202)	(215)	13	(6.0)%
Distributions on mandatorily redeemable preferred securities	—	(14)	14	(100.0)%
Equity in earnings (losses) of unconsolidated affiliates	(9)	—	(9)	n.m.
Other, net	17	34	(17)	(50.0)%
Total other income and deductions	(194)	(195)	1	(0.5)%
Income before income taxes and cumulative effect of a change in accounting principle	643	659	(16)	(2.4)%
Income taxes	255	263	(8)	(3.0)%
Net income before cumulative effect of a change in accounting principle	388	396	(8)	(2.0)%
Cumulative effect of a change in accounting principle	—	5	(5)	(100.0)%
Net income	$ 388	$ 401	$(13)	(3.2)%

n.m. — not meaningful

Operating Revenues

ComEd's electric sales statistics were as follows:

Retail Deliveries — (in GWhs)	Six Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	12,805	12,049	756	6.3%
Small commercial & industrial	9,924	10,741	(817)	(7.6)%
Large commercial & industrial	2,771	3,167	(396)	(12.5)%
Public authorities & electric railroads	2,440	2,749	(309)	(11.2)%
Total full service	27,940	28,706	(766)	(2.7)%
PPO				
Small commercial & industrial	1,600	1,662	(62)	(3.7)%
Large commercial & industrial	1,624	2,750	(1,126)	(40.9)%
Public authorities & electric railroads	1,012	1,069	(57)	(5.3)%
	4,236	5,481	(1,245)	(22.7)%
Delivery only(b)				
Small commercial & industrial	3,532	2,606	926	35.5%
Large commercial & industrial	6,031	3,960	2,071	52.3%
Public authorities & electric railroads	894	529	365	69.0%
	10,457	7,095	3,362	47.4%
Total PPO and delivery only	14,693	12,576	2,117	16.8%
Total retail deliveries	42,633	41,282	1,351	3.3%

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an AES.

Electric Revenue	Six Months Ended June 30, 2004	2003	Variance	% Change
Full service(a)				
Residential	$1,080	$1,018	$ 62	6.1%
Small commercial & industrial	769	802	(33)	(4.1)%
Large commercial & industrial	131	158	(27)	(17.1)%
Public authorities & electric railroads	148	165	(17)	(10.3)%
Total full service	2,128	2,143	(15)	(0.7)%
PPO(b)				
Small commercial & industrial	108	109	(1)	(0.9)%
Large commercial & industrial	92	144	(52)	(36.1)%
Public authorities & electric railroads	53	55	(2)	(3.6)%
	253	308	(55)	(17.9)%
Delivery only(c)				
Small commercial & industrial	67	73	(6)	(8.2)%
Large commercial & industrial	84	91	(7)	(7.7)%
Public authorities & electric railroads	18	17	1	5.9%
	169	181	(12)	(6.6)%
Total PPO and delivery only	422	489	(67)	(13.7)%
Total electric retail revenues	2,550	2,632	(82)	(3.1)%
Wholesale and miscellaneous revenue(d)	189	153	36	23.5%
Total electric revenue	$2,739	$2,785	$(46)	(1.7)%

(a) Full service revenue reflects deliveries to customers taking electric service under tariffed rates, which include the cost of energy and the delivery cost of the transmission and the distribution of the energy.

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

(c) Delivery only revenue from customers choosing an AES includes a distribution charge and a CTC charge. Prior to ComEd's full integration into PJM on May 1, 2004, ComEd's transmission charges received from AES were included in wholesale and miscellaneous revenue.

(d) Wholesale and miscellaneous revenues include transmission revenue (including revenue form PJM), sales to municipalities and other wholesale energy sales.

The changes in electric retail revenues for the six months ended June 30, 2004, as compared to the same period in 2003, are attributable to the following:

	Variance
Customer choice	$(107)
Rate changes	(70)
Volume	92
Weather	6
Other	(3)
Electric retail revenue	$ (82)
ComEd's integration into PJM	43
Other	(7)
Wholesale and miscellaneous revenue	36
Electric retail revenue	$ (46)

Customer Choice. As noted, all ComEd customers have the choice to purchase energy from an AES. This choice generally does not impact the volume of deliveries, but affects revenue collected from customers related to energy supplied by ComEd.

For the six months ended June 30, 2004, the energy provided by AESs was 10,457 GWhs, or 25%, as compared to 7,095 GWhs, or 17%, for the same period in 2003.

The decrease in revenues reflects customers in Illinois electing to purchase energy from an AES or the PPO. As of June 30, 2004, the number of retail customers that had elected to purchase energy from an AES or the ComEd PPO was approximately 21,400 as compared to 22,000 as of June 30, 2003, representing less than 1% of total customers in each period. MWhs delivered to such customers increased from approximately 12.6 million for the six months ended June 30, 2003 to approximately 14.7 million for six months ended June 30, 2004, or from 30% to 34% of total quarterly retail deliveries.

Rate Changes. Starting in the June 2003 billing cycle, the increased wholesale market price of electricity and other adjustments to the energy component, decreases the collection of CTCs as compared to the respective prior year period. ComEd's CTC revenues decreased by $120 million for the six months ended June 30, 2004 as compared to the same period in 2003. This decrease was partially offset by increased wholesale market prices which increased energy revenue received under ComEd's PPO by $47 million. For the six months ended June 30, 2004 and June 30, 2003, ComEd collected approximately $87 million and $207 million, respectively, of CTC revenue. As a result of increasing mitigation factors, changes in energy prices and the ability of certain customers to establish fixed, multi-year CTC rates beginning in 2003, and increases in ComEd's OATT effective May 1, 2004, ComEd anticipates that this revenue source will decline to approximately $180 million for 2004 and range from $100 million to $180 million annually in 2005 and 2006. Under the current restructuring statute, no CTCs will be collected after 2006.

Volume. ComEd's electric revenues increased as a result of higher delivery volume, exclusive of the effect of weather and customer choice, due to an increased number of customers and increased usage per customer, primarily residential and large commercial and industrial.

Weather. The weather conditions for the six months ended June 30, 2004 were favorable compared to the same period in 2003. Cooling degree-days increased 68% for the six months ended June 30, 2004 compared to the same period in 2003 and were 14% lower than normal. Heating degree-days decreased 8% for the six months ended June 30, 2004 compared to the same period in 2003, and were 4% lower than normal.

ComEd's Integration into PJM. ComEd's transmission revenues and purchased power expense each increased by $43 million in the six months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM.

Purchased Power

The decrease in purchased power expense was primarily attributable to a $92 million decrease as a result of customers choosing to purchase energy from an AES and an $8 million decrease due to the mix of average pricing related to ComEd's PPA with Generation partially offset by an increase of $50 million due to higher volume. ComEd's transmission revenues and purchased power expense each increased by $43 million in the six months ended June 30, 2004 relative to 2003 due to ComEd's May 1, 2004 entry into PJM. See "Operating Revenues" above.

Operating and Maintenance

The changes in operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Charge recorded at ComEd in 2003(a)	$(41)
Contractors	(13)
Decreased payroll expense due to fewer employees(b)	(10)
Environmental charges	(5)
Allowance for uncollectible accounts expense	(4)
Higher corporate allocations(c)	23
Severance, pension and postretirement benefit costs associated with The Exelon Way	9
Tax consultant fees(d)	5
Employee fringe benefits(e)	1
Other	(10)
Decrease in operating and maintenance expense	$(45)

(a) In 2003, ComEd reached an agreement with various Illinois retail market participants and other interested parties.

(b) ComEd has fewer employees as a result of The Exelon Way terminations.

(c) Higher corporate allocations primarily result from higher corporate governance allocations and employee fringe benefits. Corporate governance allocations increased as a result of the 2004 sale of certain Enterprise companies resulting in ComEd comprising a greater percentage of Exelon.

(d) ComEd recorded a $5 million charge for contingent fees paid to a tax consultant (see Note 15 to the Combined Notes to Consolidated Financial Statements for more information).

(e) During the second quarter of 2004, ComEd adopted the provisions of FSP FAS 106-2. Employee fringe benefits include a $3 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

Depreciation and Amortization

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Depreciation expense	$163	$152	$ 11	7.2%
Recoverable transition costs amortization	23	23	—	—
Other amortization expense	19	15	4	26.7%
Total depreciation and amortization	$205	$190	$ 15	7.9%

The increase in depreciation expense is primarily due to capital additions.

Recoverable transition costs amortization remained constant in the six months ended June 30, 2004 compared to the same period in 2003. ComEd expects to fully recover its remaining recoverable transition costs regulatory asset balance of $109 million by 2006. Consistent with the provision of the Illinois legislation, regulatory assets may be recovered at amounts that provide ComEd an earned return on common equity within the Illinois legislation earnings threshold.

Taxes Other Than Income

Taxes other than income increased for six months ended June 30, 2004 as compared to the same period in 2003 as a result of a 2003 refund of $5 million for Illinois Electricity Distribution taxes.

Interest Expense and Distributions on Mandatorily Redeemable Preferred Securities

The aggregate of interest expense and distributions on mandatorily redeemable preferred securities decreased as a result of scheduled principal payments and refinancings at lower rates. Effective December 31, 2003, upon the adoption of FIN No. 46-R, ComEd deconsolidated its financing trusts (see Note 2 of the Combined Notes to Consolidated Financial Statements). ComEd no longer records distributions on mandatorily redeemable preferred securities, but records interest expense to affiliates related to ComEd’s obligations to the financing trusts. This decrease was offset by $3 million of less allowance for funds used during construction (AFUDC) debt recorded during the six months ended June 30, 2004 as a result of lower construction work in process balances.

Equity in Earnings (Losses) of Unconsolidated Affiliates

In 2004, ComEd has $9 million of equity in net losses of subsidiaries as a result of deconsolidating its financing trusts.

Other, Net

The change in Other, net is primarily related to the reversal of a $12 million reserve for potential plant disallowance in 2003 as a result of the Agreement (see “Operating and Maintenance” above), a reduction in AFUDC equity of $4 million during 2004 as a result of lower construction work in process balances and a $3 million decrease in interest income on the long-term receivable from Unicom Investments, Inc. as a result of a lower principal balance.

Income Taxes

The effective income tax rate was 40% for the six months ended June 30, 2004, compared to 40% for the six months ended June 30, 2003. The reduction in the effective tax rate is primarily attributable to the adoption of FSP FAS 106-2. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Cumulative Effect of a Change in Accounting Principle

On January 1, 2003, ComEd adopted SFAS No. 143, resulting in income of $5 million.

Liquidity and Capital Resources

ComEd’s business is capital intensive and requires considerable capital resources. ComEd’s capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper, participation in the intercompany money pool or capital contributions from Exelon. ComEd’s access to external financing at reasonable terms is dependent on its credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where ComEd no longer has access to the capital markets at reasonable terms, ComEd has access to a revolving credit facility that ComEd currently utilizes to support its commercial paper program. See the “Credit Issues” section of “Liquidity and Capital Resources” for further discussion. Capital resources are used primarily to fund ComEd’s capital requirements, including construction, repayments of maturing debt, the payment of dividends and contributions to Exelon’s pension plans.

Cash Flows from Operating Activities

ComEd's cash flows from operating activities primarily results from sales of electricity to a stable and diverse base of retail customers at fixed prices. ComEd's future cash flows will be affected by its ability to achieve operating cost reductions and the impact of the economy, weather and customer choice on its revenues. Cash flows from operations have been and are expected to continue to provide a reliable, steady source of cash flow sufficient to meet operating and capital expenditures requirements. Operating cash flows after 2006 could be negatively affected by changes in ComEd's rate regulatory environment, although any effects are not expected to hinder ComEd's ability to fund its business requirements.

Cash flows from operations for the six months ended June 30, 2004 and 2003 were $602 million and $369 million, respectively. Changes in ComEd's cash flows from operations are generally consistent with changes in its results of operations, as further adjusted by changes in working capital in the normal course of business.

In addition to the items mentioned in "Results of Operations," ComEd's operating cash flows for the six months ended June 30, 2004 and 2003 were affected by the following items:

- During the first half of 2003, ComEd made additional payments to Generation for amounts owed under the PPA. At June 30, 2004 and December 31, 2003, ComEd had accrued payments due to Generation under the PPA of $182 million and $171 million, respectively. At June 30, 2003 and December 31, 2002, ComEd had accrued payments due to Generation under the PPA of $185 million and $339 million, respectively.

- Discretionary contributions by ComEd to Exelon's defined benefit pension plans were $144 million for the six months ended June 30, 2004 compared to $117 million for the same period in 2003.

ComEd participates in Exelon's defined benefit pension plans. Exelon expects to contribute up to approximately $419 million to its pension plans in 2004, including $11 million to satisfy IRS minimum funding requirements. Of the $419 million, $216 million is expected to be funded by ComEd.

ComEd has taken certain tax positions, which have been disclosed to the IRS, to defer the tax gain on the 1999 sale of its fossil generating assets. As of June 30, 2004, the majority of the deferred tax liabilities related to the fossil plant sale are reflected in ComEd's Consolidated Balance Sheets with the remainder having been allocated to the Consolidated Balance Sheets of Generation in connection with Exelon's 2001 corporate restructuring. The total 1999 income tax liability deferred as a result of these transactions was approximately $1.1 billion. Changes in IRS interpretations of existing primary tax authority or challenges to ComEd's positions could have the impact of accelerating future income tax payments and increasing interest expense related to the deferred tax gain that becomes current. Any required payments could be significant to the cash flows of ComEd. ComEd's management believes ComEd's reserve for interest, which has been established in the event that such positions are not sustained, has been appropriately recorded in accordance with SFAS No. 5. However, the ultimate outcome of such matters could result in additional unfavorable or favorable adjustments to the results of operations, and such adjustments could be material. Federal tax returns covering the period of the 1999 sale are currently under IRS audit. Final resolution of this matter is not anticipated for several years.

Cash Flows from Investing Activities

Cash flows used in investing activities were $133 million for the six months ended June 30, 2004 compared to cash flows used in investing activities of $524 million for the same period in 2003. The change in cash flows from investing activities was primarily attributable to $372 million of net proceeds from an investment in the Exelon intercompany money pool and $36 million of net changes in restricted cash. ComEd's investing activities for the six months ended June 30, 2004 were funded primarily through operating activities.

ComEd's capital expenditures for the six months ended June 30, 2004 and 2003 were $369 million and $355 million, respectively. ComEd estimates that it will spend up to approximately $715 million in total capital expenditures for 2004. This represents an increase of approximately $100 million more than had been previously planned, primarily as a result of expansion of the ComEd distribution system to support new business and customer growth. Although not anticipated, ComEd believes it could obtain any needed financing through borrowings, the issuance of debt or preferred securities, or capital contributions from Exelon. ComEd's proposed capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Cash Flows from Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2004 were $476 million as compared to cash flows from financing activities of $173 million in 2003. The decrease in cash flows from financing activities is primarily attributable to the retirement of long-term debt of $357 million during the six months ended June 30, 2004 versus the net proceeds from the issuance of long-term debt of $473 million during the same period in 2003. During the six months ended June 30, 2003, ComEd also repaid $71 million of commercial paper and paid $51 million to settle interest-rate swaps. During the six months ended June 30, 2004, ComEd received $26 million from the settlement of interest-rate swaps. Additionally, ComEd paid $207 million in dividends to Exelon during the six months ended June 30, 2004 compared to $211 million in dividends during the same period in 2003.

From time to time and as market conditions warrant, ComEd may engage in long-term debt repurchases via tender offers, open market acquisitions or other viable options to preserve the integrity of ComEd's balance sheet.

Credit Issues

Exelon Credit Facility. ComEd meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from Exelon's intercompany money pool. ComEd, along with Exelon Corporate, PECO and Generation, participated in a $750 million 364-day unsecured revolving credit agreement and a $750 million three-year unsecured revolving credit agreement with a group of banks. On July 16, 2004, the $750 million 364-day facility was replaced with a $1 billion five-year facility and the $750 million three-year facility was reduced to $500 million. These credit agreements, and ComEd's participation therein, are described above under "Credit Issues — Exelon Credit Facility" in "Exelon Corporation — Liquidity and Capital Resources."

Capital Structure. ComEd's capital structure at June 30, 2004 is described above under "Credit Issues — Capital Structure" in "Exelon Corporation — Liquidity and Capital Resources."

Intercompany Money Pool. A description of the intercompany money pool, and ComEd's participation therein, is set forth above under "Credit Issues — Intercompany Money Pool" in "Exelon Corporation — Liquidity and Capital Resources." During the six months ended June 30, 2004, ComEd earned $2 million in interest on its investments in the intercompany money pool.

Security Ratings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" in the 2003 Form 10-K for a discussion of ComEd's security ratings.

Shelf Registration. As of June 30, 2004, ComEd has a current shelf registration statement for the sale of $555 million of securities that is effective with the SEC. ComEd's ability to sell securities off its shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, ComEd's current financial condition, its securities ratings and market conditions.

Fund Transfer Restrictions. At June 30, 2004, ComEd had retained earnings of $1,064 million, which had been appropriated for future dividend payments. See "Liquidity and Capital Resources — Credit Issues — Fund Transfer Restrictions" under "Management's Discussion and Analysis of Financial Condition and Results of Operations — ComEd" in the 2003 Form 10-K for information regarding restrictions under federal and Illinois law and under the agreements governing ComEd Financing II and III regarding dividend payments by ComEd. ComEd is precluded from lending or extending credit or indemnity to Exelon.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Obligations

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments represent commitments triggered by future events. ComEd's contractual obligations and commercial commitments as of June 30, 2004 were materially unchanged, other than in the normal course of business, from the amounts set forth in the 2003 Form 10-K except for the following:

- See Note 9 and Note 19 to the Combined Notes to Consolidated Financial Statements for discussion of material changes in ComEd's debt from the amounts set forth in the 2003 Form 10-K.

PECO ENERGY COMPANY

General

PECO operates in a single business segment, and its operations consist of the regulated sale of electricity and distribution and transmission services in southeastern Pennsylvania and the sale of natural gas and distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

Executive Overview

Financial Results. PECO's net income increased 14% for the three months ended June 30, 2004 as compared to the same period in 2003. This increase reflects higher electric revenues, partially offset by higher operating expenses.

PECO's net income increased 4% for the six months ended June 30, 2004 as compared to the same period in 2003 and is generally comparable between periods.

The Exelon Way. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — PECO — Executive Summary" in the 2003 Form 10-K for a discussion of PECO's implementation of The Exelon Way.

Financing Activities. During the six months ended June 30, 2004, PECO refinanced $75 million of First and Refunding Mortgage Bonds and repaid $166 million of long-term debt to PECO Energy Transition Trust. PECO met all of its capital resource commitments with internally generated cash and expects to do so in the foreseeable future, absent new acquisitions.

Outlook for the Remainder of 2004 and Beyond. PECO's outlook for the remainder of 2004 is consistent with the discussion within "Management's Discussion and Analysis of Financial Condition and Results of Operations — PECO — Executive Summary" in the 2003 Form 10-K.

Results of Operations

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$1,032	$961	$ 71	7.4%
Operating expenses				
Purchased power	402	386	16	4.1%
Fuel	83	67	16	23.9%
Operating and maintenance	132	121	11	9.1%
Depreciation and amortization	125	116	9	7.8%
Taxes other than income	60	47	13	27.7%
Total operating expenses	802	737	65	8.8%
Operating income	230	224	6	2.7%
Other income and deductions				
Interest expense	(76)	(83)	7	(8.4)%
Distributions on mandatorily redeemable preferred securities	—	(2)	2	(100.0)%
Equity in losses of unconsolidated affiliates	(7)	—	(7)	n.m.
Other, net	3	1	2	n.m.
Total other income and deductions	(80)	(84)	4	(4.8)%
Income before income taxes	150	140	10	7.1%
Income taxes	50	52	(2)	(3.8)%
Net income	100	88	12	13.6%
Preferred stock dividends	1	2	(1)	(50.0)%
Net income on common stock	$ 99	$ 86	$ 13	15.1%

n.m. — not meaningful

Operating Revenue

PECO’s electric sales statistics were as follows:

Retail Deliveries — (in GWhs)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Full service(a)				
Residential	2,272	2,274	(2)	(0.1)%
Small commercial & industrial	1,686	1,532	154	10.1%
Large commercial & industrial	3,703	3,695	8	0.2%
Public authorities & electric railroads	224	222	2	0.9%
Total full service	7,885	7,723	162	2.1%
Delivery only(b)				
Residential	488	186	302	162.4%
Small commercial & industrial	433	323	110	34.1%
Large commercial & industrial	190	192	(2)	(1.0)%
Public authorities & electric railroads(c)	—	—	—	—
Total delivery only	1,111	701	410	58.5%
Total retail deliveries	8,996	8,424	572	6.8%

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an AES.

(c) PECO’s delivery only sales to Public Authorities and Electric Railroads were less than one GWh per quarter.

Electric Revenue	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Full service(a)				
Residential	$298	$297	$ 1	0.3%
Small commercial & industrial	197	180	17	9.4%
Large commercial & industrial	281	267	14	5.2%
Public authorities & electric railroads	20	21	(1)	(4.8)%
Total full service	796	765	31	4.1%
Delivery only(b)				
Residential	38	14	24	171.4%
Small commercial & industrial	23	17	6	35.3%
Large commercial & industrial	5	5	—	—
Public authorities & electric railroads(c)	—	—	—	—
Total delivery only	66	36	30	83.3%
Total electric retail revenues	862	801	61	7.6%
Wholesale and miscellaneous revenue(d)	51	50	1	2.0%
Total electric revenue	$913	$851	$ 62	7.3%

(a) Full service revenue reflects revenue from customers taking electric service under tariffed rates, which includes the cost of energy, the delivery cost of the transmission and the distribution of the energy and a CTC charge.

(b) Delivery only revenue reflects revenue from customers receiving generation from an AES, which includes a distribution charge and a CTC charge.

(c) PECO's delivery only sales to Public Authorities and Electric Railroads were less than $1 million per quarter.

(d) Wholesale and miscellaneous revenues include transmission revenue from PJM and other wholesale energy sales.

The changes in electric retail revenues for the three months ended June 30, 2004, as compared to the same period in 2003, were as follows:

	Variance
Volume	$ 46
Weather	14
Rate mix	12
Rate change	5
Customer choice	(16)
Retail revenue	$ 61

Volume. Exclusive of the effect of weather conditions and customer choice, higher delivery volume related primarily to increased customer growth and increased usage by all customer classes.

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased sales of electricity. Conversely, mild weather reduces demand. The weather impact was favorable compared to the prior year. Cooling degree-days increased 66% and heating degree-days decreased 32%.

Rate Mix. The increase in revenues from rate mix was due to changes in monthly usage patterns in all customer classes.

Rate change. Revenues increased $5 million due to a scheduled phase-out of merger-related rate reductions. In connection with the PUC's approval of the merger of PECO, Unicom Corporation, and Exelon in 2000, PECO entered into a settlement agreement with the PUC and agreed to $200 million in aggregate rate reductions for all customers over the period January 1, 2002 through 2005. Rates were reduced by $60 million per year in 2002 and 2003 and will be reduced by $40 million per year in 2004 and 2005.

Customer Choice. All PECO customers may choose to purchase energy from an AES. This choice does not affect kWh deliveries, but reduces revenue collected from customers because they are not obtaining generation supply from PECO.

For the three months ended June 30, 2004, the energy provided by AESs was 1,111 GWhs, or 12%, as compared to 701 GWhs, or 8%, for the three months ended June 30, 2003. As of June 30, 2004, the number of customers served by AESs was 292,100, or 19%, as compared to 125,000, or 8%, as of June 30, 2003. The increases in both the energy provided by AESs and the number of customers served by AESs were due to the assignment of small commercial and industrial customers and residential customers to AESs in May and December 2003, respectively, as required by the PUC and PECO's final electric restructuring order.

Electric wholesale and miscellaneous revenue includes PECO's proportionate share of the transmission revenues generated by PJM's control of the PJM network transmission assets, including PECO's. Additionally, PECO pays PJM for its use of these transmission assets, and this expense is recorded in purchased power.

PECO's gas sales statistics for the three months ended June 30, 2004 as compared to the same period in 2003 were as follows:

Deliveries to customers (in mmcf)	Three Months Ended June 30, 2004	2003	Variance	% Change
Retail sales	8,162	9,222	(1,060)	(11.5)%
Transportation	6,410	5,779	631	10.9%
Total	14,572	15,001	(429)	(2.9)%

Revenue	Three Months Ended June 30, 2004	2003	Variance	% Change
Retail sales	$102	$ 99	$ 3	3.0%
Transportation	4	4	—	—
Resales and other	13	7	6	85.7%
Total	$119	$110	$ 9	8.2%

The changes in gas retail revenue for the three months ended June 30, 2004 as compared to the same period in 2003, were as follows:

	Variance
Rate changes	$ 13
Volume	4
Weather	(14)
Total gas retail revenues	$ 3

Rate Changes. The favorable variance in rates was attributable to increases in rates through PUC-approved changes to the purchased gas adjustment clause that became effective June 1, 2003 and March 1, 2004. The average rate per mmcf for the three months ended June 30, 2004 was 30% higher than the rate for the same period in 2003. PECO's gas cost rates are subject to periodic adjustments by the PUC and are designed to recover from or refund to customers the difference between the actual cost of purchased gas and the amount included in rates. PECO has asked the PUC for a decrease in its rates through the purchased gas adjustment clause effective December 1, 2004 as a result of lower current gas costs. This proposed decrease would have no impact on PECO's operating income.

Volume. Exclusive of the effect of weather conditions, revenues were higher due primarily to increased sales in the residential and small commercial and industrial classes.

Weather. The weather conditions were unfavorable compared to the prior year. Heating degree-days decreased 32%.

Resales and other revenue increased $6 million primarily due to increased off-system sales.

Purchased Power

The increase in purchased power expense was attributable to $16 million of increased sales exclusive of the effect of weather conditions, $14 million of higher prices, and $6 million related to higher sales due to favorable weather conditions, offset by $16 million from customers in Pennsylvania assigned to or selecting an AES and $4 million of lower PJM transmission expense.

Fuel

The increase in fuel expense was attributable to $13 million of higher gas costs, $10 million related to increased off-system sales, and $3 million related to increased sales exclusive of weather conditions, partially offset by a $10 million decrease associated with lower sales due to unfavorable weather conditions.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Higher corporate allocations(a)	$ 12
Severance, pension and postretirement benefit costs associated with The Exelon Way	4
Decreased payroll expense due to fewer employees(b)	(4)
Employee fringe benefits(c)	(5)
Other	4
Increase in operating and maintenance expense	$ 11

(a) Higher corporate allocations primarily result from a higher percentage allocation to Energy Delivery due to the sales of certain Enterprises businesses.

(b) PECO has fewer employees as a result of The Exelon Way.

(c) During the second quarter of 2004, PECO adopted the provisions of FSP FAS 106-2. Employee fringe benefits include a $1 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

Depreciation and Amortization

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Competitive transition charge amortization	$ 86	$ 79	$ 7	8.9%
Depreciation expense	33	33	—	—
Other amortization expense	6	4	2	50.0%
Total depreciation and amortization	$125	$116	$ 9	7.8%

The additional amortization of the CTC is in accordance with PECO's original settlement under the Pennsylvania Competition Act.

Taxes Other Than Income

The increase in taxes other than income was primarily attributable to $12 million related to the reversal of a use tax accrual resulting from an audit settlement in 2003.

Interest Expense and Distributions on Mandatorily Redeemable Preferred Securities

The aggregate of interest expense and distributions on mandatorily redeemable preferred securities decreased primarily due to lower outstanding debt and refinancings at lower rates. Effective December 31, 2003, with the adoption of FIN No. 46-R, PECO deconsolidated its financing trusts (see Note 2 of the Combined Notes to Consolidated Financial Statements). PECO no longer records distributions on mandatorily redeemable preferred securities of subsidiaries but records interest expense to affiliates related to PECO's obligations to the financing trusts.

Equity in Earnings (Losses) of Unconsolidated Affiliates

In 2004, PECO has $7 million of equity in net losses of subsidiaries as a result of deconsolidating its subsidiary financing trusts.

Other, Net

The increase was attributable to a $2 million increase in interest income.

Income Taxes

The effective tax rate was 33% for the three months ended June 30, 2004 as compared to 37% for the same period in 2003. The decrease in the effective tax rate was primarily attributable to plant-related differences. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$2,271	$2,178	$ 93	4.3%
Operating expenses				
Purchased power	799	808	(9)	(1.1)%
Fuel	332	257	75	29.2%
Operating and maintenance	266	261	5	1.9%
Depreciation and amortization	250	236	14	5.9%
Taxes other than income	118	110	8	7.3%
Total operating expenses	1,765	1,672	93	5.6%
Operating income	506	506	—	—
Other income and deductions				
Interest expense	(153)	(168)	15	(8.9)%
Distributions on mandatorily redeemable preferred securities	—	(5)	5	(100.0)%
Equity in earnings (losses) of unconsolidated affiliates	(13)	—	(13)	n.m.
Other, net	5	10	(5)	(50.0)%
Total other income and deductions	(161)	(163)	2	(1.2)%
Income before income taxes	345	343	2	0.6%
Income taxes	112	119	(7)	(5.9)%
Net income	233	224	9	4.0%
Preferred stock dividends	2	3	(1)	(33.3)%
Net income on common stock	$ 231	$ 221	$ 10	4.5%

n.m. — not meaningful

Operating Revenue

PECO's electric sales statistics were as follows:

Retail Deliveries — (in GWhs)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Full service(a)				
Residential	5,016	5,389	(373)	(6.9)%
Small commercial & industrial	3,370	3,312	58	1.8%
Large commercial & industrial	7,320	7,177	143	2.0%
Public authorities & electric railroads	453	475	(22)	(4.6)%
Total full service	16,159	16,353	(194)	(1.2)%
Delivery only(b)				
Residential	1,070	450	620	137.8%
Small commercial & industrial	857	525	332	63.2%
Large commercial & industrial	340	402	(62)	(15.4)%
Public authorities & electric railroads(c)	—	—	—	—
Total delivery only	2,267	1,377	890	64.6%
Total retail deliveries	18,426	17,730	696	3.9%

(a) Full service reflects deliveries to customers taking electric service under tariffed rates.

(b) Delivery only service reflects customers receiving electric generation service from an AES.

(c) PECO's delivery only sales to Public Authorities and Electric Railroads were less than one GWh per quarter.

Electric Revenue	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Full service(a)				
Residential	$ 611	$ 656	$(45)	(6.9)%
Small commercial & industrial	374	374	—	—
Large commercial & industrial	551	534	17	3.2%
Public authorities & electric railroads	40	42	(2)	(4.8)%
Total full service	1,576	1,606	(30)	(1.9)%
Delivery only(b)				
Residential	80	31	49	158.1%
Small commercial & industrial	43	27	16	59.3%
Large commercial & industrial	9	11	(2)	(18.2)%
Public authorities & electric railroads(c)	—	—	—	—
Total delivery only	132	69	63	91.3%
Total electric retail revenues	1,708	1,675	33	2.0%
Wholesale and miscellaneous revenue(d)	99	104	(5)	(4.8)%
Total electric revenue	$1,807	$1,779	$ 28	1.6%

(a) Full service revenue reflects revenue from customers taking electric service under tariffed rates, which includes the cost of energy, the delivery cost of the transmission and the distribution of the energy and a CTC charge.

(b) Delivery only revenue reflects revenue from customers receiving generation from an AES, which includes a distribution charge and a CTC charge.

(c) PECO's delivery only sales to Public Authorities and Electric Railroads were less than $1 million per quarter.

(d) Wholesale and miscellaneous revenues include transmission revenue from PJM and other wholesale energy sales.

The changes in electric retail revenues for the six months ended June 30, 2004, as compared to the same period in 2003, were as follows:

	Variance
Volume	$ 66
Rate change	9
Weather	7
Customer choice	(42)
Rate mix	(7)
Retail revenue	$ 33

Volume. Exclusive of the effect of weather conditions and customer choice, higher delivery volume related primarily to increased customer growth and increased usage by all customer classes.

Rate change. Revenues increased $9 million due to a scheduled phase-out of merger-related rate reductions.

Weather. The weather impact was favorable compared to the prior year. Cooling degree-days increased 66% and heating degree-days decreased 8%.

Customer Choice. As noted, all PECO customers may choose to purchase energy from an AES. This choice does not affect kWh deliveries, but reduces revenue collected from customers because they are not obtaining generation supply from PECO.

For the six months ended June 30, 2004, the energy provided by AESs was 2,267 GWhs, or 12%, as compared to 1,377 GWhs, or 8%, for the six months ended June 30, 2003. As of June 30, 2004, the number of customers served by AESs was 292,100, or 19%, as compared to 125,000, or 8%, as of June 30, 2003. The increases in both the energy provided by AESs and the number of customers served by AESs were due to the assignment of small commercial and industrial customers and residential customers to AESs in May and December 2003, respectively, as required by the PUC and PECO's final electric restructuring order.

Rate Mix. The decrease in revenues from rate mix was due to changes in monthly usage patterns in all customer classes during the six months ended June 30, 2004 as compared to the same period in 2003.

Electric wholesale and miscellaneous revenue includes PECO's proportionate share of the transmission revenues generated by PJM's control of the PJM network transmission assets, including PECO's. Additionally, PECO pays PJM for its use of these transmission assets, and this expense is recorded in purchased power. Electric wholesale and miscellaneous revenue decreased $5 million primarily due to lower PJM transmission revenue.

PECO's gas sales statistics for the six months ended June 30, 2004 as compared to the same period in 2003 were as follows:

	Six Months Ended June 30,			
Deliveries to customers (in mmcf)	**2004**	**2003**	**Variance**	**% Change**
Retail sales	37,965	40,685	(2,720)	(6.7)%
Transportation	13,542	13,942	(400)	(2.9)%
Total	51,507	54,627	(3,120)	(5.7)%

Revenue	Six Months Ended June 30, 2004	2003	Variance	% Change
Retail sales	$431	$372	$ 59	15.9%
Transportation	9	9	—	—
Resales and other	24	18	6	33.3%
Total	$464	$399	$ 65	16.3%

The changes in gas retail revenue for the six months ended June 30, 2004 as compared to the same period in 2003, were as follows:

	Variance
Rate changes	$ 82
Weather	(19)
Volume	(4)
Total gas retail revenues	$ 59

Rate Changes. The favorable variance in rates was attributable to increases in rates through PUC-approved changes to the purchased gas adjustment clause that became effective March 1, 2003, June 1, 2003, December 1, 2003, and March 1, 2004. The average rate per mmcf for the six months ended June 30, 2004 was 39% higher than the rate for the same period in 2003.

Weather. The weather conditions were unfavorable compared to the prior year. Heating degree-days decreased 8% compared to the same period in 2003.

Volume. Exclusive of the effect of weather conditions, revenues were lower in the six months ended June 30, 2004 compared to the same period in 2003 due primarily to decreased sales in the residential and small commercial and industrial classes.

Resales and other revenue increased $6 million primarily due to increased off-system sales.

Purchased Power

The decrease in purchased power expense was attributable to $42 million from customers in Pennsylvania assigned to or selecting an AES and a $9 million decrease in PJM transmission expense, partially offset by an increase of $31 million related to increased sales exclusive of weather conditions, $8 million of higher prices, and a $3 million increase associated with higher sales due to favorable weather conditions.

Fuel

The increase in fuel expense was attributable to $82 million of higher gas costs and $13 million related to increased off-system sales, partially offset by a $16 million decrease associated with lower sales due to unfavorable weather conditions and a decrease of $4 million related to decreased sales exclusive of the effect of weather conditions.

Operating and Maintenance

The changes in operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Higher corporate allocations(a)	$ 19
Severance, pension and postretirement benefit costs associated with The Exelon Way	10
Decreased payroll expense due to fewer employees(b)	(11)
Employee fringe benefits(c)	(4)
Allowance for uncollectible accounts expense	(2)
Other	(7)
Increase in operating and maintenance expense	$ 5

(a) Higher corporate allocations primarily result from a higher percentage allocation to Energy Delivery due to the sales of certain Enterprises businesses.

(b) PECO has fewer employees as a result of The Exelon Way terminations.

(c) During the second quarter of 2004, PECO adopted the provisions of FSP FAS 106-2. Employee fringe benefits include a $2 million reduction in net periodic postretirement benefit cost due to the adoption of FSP FAS 106-2.

Depreciation and Amortization

	Six Months Ended June 30,			
	2004	2003	Variance	% Change
Competitive transition charge amortization	$174	$161	$ 13	8.1%
Depreciation expense	66	66	—	—
Other amortization expense	10	9	1	11.1%
Total depreciation and amortization	$250	$236	$ 14	5.9%

The additional amortization of the CTC is in accordance with PECO’s original settlement under the Pennsylvania Competition Act.

Taxes Other Than Income

The increase in taxes other than income was primarily attributable to $12 million related to the reversal of a use tax accrual in 2003 resulting from an audit settlement, partially offset by $6 million of lower capital stock tax.

Interest Expense and Distributions on Mandatorily Redeemable Preferred Securities

The aggregate of interest expense and distributions on mandatorily redeemable preferred securities decreased primarily due to lower outstanding debt and refinancings at lower rates. Effective December 31, 2003, with the adoption of FIN No. 46-R, PECO deconsolidated its financing trusts (see Note 2 of the Combined Notes to Consolidated Financial Statements). PECO no longer records distributions on mandatorily redeemable preferred securities of subsidiaries but records interest expense to affiliates related to PECO’s obligations to the financing trusts.

Equity in Earnings (Losses) of Unconsolidated Affiliates

In 2004, PECO recorded $13 million of equity in net losses of subsidiaries as a result of deconsolidating its subsidiary financing trusts.

Other, Net

The decrease was attributable to a $2 million decrease in interest income and a $4 million favorable settlement of a customer contract in 2003.

Income Taxes

The effective tax rate was 33% for the six months ended June 30, 2004 as compared to 35% for the same period in 2003. The decrease in the effective tax rate was primarily attributable to plant-related differences. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Liquidity and Capital Resources

PECO's business is capital intensive and requires considerable capital resources. PECO's capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper, participation in the intercompany money pool or capital contributions from Exelon. PECO's access to external financing at reasonable terms is dependent on its credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where PECO no longer has access to the capital markets at reasonable terms, PECO has access to a revolving credit facility that PECO currently utilizes to support its commercial paper program. See the "Credit Issues" section of "Liquidity and Capital Resources" for further discussion. Capital resources are used primarily to fund PECO's capital requirements, including construction, repayments of maturing debt, the payment of dividends and contributions to Exelon's pension plans.

Cash Flows from Operating Activities

PECO's cash flows from operating activities primarily result from sales of electricity and gas to a stable and diverse base of retail customers at fixed prices. PECO's future cash flows will be affected by its ability to achieve operating cost reductions and the impact of the economy and weather on its revenues. Cash flows from operations have been and are expected to continue to provide a reliable, steady source of cash flow sufficient to meet operating and capital expenditures requirements for the foreseeable future.

Cash flows from operations for the six months ended June 30, 2004 and 2003 were $509 million and $425 million, respectively. Changes in PECO's cash flows from operations are generally consistent with changes in its results of operations, as further adjusted by changes in working capital in the normal course of business.

In addition to the items mentioned in "Results of Operations," PECO's operating cash flows for the six months ended June 30, 2004 and 2003 were affected by the following items:

- Deferred natural gas costs decreased $56 million during the six months ended June 30, 2004 resulting in an increase to operating cash flows. During 2003, an increase in deferred natural gas costs of $24 million resulted in a decrease to operating cash flows. PECO's gas cost rates are subject to periodic adjustments by the PUC and are designed to recover from or refund to customers the difference between the actual cost of purchased gas and the amount included in rates. During 2004, PECO was recovering fuel revenues from customers in excess of gas costs being incurred. During 2003, PECO was incurring gas costs in excess of fuel revenues being recovered from customers.

- Discretionary contributions by PECO to Exelon's defined benefit pension plans were $5 million during the six months ended June 30, 2004 compared to $12 million for the same period in 2003.

PECO participates in Exelon's defined benefit pension plans. Exelon expects to contribute up to approximately $419 million to its pension plans in 2004, including $11 million to satisfy IRS minimum funding requirements. Of the $419 million, $8 million is expected to be funded by PECO.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2004 and 2003 were $137 million and $98 million, respectively. The $39 million increase in cash used in investing activities was primarily attributable to a $35 million investment in the Exelon intercompany money pool in 2004 and a change in restricted cash which provided cash flows of $28 million in 2003, partially offset by lower construction expenditures of $27 million in 2004. PECO's investing activities during the six months ended June 30, 2004 were funded by operating activities.

PECO's projected capital expenditures for 2004 are $233 million. Approximately 60% of the budgeted 2004 expenditures are for additions to or upgrades of existing facilities, including reliability improvements. The remainder of the capital expenditures support customer and load growth. PECO anticipates that it will obtain financing, when necessary, through borrowings, the issuance of preferred securities, or capital contributions from Exelon. PECO's proposed capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Cash Flows from Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2004 were $317 million compared to $329 million for the same period in 2003. The decrease in cash flows used in financing activities is primarily due to a decrease in the retirement of preferred securities of $100 million and an increase in contributions received from Exelon of $54 million, partially offset by an increase in net retirements of long-term debt of $124 million. Additionally, PECO paid dividends of $182 million and $168 during the six months ended June 30, 2004 and 2003, respectively, of which $180 million and $165 million, respectively, were common dividends paid to Exelon.

From time to time and as market conditions warrant, PECO may engage in long-term debt repurchases via tender offers, open market acquisitions or other viable options to preserve the integrity of PECO's balance sheet.

Credit Issues

Exelon Credit Facility. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from Exelon's intercompany money pool. PECO participates, along with Exelon Corporate, ComEd and Generation, in a $750 million 364-day unsecured revolving credit agreement and a $750 million three-year unsecured revolving credit agreement with a group of banks. On July 16, 2004, the $750 million 364-day facility was replaced with a $1 billion five-year facility and the $750 million three-year facility was reduced to $500 million. These credit agreements, and PECO's participation therein, are described above under "Credit Issues — Exelon Credit Facility" in "Exelon Corporation — Liquidity and Capital Resources."

Capital Structure. PECO's capital structure at June 30, 2004 is described above under "Credit Issues — Capital Structure" in "Exelon Corporation — Liquidity and Capital Resources."

Intercompany Money Pool. A description of the intercompany money pool, and PECO's participation therein, is set forth above under "Credit Issues — Intercompany Money Pool" in "Exelon Corporation — Liquidity and Capital Resources." During the six months ended June 30, 2004, PECO earned less than $1 million in interest from its investments in the intercompany money pool.

Security Ratings. PECO's access to the capital markets, including the commercial paper market, and its financing costs in those markets depend on the securities ratings of the entity that is accessing the capital markets. On July 22, 2004, Standard & Poor's Ratings Services lowered the ratings on PECO's First Mortgage Bonds from A to A-. None of PECO's other securities ratings has changed. None of PECO's borrowings is subject to default or prepayment as a result of a downgrading of securities although such a downgrading could increase fees and interest charges under Exelon's credit facilities.

Shelf Registration. As of June 30, 2004, PECO has a current shelf registration statement for the sale of $550 million of securities that is effective with the SEC. PECO's ability to sell securities off its shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, PECO's current financial condition, its securities ratings and market conditions.

Fund Transfer Restrictions. At June 30, 2004, PECO had retained earnings of $597 million. See "Liquidity and Capital Resources — Credit Issues — Fund Transfer Restrictions" under "Management's Discussion and Analysis of Financial Condition and Results of Operations — PECO" in the 2003 Form 10-K for information regarding fund transfer restrictions.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Obligations

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments represent commitments triggered by future events. PECO's contractual obligations and commercial commitments as of June 30, 2004 were materially unchanged, other than in the normal course of business, from the amounts set forth in the 2003 Form 10-K except for the following:

- See Note 9 and 19 to the Combined Notes to Consolidated Financial Statements for discussion of material changes in PECO's debt from the amounts set forth in the 2003 Form 10-K.

EXELON GENERATION COMPANY, LLC

General

Generation operates as a single segment and consists of electric generating facilities, energy marketing operations, a 50% interest in Sithe and, effective January 1, 2004, the competitive retail sales business of Exelon Energy Company.

Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, became part of Generation. Generation's results of operations have not been adjusted to reflect Exelon Energy Company as a part of Generation for 2003. Exelon Energy Company's results for the three and six months ended June 30, 2003 were as follows:

	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Total revenues	$174	$504
Intersegment revenues	2	9
Income (loss) before income taxes	1	(16)
Income taxes (benefit)	1	(6)
Net income (loss)	—	(10)

Executive Overview

Financial Results. Generation reported an overall increase in net income of $36 million for the quarter ended June 30, 2004 as compared to the prior year, due primarily to the gain of $52 million, net of income taxes, recorded on the sale of Boston Generating, partially offset by operating net losses of $10 million for Boston Generating, incurred during the second quarter of 2004. Generation reported an overall increase in net income of $83 million for the six months ended June 30, 2004 as compared to the same period in 2003. This increase was primarily attributable to a gain of $52 million, net of income taxes, recorded on the sale of Boston Generating, partially offset by operating net losses of $28 million for Boston Generating incurred during the first five months of 2004, $43 million attributable to the incremental results of AmerGen, Exelon Energy and Sithe and $32 million of net income for the cumulative effect of a change in accounting principle. Generation also experienced improved results due to increased realized margins as a result of its successful forward hedging strategy and increased market prices. Generation's results of operations for the six months ended June 30, 2003 included the pre-tax impairment charge on Generation's investment in Sithe of $200 million and a $108 million net gain resulting from the cumulative effect of a change in accounting principle for the adoption of SFAS 143.

The Exelon Way. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Generation — Executive Summary" in the 2003 Form 10-K for a discussion of Generation's implementation of The Exelon Way.

Divestiture Activities. During the second quarter, Generation completed the sale and transfer of the assets of Boston Generating to a special purpose entity formed by the lenders of the Boston Generating credit facility.

In connection with the consolidation of Sithe, Generation recorded assets held for sale related to Sithe's investments in certain hydroelectric facilities. At June 30, 2004, Generation's consolidated balance sheets reflect $9 million of assets, and $3 million of liabilities held for sale related to these investments. Generation continues to explore various transactional strategies related to its investment in Sithe.

Financing Activities. On June 30, 2004, Generation had $211 million of commercial paper outstanding and $198 million in outstanding money pool loans to fund operations. Also, Generation increased its distributions to Exelon by approximately $64 million during the first six months of 2004 compared to the same period in the prior year. Generation continues to meet its capital resource commitments with internally generated cash and expects to do so in the foreseeable future, absent new acquisitions.

Operations. Generation's nuclear fleet achieved a 93.3% capacity factor during the six months ended June 30, 2004 compared to 94.2% during the same period in 2003, primarily as a result of an increased number of planned outages in 2004 as compared to 2003. Generation anticipates transferring plant operations and power marketing activities of Boston Generating to a special purpose entity designated by the lenders of the Boston Generating credit facility during the third quarter of 2004.

Outlook for the Remainder of 2004 and Beyond. Generation's outlook for the remainder of 2004 is consistent with the discussion within "Management's Discussion and Analysis of Financial Condition and Results of Operations — Generation — Executive Summary" in the 2003 Form 10-K.

Results of Operations

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

	Three Months Ended June 30,			
	2004	2003	Variance	% Change
Operating revenues	$1,948	$1,886	$ 62	3.3%
Operating expenses				
Purchased power	563	800	(237)	(29.6)%
Fuel	462	348	114	32.8%
Operating and maintenance	623	451	172	38.1%
Depreciation and amortization	69	46	23	50.0%
Taxes other than income	48	40	8	20.0%
Total operating expenses	1,765	1,685	80	4.7%
Operating income	183	201	(18)	(9.0)%
Other income and deductions				
Interest expense	(51)	(20)	(31)	155.0%
Equity in earnings of unconsolidated affiliates	—	18	(18)	(100.0)%
Other, net	134	34	100	n.m.
Total other income and deductions	83	32	51	159.4%
Income before income taxes and minority interest	266	233	33	14.2%
Income taxes	100	91	9	9.9%
Income before minority interest	166	142	24	16.9%
Minority interest	12	—	12	n.m.
Net income	$ 178	$ 142	$ 36	25.4%

n.m. — not meaningful

Operating Revenues

For the three months ended June 30, 2004 and 2003, Generation's sales were as follows:

Revenue	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance	% Change
Electric sales to affiliates(a)	$ 846	$ 877	$(31)	(3.5)%
Wholesale and retail electric sales(b)	858	897	(39)	(4.3)%
Total electric energy sales revenue	1,704	1,774	(70)	(3.9)%
Retail gas sales	84	—	84	n.m.
Trading portfolio	(2)	(1)	(1)	100.0%
Other revenue(c)	162	113	49	43.4%
Total revenue	$1,948	$1,886	$ 62	3.3%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Includes sales related to tolling agreements, including Sithe in 2004, and fossil fuel sales.

n.m. — not meaningful

Sales (in GWhs)	Three Months Ended June 30, 2004(c)	Three Months Ended June 30, 2003	Variance	% Change
Sales to affiliates(a)	26,133	26,869	(736)	(2.7)%
Wholesale and retail electric sales(b)	24,976	27,449	(2,473)	(9.0)%
Total sales	51,109	54,318	(3,209)	(5.9)%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Sales in 2004 do not include 6,185 GWhs, which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11.

Trading volumes of 5,324 GWhs and 7,919 GWhs for the three months ended June 30, 2004 and 2003, respectively, are not included in the table above. The decrease in trading volume is a result of reduced proprietary trading activity.

Generation's average margin and other operating data for the three months ended June 30, 2004 and 2003 are as follows:

($/MWh)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	% Change
Average revenue			
Electric sales to affiliates(a)	$32.37	$32.64	(0.8)%
Wholesale and retail electric sales(b)	34.35	32.68	5.1%
Total — excluding the trading portfolio	33.34	32.66	2.1%
Average supply cost(c) — excluding the trading portfolio	$20.06	$21.13	(5.1)%
Average margin — excluding the trading portfolio	$13.28	$11.53	15.2%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Average supply cost includes purchased power, fuel costs, and PPAs with AmerGen in 2003.

The changes in Generation's operating revenues for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Retail gas revenue	$ 84
Wholesale and retail electric sales	(39)
Electric revenue from affiliates	(31)
Other	48
Increase in operating revenues	$ 62

Retail Gas Revenue. Retail gas revenue increased $84 million as a result of the transfer of Exelon Energy Company to Generation as of January 1, 2004.

Wholesale and Retail Electric Sales. The changes in Generation's wholesale and retail electric sales for the three months ended June 30, 2004 compared to the same period in 2003, consisted of the following:

	Variance
Effects of EITF 03-11 adoption(a)	$(238)
Boston Generating	(43)
Exelon Energy Company and AmerGen operations	104
Other operations	138
Decrease in wholesale and retail electric sales	$ (39)

(a) Does not include $1 million of EITF 03-11 adjustments related to fuel sales that are included in other revenues.

As previously described, the adoption of EITF 03-11 on January 1, 2004 resulted in the netting of certain revenues and the associated purchase power and fuel expense in 2004. The sale of Boston Generating in May 2004 resulted in less revenues from this entity compared to the same period in the prior year. The acquisition of Exelon Energy and AmerGen resulted in increased market and retail electric sales of approximately $104 million compared to the same period in the prior year.

The other increase in wholesale and retail electric sales was primarily due to higher demand in the forward wholesale market and higher prices in the spot wholesale market. Market prices in the Midwest region were primarily driven by higher coal prices, and in the Mid-Atlantic region market prices were driven by higher oil and gas prices.

Electric Sales to Affiliates. Revenue from sales to affiliates decreased primarily as a result of the transfer of Exelon Energy Company to Generation effective January 1, 2004. Sales to Exelon Energy Company are no longer reported as affiliate revenue by Generation. Revenue from sales to Exelon Energy Company for the three months ended June 30, 2003 was $44 million.

The decrease in revenue from sales to affiliates was partially offset by $15 million in higher sales to Energy Delivery. The higher sales to Energy Delivery were primarily due to an overall increased usage per customer and favorable weather conditions.

Other. Certain other revenues increased for the three months ended June 30, 2004 as compared to the same period in 2003, primarily due to the consolidation of Sithe's results of operations beginning April 1, 2004.

Purchased Power and Fuel

Generation's supply source is summarized below:

	Three Months Ended June 30,			
Supply Source (in GWhs)	**2004**	**2003**	**Variance**	**% Change**
Nuclear generation(a)	34,254	29,619	4,635	15.6%
Purchases — non-trading portfolio(b)	11,904	19,344	(7,440)	(38.5)%
Fossil and hydro generation	4,951	5,355	(404)	(7.5)%
Total supply	51,109	54,318	(3,209)	(5.9)%

(a) Excludes AmerGen for 2003. AmerGen generated 5,122 GWhs during the three months ended June 30, 2004.

(b) Sales in 2004 do not include 6,185 GWhs that were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes PPAs with AmerGen, which represented 3,731 GWhs in 2003.

Generation's supply mix changed as a result of the sale of Boston Generating in May 2004.

Purchased Power and Fuel Expense. The changes in Generation's purchased power and fuel expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Effects of the adoption of EITF 03-11	$(239)
Volume	92
Price	49
Boston Generating	(33)
Midwest Generation	(25)
AmerGen and Exelon Energy Company	(11)
Sithe Energies, Inc.	62
Mark-to-market adjustments on hedging activity	11
Other	(29)
Decrease in purchased power and fuel expense	$(123)

Adoption of EITF 03-11. The adoption of EITF 03-11 resulted in a decrease in purchased power of $238 million and fuel expense of $1 million.

Volume. Generation experienced increases in purchased power and fuel expense due to increased market and retail electric sales throughout its various sales regions. The increase in purchased power is partially offset by decreased purchased power from Midwest Generation (see Midwest Generation below for further information).

Price. The increase reflects higher market energy prices due to increased natural gas, oil and coal prices.

Boston Generating. The decrease in fuel and purchased power expense for Boston Generating is due primarily to the sale of the business in May 2004.

Midwest Generation. The volume of purchased power acquired from Midwest Generation declined in 2004 as a result of Generation exercising its option to reduce the capacity purchased from Midwest Generation.

AmerGen and Exelon Energy Company. As result of Generation's acquisition of the remaining 50% interest in AmerGen in December 2003, purchased power decreased $97 million. In prior periods, Generation reported energy purchased from AmerGen as purchased power expense. Due to the transfer of Exelon Energy Company to Generation effective January 1, 2004, fuel expense increased $86 million as fuel purchases made by Exelon Energy Company did not previously affect Generation's results.

Sithe Energies, Inc. Under the provisions of FIN No. 46-R, the operating results of Sithe were included in Generation's results of operations beginning April 1, 2004. See Note 4 of the Combined Notes to Consolidated Financial Statements for further discussion of Sithe.

Hedging Activity. Mark-to-market gains on hedging activities were $21 million for the three months ended June 30, 2004 compared to gains of $32 million for the same period of 2003. Hedging activities in 2004 relating to Boston Generating operations accounted for a gain of $6 million and hedging activities relating to other Generation operations in 2004 accounted for a gain of $15 million.

Other. Other decreases in purchased power and fuel expense were primarily due to $21 million of lower transmission expense resulting from reduced inter-region transmission charges, primarily associated with ComEd's integration into PJM during the second quarter of 2004 and $10 million of nuclear fuel amortization recorded in 2003 as a result of the replacement of underperforming fuel at the Quad Cities Station.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
AmerGen and Exelon Energy Company	$ 87
Sithe Energies, Inc.	22
Decommissioning accretion costs(a)	18
Boston Generating	13
Pension, payroll and benefit costs, primarily associated with The Exelon Way	(14)
Other	46
Increase in operating and maintenance expense	$172

(a) Includes $10 million due to AmerGen asset retirement obligation accretion.

The increase in operating and maintenance expense is primarily due to the inclusion of AmerGen, Exelon Energy Company and Sithe in Generation's consolidated results for 2004. The increase in operating and maintenance expenses attributable to Boston Generating was due to Mystic 8 and 9 and Fore River commencing commercial operation at the end of the second quarter of 2003 and in the third quarter of 2003, respectively, which more than offset the reduction in operating and maintenance expenses resulting from their sale in May 2004. Decommissioning accretion costs increased primarily due to the inclusion of AmerGen in this period compared to the prior year. The reduction in payroll-related costs associated with the implementation of the programs associated with The Exelon Way partially offset the other increases to operating and maintenance expense.

Nuclear fleet operating data and purchased power costs data for the three months ended June 30, 2004 and 2003 were as follows:

	Three Months Ended June 30,	
	2004	2003
Nuclear fleet capacity factor(a)	96.1%	94.0%
Nuclear fleet production cost per MWh(a)	$10.88	$12.08
Average purchased power cost for wholesale operations per MWh(b)	$47.13	$41.36

(a) Includes AmerGen and excludes Salem, which is operated by Public Service Enterprise Group Incorporated (PSE&G).

(b) Includes PPAs with AmerGen in 2003.

Higher nuclear capacity factors and lower nuclear production costs were primarily due to nine fewer planned refueling outage days, resulting in a $14 million decrease in planned outage costs for the three months ended June 30, 2004 as compared to the same period in 2003. There was one planned refueling outage that began in late March 2004 and was completed during the three months ended June 30, 2004, while there was one refueling outage that began and was completed during the three months ended June 30, 2003. The three months ended June 30, 2004 included seven unplanned outages compared to nine unplanned outages during the same period in 2003.

In the three months ended June 30, 2004 as compared to the three months ended June 30, 2003, the Quad Cities units operated at pre-EPU generation levels due to performance issues with their steam dryers. Generation plans additional expenditures to ensure safe and reliable operations at the EPU output levels by mid-2005.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended June 30, 2004 as compared to the same period in 2003 includes the impact of capital additions and the consolidation of Sithe, AmerGen and Exelon Energy. These increases were partially offset by a decrease in depreciation expense related to the Boston Generating facilities as the assets were classified as held for sale during the period.

Interest Expense

The increase in interest expense was primarily due to the issuance of $500 million of Senior Notes in December 2003 and interest expense related to Sithe long-term debt.

Equity in Earnings (Losses) of Unconsolidated Affiliates

The decrease in equity in earnings of unconsolidated affiliates was primarily due to a $20 million decrease resulting from Generation's consolidation of AmerGen in 2004 following the purchase of British Energy's 50% interest in AmerGen in December 2003. See Note 3 of the Combined Notes to Consolidated Financial Statements for further discussion of Generation's purchase of British Energy's 50% interest in AmerGen.

Other, Net

The components of other, net for the three months ended June 30, 2004 as compared to the same period in the prior year, are as follows:

Other, Net	Three Months Ended June 30, 2004	2003	Variance	% Change
Gain on sale of Boston Generating(a)	85	—	85	n.m.
Decommissioning trust funds(b)	29	32	(3)	(9.4)%
Decommissioning trust funds — AmerGen(b)	9	—	9	n.m.
Other income from Sithe	9	—	9	n.m.
Other	2	2	—	—
Total	134	34	100	n.m.

(a) See Note 3 of the Combined Notes to the Consolidated Financial Statements for further discussion of Generation's sale of Boston Generating.

(b) Includes investment income and realized gains/(losses).

n.m. — not meaningful

Effective Income Tax Rate

The effective income tax rate was 38% for the three months ended June 30, 2004 compared to 39% for the same period in 2003. This decrease was primarily attributable to the impairment charges recorded in 2003 related to Generation's investment in Sithe that resulted in a pre-tax loss. In addition, the rate increased due to the additional nuclear decommissioning investment income associated with AmerGen and its related taxes. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Operating revenues	$3,900	$3,765	$ 135	3.6%
Operating expenses				
Purchased power	1,081	1,642	(561)	(34.2)%
Fuel	1,048	706	342	48.4%
Operating and maintenance	1,273	943	330	35.0%
Depreciation and amortization	124	91	33	36.3%
Taxes other than income	95	88	7	8.0%
Total operating expenses	3,621	3,470	151	4.4%
Operating income	279	295	(16)	(5.4)%
Other income and deductions				
Interest expense	(77)	(38)	(39)	(102.6)%
Equity in earnings (losses) of unconsolidated affiliates	(2)	37	(39)	(105.4)%
Other, net	183	(132)	315	n.m.
Total other income and deductions	104	(133)	237	178.2%
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	383	162	221	136.4%
Income taxes	146	71	75	105.6%
Income before minority interest and cumulative effect of changes in accounting principles	237	91	146	160.4%
Minority interest	11	(2)	13	n.m.
Income before cumulative effect of changes in accounting principles	248	89	159	178.7%
Cumulative effect of changes in accounting principles, net of income taxes	32	108	(76)	(70.4)%
Net income	$ 280	$ 197	$ 83	42.1%

n.m. — not meaningful

Operating Revenues

For the six months ended June 30, 2004 and 2003, Generation’s sales were as follows:

Revenue	Six Months Ended June 30, 2004	2003	Variance	% Change
Electric sales to affiliates(a)	$1,706	$1,842	$(136)	(7.4)%
Wholesale and retail electric sales(b)	1,742	1,754	(12)	(0.7)%
Total electric energy sales revenue	3,448	3,596	(148)	(4.1)%
Retail gas sales	260	—	260	n.m.
Trading portfolio	(2)	(2)	—	—
Other revenue(c)	194	171	23	13.5%
Total revenue	$3,900	$3,765	$ 135	3.6%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Includes sales related to tolling agreements, including Sithe in 2004, and fossil fuel sales.

n.m. — not meaningful

Sales (in GWhs)	Six Months Ended June 30, 2004	2003	Variance	% Change
Electric sales to affiliates(a)	53,597	57,463	(3,866)	(6.7)%
Wholesale and retail electric sales(b)	48,959	51,264	(2,305)	(4.5)%
Total sales	102,556	108,727	(6,171)	(5.7)%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail electric sales.

(b) Sales in 2004 do not include 11,638 GWhs which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes retail electric sales of Exelon Energy Company in 2004.

Trading volumes of 10,437 GWhs and 17,446 GWhs for the six months ended June 30, 2004 and 2003, respectively, are not included in the table above. The decrease in trading volume is a result of reduced proprietary trading activity.

Generation's average margin and other operating data for the six months ended June 30, 2004 and 2003 are as follows:

($/MWh)	Six Months Ended June 30, 2004	2003	% Change
Average revenue			
Electric sales to affiliates(a)	$31.83	$32.06	(0.7)%
Wholesale and retail electric sales(b)	35.58	34.22	4.0%
Total — excluding the trading portfolio	33.62	33.07	1.7%
Average supply cost(c) — excluding the trading portfolio	$20.77	$21.60	(3.8)%
Average margin — excluding the trading portfolio	$12.85	$11.47	12.0%

(a) Includes sales to Exelon Energy Company during 2003. As of January 1, 2004, Exelon Energy Company became part of Generation and is presented as retail sales.

(b) Includes retail electric sales of Exelon Energy Company in 2004.

(c) Average supply cost includes purchased power, fuel costs, and PPAs with AmerGen in 2003.

The changes in Generation's operating revenues for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Retail gas revenue	$ 260
Electric sales to affiliates	(136)
Wholesale and retail electric sales	(12)
Other	23
Increase in operating revenues	$ 135

Retail Gas Revenue. Retail gas revenue increased as a result of the transfer of Exelon Energy Company to Generation as of January 1, 2004.

Wholesale and Retail Electric Sales. The changes in Generation's wholesale and retail electric sales for the six months ended June 30, 2004 compared to the same period in 2003, consisted of the following:

	Variance
Effects of EITF 03-11 adoption(a)	$(444)
Boston Generating	74
Exelon Energy Company and AmerGen operations	182
Other operations	176
Decrease in wholesale and retail electric sales	$ (12)

(a) Does not include $8 million of EITF 03-11 adjustments related to fuel sales that are included in other revenues.

As previously described, the adoption of EITF 03-11 on January 1, 2004 resulted in the netting of certain revenues and the associated purchase power and fuel expense in 2004. The acquisition of Exelon Energy and AmerGen resulted in increased market and retail electric sales of approximately $182 million compared to the same period in the prior year.

The other increase in wholesale and retail electric sales was primarily due to higher demand in the forward wholesale market and higher prices in the spot wholesale market. Market prices in the Midwest region were primarily driven by higher coal prices, while the Mid-Atlantic region market prices were driven primarily by higher oil and gas prices.

Electric Sales to Affiliates. Revenue from sales to affiliates decreased primarily as a result of Exelon Energy Company's assets and operations being transferred to Generation effective January 1, 2004. Sales to Exelon Energy Company are no longer reported as affiliate revenue by Generation. Revenue from sales to Exelon Energy Company for the six months ended June 30, 2003 was $108 million.

The decrease in revenue from sales to affiliates included $40 million in lower sales to Energy Delivery. The lower sales to Energy Delivery was primarily due to customers purchasing energy from alternative electric suppliers and unfavorable weather conditions in the ComEd and PECO service territories compared to the prior year.

Other. Certain other revenues increased for the six months ended June 30, 2004 as compared to the same period in 2003, primarily due to the consolidation of Sithe's results of operations beginning April 1, 2004.

Purchased Power and Fuel

Generation's supply source is summarized below:

Supply Source (in GWhs)	Six Months Ended June 30, 2004(c)	Six Months Ended June 30, 2003	Variance	% Change
Nuclear generation(a)	67,665	58,949	8,716	14.8%
Purchases — non-trading portfolio(b)	23,595	39,373	(15,778)	(40.1)%
Fossil and hydroelectric generation	11,296	10,405	891	8.6%
Total supply	102,556	108,727	(6,171)	(5.7)%

(a) Excludes AmerGen for 2003. AmerGen generated 9,761 GWhs during the six months ended June 30, 2004.

(b) Sales in 2004 do not include 11,638 GWhs, which were netted with purchased power GWhs as a result of the reclassification of certain hedging activities in accordance with EITF 03-11. Includes PPAs with AmerGen, which represented 6,219 GWhs in 2003.

Generation's supply mix changed as a result of increased fossil generation due to Boston Generating's Mystic units 8 and 9 and Fore River generating facilities becoming operational in the second and third quarter of 2003, which in total accounted for an increase of 2,688 GWhs offset by decreases in other fossil generating facilities.

The changes in Generation's purchased power and fuel expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
Effects of the adoption of EITF 03-11	$(452)
Volume	129
Price	(47)
Midwest Generation	(48)
AmerGen and Exelon Energy Company	101
Sithe Energies, Inc.	62
Boston Generating	75
Mark-to-market adjustments on hedging activity	19
Other	(58)
Decrease in purchased power and fuel expense	$(219)

Adoption of EITF 03-11. The adoption of EITF 03-11 resulted in a decrease in purchased power of $444 million and fuel expense of $8 million.

Volume. Generation experienced increases in purchased power and fuel expense due to increased market and retail electric sales throughout its various sales regions. The increase in purchased power is partially offset by decreased purchased power from Midwest Generation (see Midwest Generation below for further information).

Price. The decrease primarily reflects lower average fossil fuel costs of $47 million during the six months ended June 30, 2004 as compared to the same period in 2003. Natural gas, oil and coal prices all decreased during this period.

Midwest Generation. The volume of purchased power acquired from Midwest Generation declined in 2004 as a result of Generation exercising its option to reduce the capacity purchased from Midwest Generation, as announced in 2003.

AmerGen and Exelon Energy Company. As result of Generation's acquisition of the remaining 50% interest in AmerGen in December 2003, purchased power decreased $160 million. In prior periods, Generation reported energy purchased from AmerGen as purchased power expense. Due to the transfer of Exelon Energy Company to Generation effective January 1, 2004, fuel expense increased $261 million as fuel purchases made by Exelon Energy Company did not previously impact Generation's results.

Sithe Energies, Inc. Under the provisions of FIN No. 46-R, the operating results of Sithe were included in Generation's results of operations beginning April 1, 2004. See Note 4 of the Combined Notes to Consolidated Financial Statements for further discussion of Sithe.

Boston Generating. The increase in fuel and purchased power expense for Boston Generating is due primarily to the Mystic 8 and 9 generating facilities which began commercial operations at the end of the second quarter of 2003, and the Fore River generating facilities which began commercial operations during the third quarter of 2003. See Note 3 of the Combined Notes to Consolidated Financial Statements for additional information regarding Boston Generating. The increase was offset by a decrease of $13 million related to the effects of adopting EITF 03-11.

Hedging Activity. Mark-to-market losses on hedging activities were $18 million for the six months ended June 30, 2004 compared to gains of $1 million for the same period of 2003. Hedging activities in 2004 relating to Boston Generating operations accounted for a gain of $4 million and hedging activities for other Generation operations in 2004 accounted for a loss of $22 million.

Other. Other decreases in purchased power and fuel were primarily due to $46 million in lower transmission expense resulting from reduced inter-region transmission as a result of ComEd's integration into PJM in the second quarter of 2004, offset by $16 million of additional nuclear fuel amortization recorded in 2003 as a result of the replacement of underperforming fuel at the Quad Cities Station.

Operating and Maintenance

The changes in operating and maintenance expense for the six months ended June 30, 2004 compared to the same period in 2003 consisted of the following:

	Variance
AmerGen and Exelon Energy Company(a)	$197
Refueling outage costs	38
Boston Generating	33
Decommissioning accretion costs(b)	25
Sithe Energies, Inc.	22
Pension, payroll and benefit costs associated with The Exelon Way	(23)
Other	38
Increase in operating and maintenance expense	$330

(a) Includes refueling outage expense of $24 million at AmerGen.

(b) Includes $20 million due to AmerGen asset retirement obligation accretion.

The increase in operating and maintenance expense is due primarily to the inclusion of AmerGen, Exelon Energy Company and Sithe in 2004. Also, operating and maintenance expenses increased at Boston Generating due to Mystic 8 and 9 and Fore River commencing commercial operations in the second and third quarters of 2003. Decommissioning accretion costs also increased primarily due to the inclusion of AmerGen in this period as compared to the prior year. A reduction in payroll-related costs associated with the implementation of the programs associated with The Exelon Way partially offset the other increases to operating and maintenance expense.

Nuclear fleet operating data and purchased power costs data for the six months ended June 30, 2004 and 2003 were as follows:

	Six Months Ended June 30,	
	2004	2003
Nuclear fleet capacity factor(a)	93.3%	94.2%
Nuclear fleet production cost per MWh(a)	$12.54	$12.40
Average purchased power cost for wholesale operations per MWh(b)	$45.81	$41.68

(a) Includes AmerGen and excludes Salem, which is operated by PSE&G.

(b) Includes PPAs with AmerGen in 2003.

Lower nuclear capacity factors and increased nuclear production costs were primarily due to 55 additional planned refueling outage days, resulting in a $46 million increase in planned outage costs in the six months ended June 30, 2004 as compared to the same period in 2003. There were five planned outages during the six months ended June 30, 2004, compared to three planned outages during the same period in 2003. The six months ended June 30, 2004 included twelve unplanned outages compared to eleven unplanned outages during the same period in 2003. Nuclear capacity factors were also affected by Quad Cities operating at lower than anticipated capacity levels.

The Quad Cities units have intermittently been operating at pre-EPU generation levels due to performance issues with their steam dryers. Generation plans additional expenditures to ensure safe and reliable operations at the EPU output levels by mid-2005.

Depreciation and Amortization

The increase in depreciation and amortization expense for the six months ended June 30, 2004 as compared to the same period in 2003 was primarily attributable to the impact of capital additions and the consolidation of Sithe, AmerGen and Exelon Energy. These increases were partially offset by a decrease in depreciation expense related to the Boston Generating facilities as the assets were classified as held for sale during the period.

Interest Expense

The increase in interest expense was primarily due to the issuance of $500 million of Senior Notes in December 2003 and interest expense related to Sithe long-term debt.

Equity in Earnings (Losses) of Unconsolidated Affiliates

The decrease in equity in earnings of unconsolidated affiliates was primarily due to a $37 million decrease resulting from Generation’s consolidation of AmerGen in 2004 following the purchase of British Energy’s 50% interest in AmerGen in December 2003. See Note 3 of the Combined Notes to Consolidated Financial Statements for further discussion of Generation’s purchase of British Energy’s 50% interest in AmerGen.

Other, Net

The components of other, net for the six months ended June 30, 2004 as compared to the same period in the prior year, are as follows:

Other, Net	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Variance	% Change
Gain on sale of Boston Generating(a)	85	—	85	n.m.
Decommissioning trust funds(b)	60	63	(3)	(4.8)%
Decommissioning trust funds — AmerGen(b)	20	—	20	n.m.
Other income from Sithe	9	—	9	n.m.
Impairment of Investment in Sithe	—	(200)	200	(100.0)%
Other	9	5	4	80.0%
Total	183	(132)	315	n.m.

(a) See Note 3 of the Combined Notes to the Consolidated Financial Statements for further discussion of Generation's sale of Boston Generating.

(b) Includes investment income and realized gains/(losses)

n.m. — not meaningful

Effective Income Tax Rate

The effective income tax rate was 38% for the six months ended June 30, 2004 compared to 44% for the same period in 2003. This decrease was primarily attributable to the impairment charges recorded in 2003 related to Generation's investment in Sithe that resulted in a pre-tax loss. In addition, the rate decreased due to the additional nuclear decommissioning investment income associated with AmerGen and its related taxes. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Cumulative Effect of Changes in Accounting Principles

Net income for the six months ended June 30, 2004 reflects income of $32 million, net of income taxes, related to the consolidation of Sithe pursuant to FIN No. 46-R which resulted from the reversal of certain guarantees on behalf of Sithe that had been recorded at Generation prior to December 31, 2003, while net income for the six months ended June 30, 2003 reflects income of $108 million, net of income taxes, for the adoption of SFAS No. 143. See Note 2 of the Combined Notes to Consolidated Financial Statements for further information regarding the adoptions of FIN No. 46-R and SFAS No. 143.

Liquidity and Capital Resources

Generation's business is capital intensive and requires considerable capital resources. Generation's capital resources are primarily provided by internally generated cash flows from operations and, to the extent necessary, external financing, including the issuance of commercial paper, participation in the intercompany money pool or capital contributions from Exelon. Generation's access to external financing at reasonable terms is dependent on its credit ratings and general business conditions, as well as that of the utility industry in general. If these conditions deteriorate to where Generation no longer has access to the capital markets at reasonable terms, Generation has access to a revolving credit facility. See the "Credit Issues" section of "Liquidity and Capital Resources" for further discussion. Capital resources are used primarily to fund Generation's capital requirements, including construction, repayments of maturing debt, the payment of distributions to Exelon, contributions to Exelon's pension plans and investments in new and existing ventures. Future acquisitions could require external financing or borrowings or capital contributions from Exelon.

Cash Flows from Operating Activities

Generation's cash flows from operating activities primarily result from the sale of electric energy to wholesale customers, including Generation's affiliated companies. Generation's future cash flows from operating activities will be affected by future demand and market prices for energy and its ability to continue to produce and supply power at competitive costs. Cash flows from operations have been and are expected to continue to provide a reliable, steady source of cash flows, sufficient to meet operating and capital expenditures requirements for the foreseeable future.

Cash flows from operations for the six months ended June 30, 2004 and 2003 were $616 million and $539 million, respectively. Changes in Generation's cash flows from operations are generally consistent with changes in its results of operations, as further adjusted by changes in working capital in the normal course of business and non-cash charges.

In addition to the items mentioned in "Results of Operations," Generation's operating cash flows for the six months ended June 30, 2004 and 2003 were affected by the following items:

- Receivables from Exelon Delivery under the PPA increased $31 million for the six months ended June 30, 2004, compared to a decrease of $157 million during the same period in 2003.

- Net cash received for collateral for the six months ended June 30, 2004 was $2 million, compared to $136 million paid during the same period in 2003.

- Discretionary contributions to Exelon's defined benefit pension plans were $121 million for the six months ended June 30, 2004 compared to $98 million for the same period in 2003.

Generation participates in Exelon's defined benefit pension plans. Exelon expects to contribute up to approximately $419 million to its pension plans in 2004, including $11 million to satisfy IRS minimum funding requirements. Of the $419 million, $170 million is expected to be funded by Generation during 2004.

Cash Flows from Investing Activities

Cash flows used in investing activities were $438 million and $534 million for the six months ended June 30, 2004 and 2003, respectively. Generation's capital expenditures for the six months ended June 30, 2004 and 2003 were $366 million and $424 million, respectively. Generation's capital expenditures represent additions to nuclear fuel and additions and upgrades to existing facilities. Capital expenditures for the six months ended June 30, 2003 are stated net of proceeds from liquidated damages of $86 million. Generation estimates that it will spend approximately $972 million in total capital expenditures in 2004. Generation anticipates that nuclear refueling outages will increase from eight in 2003 to nine in 2004. Generation's capital expenditures are expected to be funded by internally generated funds.

Cash Flows from Financing Activities

Cash flows used in financing activities were $141 million for the six months ended June 30, 2004, compared to cash flows provided by financing activities of $11 million for the same period in 2003. The increase in cash flows used in financing activities was primarily a result of a net repayment of intercompany borrowings of $218 million during the six months ended June 30, 2004, compared to a $58 million net increase in intercompany borrowings during the same period in 2003 and a $64 million increase in distributions to Exelon during the six months ended June 30, 2004 as compared to the same period in 2003. This use of cash was partially offset by the issuance of $211 million of commercial paper during the six months ended June 30, 2004 and the partial repayment of the acquisition note payable to Sithe of $27 million during the six months ended June 30, 2004, compared a $210 million payment during the same period in 2003.

From time to time and as market conditions warrant, Generation may engage in long-term debt repurchases via tender offers, open market acquisitions or other viable options to preserve the integrity of Generation's balance sheet.

Credit Issues

Exelon Credit Facility. Generation meets its short-term liquidity requirements primarily through the issuance of commercial paper and intercompany borrowings from Exelon's intercompany money pool. Generation participates, along with Exelon Corporate, ComEd and PECO, in a $750 million 364-day unsecured revolving credit agreement and a $750 million three-year unsecured revolving credit agreement with a group of banks. On July 16, 2004, the $750 million 364-day facility was replaced with a $1 billion five-year facility and the $750 million three-year facility was reduced to $500 million. These credit agreements, and Generation's participation therein, are described above under "Credit Issues — Exelon Credit Facility" in "Exelon Corporation — Liquidity and Capital Resources."

Capital Structure. Generation's capital structure at June 30, 2004 is described above under "Credit Issues — Capital Structure" in "Exelon Corporation — Liquidity and Capital Resources."

Intercompany Money Pool. A description of the intercompany money pool, and Generation's participation therein, is set forth above under "Credit Issues — Intercompany Money Pool" in "Exelon Corporation — Liquidity and Capital Resources." For the six months ended June 30, 2004, Generation paid $1.5 million in interest to the money pool.

Sithe Long-Term Debt. A description of the Sithe long-term debt consolidated as a result of the adoption of FIN No. 46-R is set forth above under "Credit Issues — Sithe Long-Term Debt" in "Exelon Corporation — Liquidity and Capital Resources."

Security Ratings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" in the 2003 Form 10-K for a discussion of Generation's security ratings.

Fund Transfer Restrictions. At June 30, 2004, Generation had undistributed earnings of $773 million. See "Liquidity and Capital Resources — Credit Issues — Fund Transfer Restrictions" under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Generation" in the 2003 Form 10-K for information regarding fund transfer restrictions.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Obligations

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments represent commitments triggered by future events. Generation's contractual obligations and commercial commitments as of June 30, 2004 were materially unchanged, other than in the normal course of business, from the amounts set forth in the 2003 Form 10-K except for the following:

- In connection with the transfer of Exelon Energy Company to Generation effective January 1, 2004, Generation acquired $162 million in energy marketing contract guarantees.

- Generation acquired a $50 million letter of credit to support the contractual obligations of Sithe and its subsidiaries.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Exelon is exposed to market risks associated with commodity prices, credit, interest rates and equity prices. The inherent risk in market-sensitive instruments and positions is the potential loss arising from adverse changes in commodity prices, counterparty credit, interest rates and equity security prices. Exelon's Risk Management Committee (RMC) sets forth risk management policy and objectives and establishes procedures for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of derivative activity and risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, general counsel, treasurer, vice president of corporate planning, vice president of strategy, vice president of audit services and officers from each of the business units. The RMC reports to the Exelon Board of Directors on the scope of Exelon's derivative and risk management activities.

Commodity Price Risk

Generation

Commodity price risk is associated with market price movements resulting from excess or insufficient generation, changes in fuel costs, market liquidity and other factors. Trading activities and non-trading marketing activities include the purchase and sale of electric capacity, energy and fossil fuels, including oil, gas, coal, and emission allowances. The availability and prices of energy and energy-related commodities are subject to fluctuations due to factors such as weather, governmental environmental policies, changes in supply and demand, state and federal regulatory policies and other events.

Normal Operations and Hedging Activities

Electricity available from Generation's owned or contracted generation supply in excess of its obligations to customers, including Energy Delivery's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into physical contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge its anticipated exposures. Generation has an estimated 90% hedge ratio in 2004 for its energy marketing portfolio. This hedge ratio represents the percentage of Generation's forecasted aggregate annual generation supply that is committed to firm sales, including sales to Energy Delivery's retail load. Energy Delivery's retail load assumptions are based on forecasted average demand. The hedge ratio is not fixed and will vary from time to time depending upon market conditions, demand, energy market option volatility and actual loads. During peak periods the amount hedged declines to meet Generation's commitment to Energy Delivery. Market price risk exposure is the risk of a change in the value of unhedged positions. Absent any opportunistic efforts to mitigate market price exposure, the estimated market price exposure for Generation's non-trading portfolio associated with a 10% reduction in the annual average around-the-clock market price of electricity is approximately a $19 million decrease in net income. This sensitivity assumes a 90% hedge ratio and that price changes occur evenly throughout the year and across all markets. The sensitivity also assumes a static portfolio. Generation expects to actively manage its portfolio to mitigate market price exposure. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities

Generation uses financial contracts for proprietary trading purposes. Proprietary trading includes all contracts entered into purely to profit from market price changes as opposed to hedging an exposure. These activities are accounted for on a mark-to-market basis. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a very small portion of its overall energy marketing activities. For example, the limit on open positions in electricity for any forward month represents less than one percent of Generation's owned and contracted supply of electricity. Generation expects this level of proprietary trading activity to continue in the future. The results of the trading portfolio for the six months ended June 30, 2004 was a loss $2 million (before taxes) which included a $1 million unrealized mark-to-market loss. The daily Value-at-Risk (VaR) on proprietary trading activity averaged $200,000 of exposure over the last 18 months. Because of the diminutive nature of the proprietary trading portfolio in comparison to Generation's total gross margin of $1,771 million, Generation has not segregated proprietary trading activity in the following tables. The trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop-loss and VaR limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the power marketing activities.

Generation's energy contracts are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). Most non-trading contracts qualify for the normal purchases and normal sales exemption to SFAS No. 133 discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in Exelon's 2003 Form 10-K. Those that do not are recorded as assets or liabilities on the balance sheet at fair value. Changes in the fair value of qualifying hedge contracts are recorded in Other Comprehensive Income (OCI), and gains and losses are recognized in earnings when the underlying transaction occurs. Changes in the fair value of derivative contracts that do not meet hedge criteria under SFAS No. 133 and the ineffective portion of hedge contracts are recognized in earnings on a current basis.

The following detailed presentation of the proprietary trading and non-trading marketing activities of Generation is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers. Generation does not consider its proprietary trading to be a significant activity of its business; however, Generation believes it is important to include these risk management disclosures.

The following tables describe the drivers of Generation's energy trading and marketing business and gross margin included in the income statement for the three and six months ended June 30, 2004 and 2003. Normal operations and hedging activities represent the marketing of electricity available from Generation's owned or contracted generation, including generation used to serve Energy Delivery's retail load, sold into the wholesale market. As the information in these tables highlights, mark-to-market activities represent a small portion of the overall gross margin for Generation. Accrual activities, including normal purchases and sales, account for the majority of the gross margin. The mark-to-market activities reported here are those relating to changes in fair value due to external movement in prices. Further delineation of gross margin by the type of accounting treatment typically afforded each type of activity is also presented (i.e., mark-to-market vs. accrual accounting treatment).

	Three Months Ended June 30,	
	2004	**2003**
Mark-to-market activities:		
Unrealized mark-to-market gain/(loss)		
Origination unrealized gain/(loss) at inception	$ —	$ —
Changes in fair value prior to settlements	115	108
Changes in valuation techniques and assumptions	—	—
Reclassification to realized at settlement of contracts	(125)	(78)
Total change in unrealized fair value(a)	(10)	30
Realized net settlement of transactions subject to mark-to-market	125	78
Total mark-to-market activities gross margin	$ 115	$108

	Three Months Ended June 30,	
	2004	2003
Accrual activities:		
Accrual activities revenue	$1,132	$1,107
Hedge gains reclassified from OCI	684	616
Total revenue — accrual activities	1,816	1,723
Purchased power and fuel	200	388
Hedges of purchased power and fuel reclassified from OCI	808	705
Total purchased power and fuel	1,008	1,093
Total accrual activities gross margin	808	630
Total gross margin(b)	$ 923	$ 738

(a) Includes $2 million of unrealized losses due to proprietary trading activity during the three months ended June 30, 2003.

(b) Total gross margin represents revenue, net of purchased power and fuel expense.

	Six Months Ended June 30,	
	2004	2003
Mark-to-market activities:		
Unrealized mark-to-market gain/(loss)		
Origination unrealized gain/(loss) at inception	$ —	$ —
Changes in fair value prior to settlements(a)	150	132
Changes in valuation techniques and assumptions	—	—
Reclassification to realized at settlement of contracts	(200)	(135)
Total change in unrealized fair value(b)	(50)	(3)
Realized net settlement of transactions subject to mark-to-market	200	135
Total mark-to-market activities gross margin	$ 150	$ 132
Accrual activities:		
Accrual activities revenue	$2,527	$2,459
Hedge gains reclassified from OCI	1,185	1,014
Total revenue — accrual activities	3,712	3,473
Purchased power and fuel	657	980
Hedges of purchased power and fuel reclassified from OCI	1,434	1,208
Total purchased power and fuel	2,091	2,188
Total accrual activities gross margin	1,621	1,285
Total gross margin(c)	$1,771	$1,417

(a) Includes hedge ineffectiveness of $1 million recorded in earnings.

(b) Includes $1 million and $4 million of unrealized losses due to proprietary trading activity during the six months ended June 30, 2004 and 2003, respectively.

(c) Total gross margin represents revenue, net of purchased power and fuel expense.

The following table provides detail on changes in Generation's mark-to-market net asset or liability balance sheet position from January 1, 2004 to June 30, 2004. It indicates the drivers behind changes in the

balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings, as shown in the previous table, as well as the settlements from OCI to earnings and changes in fair value for the hedging activities that are recorded in Accumulated Other Comprehensive Income on the June 30, 2004 Consolidated Balance Sheet.

Total mark-to-market energy contract net assets at January 1, 2004	$(216)
Total change in fair value during 2004 of contracts recorded in earnings	148
Reclassification to realized at settlement of contracts recorded in earnings	(199)
Reclassification to realized at settlement from OCI	248
Effective portion of changes in fair value — recorded in OCI	(535)
Purchase/sale/disposal of existing contracts or portfolios subject to mark-to-market	147
Total mark-to-market energy contract net assets (liabilities) at June 30, 2004	$(407)

The following table details the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of June 30, 2004 and December 31, 2003:

	June 30, 2004	December 31, 2003
Current assets	$ 433	$ 322
Noncurrent assets	390	100
Total mark-to-market energy contract assets	823	422
Current liabilities(a)	(805)	(505)
Noncurrent liabilities	(425)	(133)
Total mark-to-market energy contract liabilities	(1,230)	(638)
Total mark-to-market energy contract net assets (liabilities)	$ (407)	$(216)

(a) Mark-to-market energy contract liabilities at December 31, 2003 do not reflect a $76 million interest rate swap which was included in current mark-to-market derivative liabilities within Generation’s Consolidated Balance Sheet.

The majority of Generation’s contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter, on-line exchanges. Prices reflect the average of the bid-ask midpoint prices obtained from all sources that Generation believes provide the most liquid market for the commodity. The terms for which such price information is available vary by commodity, region and product. The remainder of the assets represents contracts for which external valuations are not available, primarily option contracts. These contracts are valued using the Black model, an industry standard option valuation model. The fair values in each category reflect the level of forward prices and volatility factors as of June 30, 2004 and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts it holds or sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible, however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

The following table, which presents maturity and source of fair value of mark-to-market energy contract net liabilities, provides two fundamental pieces of information. First, the table provides the source of fair value used in determining the carrying amount of Generation's total mark-to-market asset or liability. Second, the table provides the maturity, by year, of Generation's net assets/liabilities, giving an indication of when the mark-to-market amounts will settle and either generate or require cash.

	Maturities Within					
	2004	2005	2006	2007	2008 and Beyond	Total Fair Value
Normal operations, qualifying cash-flow hedge contracts(a):						
Actively quoted prices	$ 2	$ 1	$ —	$—	$ —	$ 3
Prices provided by other external sources	(227)	(217)	(30)	(6)	—	(480)
Total	$(225)	$(216)	$(30)	$ (6)	$ —	$(477)
Normal operations, other derivative contracts(b):						
Actively quoted prices	$ 32	$ 8	$ (1)	$—	$ —	$ 39
Prices provided by other external sources	(59)	11	5	—	—	(43)
Prices based on model or other valuation methods	9	(13)	13	9	56	74
Total	$ (18)	$ 6	$ 17	$ 9	$ 56	$ 70

(a) Mark-to-market gains and losses on contracts that qualify as cash-flow hedges are recorded in other comprehensive income.

(b) Mark-to-market gains and losses on other non-trading derivative contracts that do not qualify as cash-flow hedges are recorded in earnings.

The table below provides details of effective cash-flow hedges under SFAS No. 133 included in the balance sheet as of June 30, 2004. The table gives an indication of the magnitude of SFAS No. 133 hedges Generation has in place; however, since under SFAS No. 133 not all hedges are recorded in OCI, the table does not provide an all-encompassing picture of Generation's hedges. The table also includes a roll-forward of accumulated other comprehensive income related to cash-flow hedges for the six months ended June 30, 2004, providing insight into the drivers of the changes (new hedges entered into during the period and changes in the value of existing hedges). Information related to energy merchant activities is presented separately from interest-rate hedging activities.

	Total Cash-Flow Hedge Other Comprehensive Income Activity, Net of Income Tax		
	Normal Operations and Hedging Activities	Interest Rate and Other Hedges(a)	Total Cash Flow Hedges
Accumulated OCI derivative loss at January 1, 2004	$(133)	$(13)	$(146)
Changes in fair value	(310)	—	(310)
Reclassifications from OCI to net income	151	12	163
Exelon Energy Company opening balance	2	—	2
Sithe	—	(11)	(11)
Accumulated OCI derivative loss at June 30, 2004	$(290)	$(12)	$(302)

(a) Includes interest rate hedges at Generation.

Credit Risk

Generation

Generation has credit risk associated with counterparty performance on energy contracts which includes, but is not limited to, the risk of financial default or slow payment. Generation manages counterparty credit risk through established policies, including counterparty credit limits, and in some cases, requiring deposits or letters of credit to be posted by certain counterparties. Generation's counterparty credit limits are based on a scoring model that considers a variety of factors, including leverage, liquidity, profitability, credit ratings and risk management capabilities. Generation has entered into payment netting agreements or enabling agreements that allow for payment netting with the majority of its large counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. The credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's wholesale credit exposure, net of collateral, as of June 30, 2004. The tables further delineate that exposure by the credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the maturity of Generation's credit risk by credit rating of its counterparties. The figures in the tables below do not include sales to Generation's affiliates or exposure through Independent System Operators, which are discussed below.

Rating(a)	Total Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number Of Counterparties Greater than 10% of Net Exposure	Net Exposure Of Counterparties Greater than 10% of Net Exposure
Investment grade	$138	$ 17	$121	3	$ 71
Split rating	—	—	—	—	—
Non-investment grade	77	10	67	1	55
No external ratings					
Internally rated — investment grade	13	2	11	—	—
Internally rated — non-investment grade	1	—	1	—	—
Total	$229	$ 29	$200	4	$126

(a) Table does not include credit risk associated with Generation's retail operations.

Rating(a)	Maturity of Credit Risk Exposure			
	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$128	$ 10	$ —	$138
Split rating	—	—	—	—
Non-investment grade	75	2	—	77
No external ratings				
Internally rated — investment grade	13	—	—	13
Internally rated — non-investment grade	1	—	—	1
Total	$217	$ 12	$ —	$229

(a) Table does not include credit risk associated with Generation's retail operations.

Dynegy. Generation is counterparty to Dynegy, Inc. (Dynegy) in various energy transactions. The credit ratings of Dynegy are below investment grade. As of June 30, 2004, Generation has credit risk associated with Dynegy through Generation's investment in Sithe. Sithe is a 100% owner of the Independence generating station, a 1,028-MW gas-fired facility that has an energy-only long-term tolling agreement with Dynegy, with a related financial swap arrangement. As of March 31, 2004, Generation consolidated the assets and liabilities of Sithe in accordance with the provisions of FIN No. 46-R. As a result, Generation has recorded an asset of $114 million on its Consolidated Balance Sheets related to the fair market value of the financial swap agreement with Dynegy that is marked-to-market under the terms of SFAS No. 133, "Accounting for Derivatives and Hedging Activities." If Dynegy were unable to fulfill the terms of the financial swap agreement, Generation would be required to impair the related asset. Exelon estimates, as a 50% owner of Sithe, that the impairment would result in an after-tax reduction of its net income of approximately $21 million.

In addition to the asset impairment, if Dynegy were unable to fulfill its obligations under the financial swap agreement and the tolling agreement, Generation would likely incur an impairment of the intangible asset associated with the tolling agreement associated with the Independence plant. Depending upon the timing of Dynegy's failure to fulfill its obligations and the outcome of any restructuring initiatives, Generation could realize an after-tax charge of up to $50 million. In the event of a sale of Generation's investment in Sithe to a third party, proceeds from the sale could be negatively affected by up to $84 million, which would represent an after-tax loss of up to $50 million. Additionally, the future economic value of AmerGen's purchased power arrangement with Illinois Power Company (Illinois Power), a subsidiary of Dynegy, could be affected by events related to Dynegy's financial condition. In February 2004, Dynegy announced an agreement to sell Illinois Power to a third party, which, upon closing of the transaction, would reduce Generation's credit risk associated with Dynegy.

Collateral. As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of capacity, energy, fuels and emissions allowances. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of express contractual provisions that specify the collateral that must be provided, the obligation to supply the collateral requested will be a function of the facts and circumstances of Generation's situation at the time of the demand. If Generation can reasonably claim that it is willing and financially able to perform its obligations, it may be possible to successfully argue that no collateral should be posted or that only an amount equal to two or three months of future payments should be sufficient.

ISOs. Generation participates in the following established, real-time energy markets, which are administered by ISOs: PJM, ISO New England, New York ISO, California ISO, Midwest ISO, Inc., Southwest Power Pool, Inc. and Texas, which is administered by the Electric

Reliability Council of Texas. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the ISOs. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by the ISOs, the ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the ISOs may under certain circumstances require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on Generation's financial condition, results of operations or net cash flows.

Interest Rate Risk

ComEd

ComEd uses a combination of fixed-rate and variable-rate debt to reduce interest rate exposure. Interest-rate swaps may be used to adjust exposure when deemed appropriate based upon market conditions. ComEd also utilizes forward-starting interest-rate swaps and treasury rate locks to lock in interest rate levels in anticipation of future financing. These strategies are employed to achieve a lower cost of capital. At June 30, 2004, ComEd did not have any interest-rate swaps designated as cash-flow hedges.

In 2004, ComEd entered into fixed-to-floating interest-rate swaps in order to maintain its targeted percentage of variable-rate debt associated with fixed-rate debt issuances in the aggregate amount of $240 million. At June 30, 2004, these interest-rate swaps, designated as fair-value hedges, had an aggregate fair market value of $1 million based on the present value difference between the contract and market rates at June 30, 2004. If these derivative instruments had been terminated at June 30, 2004, this estimated fair value represents the amount that would be paid by the counterparties to ComEd.

The aggregate fair value of the interest-rate swaps designated as fair-value hedges that would have resulted from a hypothetical 50 basis point decrease in the spot yield at June 30, 2004 is estimated to be $8 million in ComEd's favor. If the derivative instrument had been terminated at June 30, 2004, this estimated fair value represents the amount the counterparties would pay ComEd.

The aggregate fair value of the interest-rate swaps designated as fair-value hedges that would have resulted from a hypothetical 50 basis point increase in the spot yield at June 30, 2004 is estimated to be $7 million in the counterparties' favor. If the derivative instrument had been terminated at June 30, 2004, this estimated fair value represents the amount ComEd would pay the counterparties.

In April 2004, ComEd settled certain interest-rate swaps designated as fair-value hedges in the aggregate amount of $485 million for total proceeds of approximately $32 million, which included the $26 million settlement amount and $6 million of accrued interest. The $26 million settlement amount will be amortized as a reduction to interest expense over the remaining life of the related debt.

PECO

In March 2004, PECO entered into a forward-starting interest rate swap in the aggregate amount of $75 million to lock in interest rate levels in anticipation of a future financing. The debt issuance that this swap was hedging was considered probable in March 2004 and closed in April 2004; therefore, PECO accounted for this interest-rate swap transaction as a hedge. In April 2004, PECO settled this interest-rate swap designated as a cash-flow hedge for net proceeds of approximately $5 million. The proceeds were recorded in other comprehensive income and are being amortized over the life of the debt issuance.

Generation

Generation uses a combination of fixed-rate and variable-rate debt to reduce interest rate exposure. Generation also uses interest-rate swaps when deemed appropriate to adjust exposure based upon market conditions. These strategies are employed to achieve a lower cost of capital. As of June 30, 2004, a hypothetical 10% increase in the interest rates associated with variable- rate debt would not have a material impact on Generation's pre-tax earnings.

Equity Price Risk

Generation

Generation maintains trust funds, as required by the Nuclear Regulatory Commission, to fund certain costs of decommissioning its nuclear plants. As of June 30, 2004, decommissioning trust funds are reflected at fair value on Generation's Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate for inflationary increases in decommissioning costs. However, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's nuclear decommissioning trust fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $308 million reduction in the fair value of the trust assets.

Item 4. Controls and Procedures

During the second quarter of 2004, each registrant’s management, including its principal executive officer and principal financial officer, evaluated that registrant’s disclosure controls and procedures related to the recording, processing, summarization and reporting of information in that registrant’s periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each registrant to ensure that (a) material information relating to that registrant, including its consolidated subsidiaries, is made known to that registrant’s management, including its principal executive officer and principal financial officer, by other employees of that registrant and its subsidiaries, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC’s rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people. Each registrant’s controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met. A registrant’s access and ability to apply its disclosure controls and procedures to unconsolidated entities and entities that are consolidated under FIN No. 46-R may be more limited than is the case for majority-owned subsidiaries.

Accordingly, as of June 30, 2004, the principal executive officer and principal financial officer of each registrant concluded that such registrant’s disclosure controls and procedures were effective to accomplish their objectives. Each registrant continually strives to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

ComEd

See “Retail Rate Law” within the litigation section of Note 15 of the Combined Notes to Consolidated Financial Statements for a discussion of legal proceeding developments.

Generation

See “Raytheon and Mitsubishi Litigation” and “Oyster Creek” within the litigation section of Note 15 of the Combined Notes to Consolidated Financial Statements for a discussion of legal proceeding developments.

Item 2. Changes in Securities and Use of Proceeds

(e) *Exelon*

The attached table gives information on a monthly basis regarding purchases made by Exelon of its common stock. All share and per-share amounts included in the table below have been adjusted to reflect the stock split.

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs(b)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 — January 31, 2004	157,785	$32.57	—	—
February 1 — February 29, 2004	14,491	33.36	—	—
March 1 — March 31, 2004	18,657	33.92	—	—
April 1 — April 30, 2004	—	—	—	(a)
May 1 — May 31, 2004	1,809,817	31.87	1,809,000	(a)
June 1 — June 30, 2004	523,966	33.05	518,100	(a)
Total	2,524,716	32.18	2,327,100	(a)

(a) Shares other than those purchased as a part of a publicly announced plan primarily represent restricted shares surrendered by employees to satisfy tax obligations arising upon the vesting of restricted shares.

(b) In April 2004, Exelon’s Board of Directors approved a discretionary share repurchase program that allows Exelon to repurchase shares of its common stock on a periodic basis in the open market. The share repurchase program is intended to mitigate, in part, the dilutive effect of shares issued under Exelon’s employee stock option plan and Exelon’s Employee Stock Purchase Plan (ESPP). The aggregate shares of common stock repurchased pursuant to the program cannot exceed the economic benefit received after January 1, 2004 due to stock option exercises and share purchases pursuant to Exelon’s ESPP. The economic benefit consists of direct cash proceeds from purchases of stock and tax benefits associated with exercises of stock options. The share repurchase program has no specified limit and no specified termination date.

Item 4. Submission of Matters to a Vote of Security Holders

Exelon

Exelon held its 2004 Annual Meeting of Shareholders on April 27, 2004.

Proposal 1 was the election of four Class I directors to serve three-year terms expiring in 2007. The following directors were elected:

	Votes For	Votes Withheld
Nicholas DeBenedictis	259,939,186	10,816,919
G. Fred DiBona, Jr.	264,314,416	6,441,689
Sue L. Gin	262,458,220	8,297,885
Edgar D. Jannotta	265,237,110	5,518,995

Proposal 2 was the ratification of PricewaterhouseCoopers LLP as independent accountants for Exelon and its subsidiaries for 2004. The shareholders approved the proposal with 262,663,675 votes cast for, 784,220 votes cast against and 2,308,210 votes abstaining.

Proposal 3 was the approval of the Exelon Corporation Annual Incentive Plan (the Plan) for Senior Executives effective January 1, 2004, as described in the proxy statement. The shareholders approved the Plan with 246,985,526 votes cast for, 18,996,405 votes cast against and 4,804,174 votes abstaining.

PECO

PECO held its 2004 Annual Meeting of Shareholders on May 27, 2004. At the PECO annual meeting, the only proposal was the election of two Class III directors to serve three-year terms expiring in 2007. Denis P. O'Brien and Robert S. Shapard were elected with 170,478,507 votes cast for each director, no votes cast against and no votes abstaining.

Item 5. Other Information

(a) *ComEd, PECO and Generation*

Regulatory Issues (ComEd)

See Note 7 of the Combined Notes to Consolidated Financial Statements and ComEd's "Management's Discuss and Analysis of Financial Condition and Results of Operations — Executive Overview" for a discussion of regulatory developments.

Labor Relations (PECO)

As previously reported in the 2003 Form 10-K, on August 15, 2002, the International Brotherhood of Electrical Workers (IBEW) filed a petition with the National Labor Relations Board (NLRB) to conduct a unionization vote of certain of PECO's employees. On May 21, 2003, the PECO union election was held and a majority of PECO workers voted against union representation. The results of the election were not certified due to pending challenges and objections. On March 22, 2004, the IBEW withdrew its objections to the May 21, 2003 election, and asked the NLRB to allow for a new election at PECO. On April 22, 2004, the NLRB granted IBEW's request. A new election was held on July 21, 2004, and a majority of PECO employees eligible to vote voted in favor of representation by the IBEW. The NLRB will certify the election on July 29, 2004.

Jointly Owned Electric Utility Plant (Generation)

On January 28, 2004, the NRC issued a letter requesting PSE&G to conduct a review of its Salem facility, of which Generation owns 42.59%, to assess the workplace environment for raising and addressing safety issues. PSE&G responded to the letter on February 28, 2004, and had independent assessments of the work environment at the facility performed. Assessment results were provided to the NRC in May. The assessments concluded that Salem was safe for continued operation, but also identified issues that need to be addressed. At an NRC public meeting on June 16, 2004, PSE&G outlined its action plans to address these issues, which focus on safety conscious work environment, the corrective action program, and work management. A letter documenting these plans and commitments was sent to the NRC on June 25, 2004.

In June 2001, the NJDEP issued a renewed NPDES permit for Salem, expiring in July 2006, allowing for the continued operation of Salem with its existing cooling water system. An application for renewal of that permit, including a demonstration of compliance with the requirements of the recently published FWPCA Section 316(b) regulations, must be submitted to NJDEP by February 2, 2006 unless the agency grants additional time to collect information to comply with the new regulations. NJDEP advised PSE&G in a letter dated July 12, 2004 that it strongly recommends reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSE&G has not made a determination regarding how it will demonstrate compliance with the Section 316(b) regulations. If application of the Section 316(b) regulations require the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, the retrofit would result in material costs of compliance to the owners of the facility.

(b) *Exelon, ComEd, PECO and Generation*

None.

Item 6. ***Exhibits and Reports on Form 8-K***

(a) *Exhibits:*

3-1	—	Amendment to Articles of Incorporation for Exelon Corporation effective as of April 19, 2004.
10-1	—	Amended and Restated Power Purchase Agreement between Exelon Generation Company, LLC and Commonwealth Edison Company as of April 30, 2004.
10-2	—	$1,000,000,000 Five Year Credit Agreement dated as of July 16, 2004 among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC as Borrowers and Various Financial Institutions as Lenders.
10-3	—	First Amendment dated as of July 16, 2004 to Three Year Credit Agreement dated as of October 31, 2003 among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Exelon Generation Company, LLC, various financial institutions and Bank One, NA, as administrative agent.

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 filed by the following officers for the following companies:

31-1	—	Filed by John W. Rowe for Exelon Corporation
31-2	—	Filed by Robert S. Shapard for Exelon Corporation
31-3	—	Filed by John L. Skolds for Commonwealth Edison Company
31-4	—	Filed by J. Barry Mitchell for Commonwealth Edison Company
31-5	—	Filed by John L. Skolds for PECO Energy Company
31-6	—	Filed by J. Barry Mitchell for PECO Energy Company
31-7	—	Filed by Oliver D. Kingsley Jr. for Exelon Generation Company, LLC
31-8	—	Filed by J. Barry Mitchell for Exelon Generation Company, LLC

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 filed by the following officers for the following companies:

32-1	—	Filed by John W. Rowe for Exelon Corporation
32-2	—	Filed by Robert S. Shapard for Exelon Corporation
32-3	—	Filed by John L. Skolds for Commonwealth Edison Company
32-4	—	Filed by J. Barry Mitchell for Commonwealth Edison Company
32-5	—	Filed by John L. Skolds for PECO Energy Company
32-6	—	Filed by J. Barry Mitchell for PECO Energy Company
32-7	—	Filed by Oliver D. Kingsley Jr. for Exelon Generation Company, LLC
32-8	—	Filed by J. Barry Mitchell for Exelon Generation Company, LLC

(b) *Reports on Form 8-K:*

Exelon, ComEd, PECO and/or Generation filed Current Reports on Form 8-K during the three months ended June 30, 2004 regarding the following items:

Date of Earliest Event Reported	Description of Item Reported
April 8, 2004	"ITEM 5. OTHER EVENTS" filed for Exelon announcing the record and distribution dates for the previously announced 2-for-1 stock split.
April 16, 2004	"ITEM 5. OTHER EVENTS" and "ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS" filed for PECO regarding an Underwriting Agreement entered into due to the issuance of First and Refunding Mortgage Bonds.
April 27, 2004	"ITEM 5. OTHER EVENTS" filed for Exelon announcing the declaration of a quarterly dividend and an equity plan share repurchase program.
May 10, 2004	"ITEM 5. OTHER EVENTS" filed for Exelon and Generation regarding the FERC's authorization of the transfer of ownership of BG to the lenders' special purpose entity.
May 25, 2004	"ITEM 5. OTHER EVENTS" filed for Exelon and Generation regarding the completion of the transfer of ownership of Boston Generating to the lenders' special purpose entity.
May 25, 2004	"ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS" AND "ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS" filed for Exelon and Generation including pro forma financial information related to the transfer of ownership of Boston Generating.

SIGNATURES

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

EXELON CORPORATION

/s/ JOHN W. ROWE John W. Rowe	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ ROBERT S. SHAPARD Robert S. Shapard	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ MATTHEW F. HILZINGER Matthew F. Hilzinger	Vice President and Corporate Controller (Principal Accounting Officer)

July 28, 2004

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

COMMONWEALTH EDISON COMPANY

/s/ JOHN L. SKOLDS John L. Skolds	President, Exelon Energy Delivery (Principal Executive Officer)
/s/ J. BARRY MITCHELL J. Barry Mitchell	Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ MATTHEW F. HILZINGER Matthew F. Hilzinger	Vice President and Corporate Controller, Exelon (Principal Accounting Officer)
/s/ FRANK M. CLARK Frank M. Clark	President, ComEd

July 28, 2004

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

PECO ENERGY COMPANY

/s/ JOHN L. SKOLDS John L. Skolds	President, Exelon Energy Delivery (Principal Executive Officer)
/s/ J. BARRY MITCHELL J. Barry Mitchell	Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ MATTHEW F. HILZINGER Matthew F. Hilzinger	Vice President and Corporate Controller, Exelon (Principal Accounting Officer)
/s/ DENIS P. O'BRIEN Denis P. O'Brien	President, PECO

July 28, 2004

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

EXELON GENERATION COMPANY, LLC

/s/ OLIVER D. KINGSLEY JR. Oliver D. Kingsley Jr.	Chief Executive Officer and President (Principal Executive Officer)
/s/ J. BARRY MITCHELL J. Barry Mitchell	Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ JON D. VEURINK Jon D. Veurink	Vice President and Controller (Principal Accounting Officer)

July 28, 2004

Exhibit 3-1

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
Articles of Amendment-Domestic Corporation
(15 Pa.C.S.)

Entity Number
2859390

X Business Corporation (§ 1915)
___Nonprofit Corporation (§ 5915)

Name
Edmond J. Ghisu, Esquire

Address
1735 Market Street, 51st Floor

City	State	Zip Code
Philadelphia	PA	19103

Document will be returned to the name and address you enter to the left.
Ü

Fee: $70

Filed in the Department of State on ____________________

Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of amendment), the undersigned, desiring to amend its articles, hereby states that:

1. The name of the corporation is:
EXELON CORPORATION

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
2301 Market Street	Philadelphia	PA	19103	Philadelphia

(b) Name of Commercial Registered Office Provider	County
c/o	

3. The statute by or under which it was incorporated: Pennsylvania Business Corporation Law of 1988

4. The date of its incorporation: February 4, 1999

5. *Check, and if appropriate complete, one of the following*:

___ The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

X The amendment shall be effective on: April 19, 2004 (Date) at 12:00 a.m. (Hour)

DSCB:15-1915/5915-2

6. *Check one of the following*:

___ The amendment was adopted by the shareholders or members pursuant to 15 Pa.C.S. § 1914(a) and (b) or § 5914(a).

X The amendment was adopted by the board of directors pursuant to 15 Pa. C.S. § 1914(c) or § 5914(b).

7. *Check, and if appropriate, complete one of the following:*

___ The amendment adopted by the corporation, set forth in full, is as follows

X The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

8. *Check if the amendment restates the Articles:*

___ The restated Articles of Incorporation supersede the original articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 15th day of April, 2004.

EXELON CORPORATION

Name of Corporation

/s/ J. Barry Mitchell

Signature

Senior Vice President and Treasurer

Title

EXHIBIT A

RESOLVED, that in connection with effectuating a 2-for-1 Stock Split in the form of a stock dividend the Board of Directors hereby determines that the number of authorized shares of Common Stock that the Corporation may issue shall be increased from 600,000,000 shares to 1,200,000,000 shares and that the first sentence of Article IV of the Amended and Restated Articles of Incorporation of the Corporation (the "Existing Articles") shall be amended and restated to read as follows:

> "The aggregate number of shares which the Corporation shall have authority to issue is 1,300,000,000 shares, divided into 1,200,000,000 shares of Common Stock, without par value (hereinafter called the "Common Stock"), and 100,000,000 shares of Preferred Stock, without par value (hereinafter called the "Preferred Stock")."

Exhibit 10-1

AMENDED AND RESTATED POWER PURCHASE AGREEMENT

As Amended and Restated as of April 30, 2004

Between

Exelon Generation Company, LLC

and

Commonwealth Edison Company

Table of Contents

APPENDIX:

AMENDED AND RESTATED POWER PURCHASE AGREEMENT

THIS AMENDED AND RESTATED POWER PURCHASE AGREEMENT (this "***Agreement***") is entered into this 30th day of April, 2004 and will be effective as of the Effective Date, as defined herein, between EXELON GENERATION COMPANY, LLC, a Pennsylvania limited liability company ("***ExGen***"), and COMMONWEALTH EDISON COMPANY, an Illinois corporation ("***ComEd***"), amends and restates the Power Purchase Agreement dated January 1, 2001 ("***Initial Agreement***") and amends and restates and incorporates herein provisions of the Ancillary and Other Control Area Services Resource Purchase Agreement entered into on or about January 1, 2001 ("***Ancillary Agreement***");

W I T N E S S E T H:

WHEREAS, ComEd desires to receive and purchase, and ExGen desires to deliver and sell, electric energy, capacity and ancillary services as necessary to meet ComEd's requirements to serve its retail and wholesale customers as provided for under the terms and conditions set forth herein; and

WHEREAS, ComEd intends to become a member of PJM, to transfer functional control of its transmission system to PJM and to participate in the PJM Interchange Energy Market and certain other PJM markets; and

WHEREAS, the parties desire to amend and restate the Initial Agreement and the Ancillary Agreement to establish pricing, terms and conditions for the purchase and sale of electric energy and related capacity and ancillary services in 2005 and 2006 and to comply with the requirements of PJM.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Definitions and Interpretation

(a) Definitions. As used in this Agreement, (i) the terms set forth below in this Section 1(a) shall have the respective meanings so set forth and (ii) the terms defined elsewhere in this Agreement shall have the meanings therein so specified.

"***Ancillary Services***" has the meaning specified in the PJM OATT.

"***Bankruptcy***" means any case, action or proceeding under any bankruptcy, reorganization, debt arrangement, insolvency or receivership law or any dissolution or liquidation proceeding commenced by or against a Person and, if such case, action or proceeding is not commenced by such Person, such case or proceeding shall be consented to or acquiesced in by such Person or shall result in an order for relief or shall remain undismissed for 90 days.

"***Black Start Service***" has the meaning specified in the PJM OATT.

"***Business Day***" means each weekday (Monday through Friday), excluding NERC defined holidays.

"***Capacity***" means Capacity Credits or Capacity Resources or a combination thereof.

"***Capacity Credits***" has the meaning specified in the Reliability Assurance Agreement.

"***Capacity Resources***" has the meaning specified in the Reliability Assurance Agreement.

"***Change of Law***" means the adoption, promulgation, modification or reinterpretation by a Governmental Authority of any law, rule, regulation, ordinance, order or other Requirement of Law that occurs subsequent to the date of execution of this Agreement.

"***ComEd Event of Default***" has the meaning specified in Section 11(b).

"***Concluding Term***" means the period from January 1, 2005 through December 31, 2006.

"***CPT***" means Central Prevailing Time.

"***Day 2***" means the moment at which the ComEd control area is integrated into the PJM Interchange Energy Market.

"***Default Rate***" means (i) the "Prime Rate" as published from time to time in the "Money Rates" section of *The Wall Street Journal* plus (ii) 1.0% (100 basis points) per annum.

"***Delivery Point***" means the "ComEd Zone" as defined by PJM.

"***Effective Date***" means the date on which Day 2 occurs.

"***Electric Energy***" means three-phase, sixty-cycle alternating current electric energy, expressed in megawatt hours.

"***Electric Energy Prices***" has the meaning specified in Appendix A.

"***ExGen Event of Default***" has the meaning specified in Section 11(a).

"***FERC***" means the Federal Energy Regulatory Commission.

"***FTRs***" means Fixed Transmission Rights as defined by PJM, or any product that either replaces FTRs or is in addition to FTRs, used to mitigate congestion risk.

"***Governmental Authority***" means any foreign, federal, state, local or other governmental authority or regulatory agency, commission, department, or other governmental subdivision, court, tribunal or body.

"***HEP***" means ComEd's retail Rate HEP, Hourly Energy Pricing, as on file with the Illinois Commerce Commission.

"***ICC***" means the Illinois Commerce Commission.

"***Initial Term***" means the period from the Effective Date through December 31, 2004.

"***MEP***" means ComEd's retail Rate MEP, Monthly Energy Pricing, as may be on file with the Illinois Commerce Commission.

"***MVEC***" means Market Value Energy Charges as determined in accordance with ComEd's Rate CTC-Customer Transition Charge, Rider CTC-MY-Customer Transition Charge Multi-Year and Rider PPO-Power Purchase Option (Market Index) as on file or as may be filed with the Illinois Commerce Commission.

"***NERC***" means the North American Electric Reliability Council, its successor or the Regional Reliability Council of NERC to which ComEd is a member.

"***Network Transmission Service***" means Network Integration Transmission Service, or any successor service, as defined by the PJM OATT or any successor tariff under which service is provided over the ComEd transmission system.

"***Off-Peak Period***" means any time that is not an On-Peak Period or a Partial-Peak Period.

"***On-Peak Period***" means, with respect to each Business Day, the time from Hour Ending 0700 CPT through Hour Ending 2200 CPT.

"***Partial-Peak Period***" means, with respect to each day that is not a Business Day, the time from Hour Ending 0700 CPT through Hour Ending 2200 CPT.

"***Party***" shall mean each, and "***Parties***" shall mean all, of ExGen and its successors and permitted assigns and ComEd and its successors and permitted assigns.

"***Person***" means any natural person, corporation, partnership, firm, association, trust, unincorporated organization, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity.

"***PJM***" means PJM Interconnection L.L.C., a Delaware limited liability company.

"***PJM OATT***" means the PJM Open Access Transmission Tariff, or its successor.

"***Prudent Utility Practices***" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the United States of America during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. "***Prudent Utility Practices***" is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the electric utility industry in the United States of America.

"***Reliability Assurance Agreement***" means the PJM Reliability Assurance Agreement applicable to ComEd.

"***Requirement of Law***" means any foreign, federal, state and local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any federal, state, local or other governmental authority or regulatory body (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements) or an applicable tariff filed with any federal, state, local or other governmental authority or regulatory body.

"***Taxes***" means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, withholding, payroll, employment, excise, property, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.

"***Term***" has the meaning specified in Section 2.

(b) Interpretation. In this Agreement, unless a clear contrary intention appears: (i) the singular includes the plural and vice versa; (ii) reference to any Person includes such Person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any gender includes each other gender; (iv) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (v) reference to any Requirement of Law means such Requirement of Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (vi) reference to any Section means such Section of this Agreement, and references in any Section or definition to any clause means such clause of such Section or definition; (vii) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof; (viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (ix) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

(c) Titles and Headings. Section and Appendix titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

2. Term

(a) Term. This Agreement shall have a term (the "Term") commencing on the Effective Date and ending on December 31, 2006, unless terminated earlier as provided in Section 11(c).

(b) Provisions Surviving Termination. The provisions of Sections 7(d) (Records; Inspection), 9 (Limitation of Liability), 11 (Default, Termination and Remedies), 13 (Indemnification) and 15 (Disagreements) shall survive any termination of this Agreement.

(c) Pricing Term. The Parties agree that the pricing herein shall not set a binding precedent for the prices established with respect to any power and energy services procured by ComEd to meet its retail and wholesale load serving obligations after 2006, nor shall this Agreement bind the Parties to transact for similar arrangements with each other subsequent to 2006.

3. Product

For the Term, ExGen shall provide to ComEd, and ComEd shall purchase from ExGen, Electric Energy, Capacity, Ancillary Services and Black Start Service as provided for herein. The Parties agree that ExGen will only be excused from its obligations to provide such products to ComEd if so directed by PJM, or the system operator equivalent, or any authorized Governmental Authority due to system emergencies.

(a) Electric Energy. ExGen will sell and deliver at the Delivery Point, and ComEd will accept and purchase, an amount of Electric Energy as required for ComEd to fulfill its obligation to provide Electric Energy to its retail and wholesale customers (after taking into account deliveries from other Persons of Electric Energy that ComEd is required to accept under any Requirement of Law).

(b) Capacity. ExGen will sell and make available, and ComEd will accept and purchase, the amount of Capacity necessary for ComEd to fulfill its Capacity obligation as defined by PJM to meet its retail and wholesale load obligations (after taking into account deliveries from other Persons of Capacity that ComEd is required to accept under any Requirement of Law).

(c) Ancillary Services. ComEd will purchase directly from PJM all Ancillary Services determined by PJM to be necessary in order for ComEd to meet its retail and wholesale load obligations, unless otherwise directed by ExGen, which retains the right to cause ComEd to purchase such services, in whole or in part, from ExGen or any other third party, including PJM.

(d) Black Start Service. ComEd will purchase directly from PJM all Black Start Service determined by PJM to be necessary in order for ComEd to meet its retail and wholesale load obligations, unless otherwise directed by ExGen, which retains the right to cause ComEd to purchase such services, in whole or in part, from ExGen or any other third party, including PJM.

(e) Procurement. ExGen will fulfill its obligations to ComEd under this Agreement through a supply portfolio that includes, but will not be limited to, owned, contracted and market resources. ExGen, at its own discretion, will determine the composition of this supply portfolio.

4. Transmission

(a) Network Transmission Service Procurement. ComEd shall procure any Network Transmission Service required to fulfill its retail and wholesale load obligations.

(b) Fixed Transmission Rights. ComEd will assign to ExGen, in accordance with PJM procedures, any FTRs obtained by ComEd, including but not limited to, FTRs obtained as a result of ComEd’s retail and wholesale obligations, ComEd’s Network Transmission Service position and ExGen’s Capacity Resources. If FTRs are not assignable, ExGen will act as ComEd’s agent regarding the disposition of FTRs. In either case, ExGen will manage the designation and the use of these FTRs for ComEd. ExGen will receive all the financial benefits and pay all the associated costs, including the distribution of excess transmission congestion charges, associated with the ownership of these FTRs.

5. Operating Procedures

ComEd and ExGen will jointly develop operating procedures and processes ("Operating Procedures") that will cover the protocol under which the Parties will perform their respective obligations under this Agreement. Such procedures and processes will include, but will not be limited to: (1) forecasting and scheduling, (2) utilization of ComEd's curtailable load resources, (3) network resource designation, (4) billing, (5) procedures for bidding in generation and load into PJM and (6) mutual support for providing information as may be required to PJM, NERC or any Governmental Authority, as required or considered necessary by ExGen or ComEd.

6. Deliveries and Title

ExGen shall deliver Electric Energy, and other products where applicable, to ComEd and title to such Electric Energy and other products shall pass to ComEd at the Delivery Point.

7. Billing

(a) Invoices.

(i) Within ten days after the end of each calendar month, ExGen shall render an invoice to ComEd setting forth (a) all amounts due to ExGen pursuant to this Agreement for the immediately preceding calendar month and all amounts remaining unpaid from previous calendar months and (b) the amount, if any, by which the amount set forth pursuant to clause (a) has been reduced as a result of an offset calculated in accordance with Section 7(c). Failure by ExGen to render an invoice within such ten-day period shall not preclude ExGen from subsequently rendering an invoice for the relevant calendar month.

(ii) ComEd shall pay any balance set forth in any such invoice by wire transfer of immediately available funds to the account specified in the invoice within ten days after receipt of the invoice, subject to the provisions of Section 7(b).

(b) Disputes. Within ten days after receiving an invoice pursuant to Section 7(a), ComEd may by written notice to ExGen dispute, in good faith, any amount set forth in such invoice, *provided* that ComEd shall pay all undisputed amounts in accordance with Section 7(a)(ii). If the dispute relates to any charge payable by ComEd to ExGen hereunder, and such dispute its not resolved by the Parties within five days of the receipt of written notice by ExGen, then the dispute shall be resolved as provided in Section 15. If the dispute (or any portion thereof) is resolved against ComEd, ComEd shall within three days of the date of such resolution pay to ExGen amounts corresponding to such portion of the dispute which has been resolved against ComEd plus interest on such amounts from the date payable pursuant to Section 7(a) through the date paid at the Default Rate.

(c) Offsetting Charges. Each Party shall have the right to set-off against amounts payable to the other Party (i) any amounts paid by such Party for, or on behalf of, such other Party, (ii) any amounts due such Party from such other Party, whether under this Agreement or otherwise, and (iii) any overpayment by such Party to such other Party which is either undisputed by such other Party or which has been determined to constitute an overpayment in accordance with Section 7(b).

(d) Records; Inspection.

(i) Each Party shall keep and maintain all records as may be necessary or useful in performing or verifying any calculations or charges made pursuant to this Agreement, or in verifying such Party's performance hereunder. All such records shall be retained by each Party for at least three calendar years following the calendar year in which such records were created. Each Party shall make such records available to the other Party for inspection and copying at the other Party's expense, upon reasonable notice during such Party's regular business hours. Each Party and its agents, including auditors, shall have the right, upon thirty days written notice prior to the end of an applicable three calendar year period to request copies of such records. Each Party shall provide such copies, at the other Party's expense, within thirty days of receipt of such notice or shall make such records available to the other Party and its agents, including auditors, in accordance with the foregoing provisions of this Section.

(ii) Each Party (and its representative(s)) shall have the right, at its sole expense, upon reasonable notice and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation relating to charges under this Agreement.

8. Compensation

(a) Energy

(i) During the Initial Term for Electric Energy sold to ComEd under this Agreement for Peak, Partial-Peak and Off-Peak Periods, ComEd shall pay ExGen in each month an amount equal to the product of the number of megawatt-hours delivered to ComEd during each such period multiplied by the respective price per megawatt hour for each such period in the applicable calendar month as shown in Appendix A.

(ii) In respect of each calendar month during the Concluding Term, ComEd shall pay ExGen for Electric Energy sold to ComEd under this Agreement to meet ComEd's obligations to serve its retail and wholesale customers, except for such customers taking service under the retail Rates HEP or MEP, an amount established consistent with "the through the transition period" Multi-Year MVECs established on or about April 1, 2003 for 2005 and 2006, including all adders in accordance with Rider CTC-MY-Customer Transition Charge-Multi-Year, as on file with the ICC. The price will reflect delivery at the Delivery Point. Initially determined prices are shown in Appendixes B and C. Prices may be further adjusted to ensure consistency between the prices herein and the MVEC prices in the event such MVEC prices are further adjusted to reflect requirements imposed by PJM or as part of FERC's standard market design that result in costs or credits not represented in the MVEC methodology. Such MVEC prices shall be the basis to set monthly On-Peak, Partial-Peak and Off-Peak Energy Prices for the Concluding Term in this Agreement. For Electric Energy required to serve ComEd customers taking service under Rates HEP and MEP or their successor tariffs during the Concluding Term, Electric Energy prices equal to the energy prices found in those tariffs, including any administrative adders, adjusted as necessary for receipt at the Delivery Point, shall apply.

(b) Capacity

(i) The charges for Capacity provided by ExGen to ComEd during the Initial Term are contained within the Electric Energy Prices in Appendix A.

(ii) ComEd shall pay ExGen a price for Capacity during the Concluding Term equal to the 2005 and 2006 price for Capacity as reflected in the capacity adjustments made to the through the transition period multi-year MVEC established on or about April 1, 2003.

(c) Ancillary Services.

(i) Charges for Ancillary Services provided by ExGen, excluding Black Start Service, to ComEd during the Initial Term are contained within the Electric Energy Prices in Appendix A.

(ii) For Ancillary Services provided to ComEd directly from ExGen during the Concluding Term, ComEd shall pay ExGen for such Ancillary Services at the price as determined by PJM, whether such charges are based on tariff or market rates.

(d) Black Start Service.

(i) Notwithstanding ComEd's limited authority to purchase Black Start Service directly from PJM pursuant to Section 3(d) herein, ComEd shall pay to ExGen $35,976.67 monthly for Black Start Service during the Initial Term. ExGen shall reimburse ComEd for Black Start Service payments made directly to PJM and ComEd shall receive such reimbursements as an adjustment to ExGen's invoices in accordance with Section 8(e)(i).

(ii) For Black Start Service provided to ComEd directly from ExGen during the Concluding Term, ComEd shall pay ExGen the price as determined by PJM, whether such charges are based on tariff or market rates.

(e) PJM Invoices

(i) During the Initial Term, ComEd shall be responsible for amounts invoiced directly by PJM to ComEd. In the event ComEd’s invoice from PJM includes charges or credits for services or products that are related to ComEd’s Capacity, Electric Energy, Ancillary Service or Black Start Service consumption from or supply to PJM (e.g., Congestion, Spot Market Energy, Capacity Credit Market, and Reconciliation), ComEd shall pay such charges and receive such credits. ExGen’s invoice to ComEd shall include adjustments to reflect ComEd’s payment or receipt of such charges and credits.

(ii) During the Concluding Term, ComEd shall be responsible for amounts invoiced from PJM directly to ComEd. In the event ComEd’s invoice from PJM includes charges or credits for services or products that are related to ComEd’s Capacity and Electric Energy consumption from or supply to PJM (e.g., Congestion, Spot Market Energy, Capacity Credit Market, and Reconciliation), ComEd shall pay such charges and receive such credits. ExGen’s invoice to ComEd shall include adjustments to reflect ComEd’s payment and receipt of such charges or credits.

(f) Decommissioning Costs. The prices set forth in this Section 8 do not include any recovery of Illinois jurisdictional decommissioning costs.

9. Limitation of Liability

In no event or under any circumstances shall either Party (including such Party’s affiliates and such Party’s and such affiliates’ respective directors, officers, employees and agents) be liable to the other Party (including such Party’s affiliates and such Party’s and such affiliate’s respective directors, officers, employees and agents) for any special, incidental, exemplary, indirect, punitive or consequential damages or damages in the nature of lost profits, whether such loss is based on contract, warranty or tort (including intentional acts, errors or omissions, negligence, indemnity, strict liability or otherwise). A Party’s liability under this Agreement shall be limited to direct, actual damages, and all other damages at law or in equity are waived.

10. Assignment

Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, a Party shall have the right to assign its rights and obligations hereunder without the consent of the other Party to any affiliate of such Party.

11. Default; Termination and Remedies.

(a) ExGen's Default. The occurrence and continuation of any of the following events or circumstances at any time during the Term, except to the extent caused by, or resulting from, an act or omission of ComEd in breach of this Agreement, shall constitute an event of default by ExGen ("***ExGen Event of Default***"):

(i) ExGen fails to pay any sum due from it hereunder on the due date thereof and such failure is not remedied within 10 Business Days after receipt of written notice thereof from ComEd;

(ii) ExGen's Bankruptcy; or

(iii) ExGen fails in any material respect to perform or comply with any other obligation in this Agreement on its part to be observed or performed which failure materially and adversely affects ComEd, and if reasonably capable of remedy, is not remedied within 60 days after ComEd has given written notice to ExGen of such failure and requiring its remedy; *provided*, *however*, that if such remedy cannot reasonably be cured within such period of 60 days, such failure shall not constitute a ExGen Event of Default if ExGen has promptly commenced and is diligently proceeding to cure such default.

(b) ComEd's Default. The occurrence and continuation of any of the following events or circumstances at any time during the Term, except to the extent caused by, or resulting from, an act or omission of ExGen in breach of this Agreement, shall constitute an event of default by ComEd ("***ComEd Event of Default***"):

(i) ComEd fails to pay any amount due from it pursuant to Section 9 hereof on the due date thereof and such failure is not remedied within 10 Business Days after receipt of written notice thereof from ExGen;

(ii) ComEd's Bankruptcy; or

(iii) ComEd fails in any material respect to perform or comply with any other obligation in this Agreement on its part to be observed or performed which failure materially and adversely affects ExGen, and if reasonably capable of remedy, is not remedied within 60 days after ExGen has given written notice to ComEd of such failure and requiring its remedy; *provided*, *however*, that if such remedy cannot reasonably be cured within such period of 60 days, such failure shall not constitute a ComEd Event of Default if ComEd has promptly commenced and is diligently proceeding to cure such default.

(c) Remedies and Remedies Cumulative. Upon the occurrence and during the continuation of a ExGen Event of Default, ComEd may at its discretion (i) terminate this Agreement upon 30 days prior written notice to ExGen and (ii) exercise any other rights and remedies available to it at law or in equity. Upon the occurrence and during the continuation of a ComEd Event of Default, ExGen may seek money damages from ComEd but may not terminate this Agreement

12. Representations and Warranties

(a) Representations and Warranties of ExGen. ExGen hereby makes the following representations and warranties to ComEd:

(i) ExGen is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(ii) The execution, delivery and performance by ExGen of this Agreement have been duly authorized by all necessary corporate action.

(iii) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Agreement, do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any legal requirements, or any organizational documents, agreement, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which ExGen is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing.

(iv) This Agreement constitutes the legal, valid and binding obligation of ExGen enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors’ rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(v) There is no pending, or to the knowledge of ExGen, threatened action or proceeding affecting ExGen before any Governmental Authority, which purports to affect the legality, validity or enforceability of this Agreement.

(vi) ExGen has all necessary approvals from Governmental Authorities for it to perform its obligations under this Agreement.

(b) Representations and Warranties of ComEd. ComEd hereby makes the following representations and warranties to ExGen:

(i) ComEd is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(ii) The execution, delivery and performance by ComEd of this Agreement have been duly authorized by all necessary corporate action.

(iii) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Agreement do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any legal requirements, or its articles of incorporation or bylaws, or any deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which ComEd is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing.

(iv) This Agreement constitutes the legal, valid and binding obligation of ComEd enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(v) There is no pending, or to the knowledge of ComEd, threatened action or proceeding affecting ComEd before any Governmental Authority, which purports to affect the legality, validity or enforceability of this Agreement.

(vi) ComEd has all necessary approvals from Governmental Authorities for it to perform its obligations under this Agreement.

13. Indemnification

Each Party shall indemnify and hold harmless the other Party, and its officers, directors, agents and employees, from and against any and all claims, demands, actions, losses, liabilities, expenses (including reasonable legal fees and expenses), suits and proceedings of any nature whatsoever for personal injury, death or property damage to each other's property or facilities or personal injury, death or property damage to third parties caused by the negligence or willful misconduct of the indemnifying Party that arise out of or are in any manner connected with the performance of this Agreement, except to the extent such injury or damage is attributable to the negligence or willful misconduct of, or breach of this Agreement by, the Party seeking indemnification hereunder. Title, and all risk relating to, all Electric Energy purchased by ComEd under this Agreement shall pass to ComEd at the applicable Delivery Point. ComEd shall indemnify ExGen for liability from Electric Energy once sold and delivered as set forth in Section 6(a); and ExGen shall indemnify ComEd for liability from Electric Energy prior to its delivery.

14. Notices

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement shall be in writing and shall be sent by facsimile transmission, delivered or sent to the address set forth below or such other address as the receiving Party may from time to time designate by written notice:

If to ComEd, to:

Commonwealth Edison Company
One Financial Place
440 S. LaSalle Street
Suite 3300
Chicago, Illinois 60605
Attention: President
Facsimile No.: (312) 394-5219
Confirmation No.: (312) 394-3735

with a copy to:

Commonwealth Edison Company
One Financial Place
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605
Attention: Vice President, Energy Acquisition
Facsimile: (312) 394-5219
Confirmation: (312) 394-3735

If to ExGen, to:

Exelon Generation Company, LLC
4300 Winfield Road
Warrenville, Illinois 60555
Attention: Chief Executive Officer and President
Facsimile: (630) 657-4321
Confirmation: (630) 657-3750

with a copy to:

Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348
Attention: President, Exelon Power Team
Facsimile: (610) 765-6633
Confirmation: (610) 765-6600

All notices shall be effective when received.

15. Disagreements

(a) Administrative Committee Procedure. Except to the extent otherwise provided in Section 7(b), if any disagreement arises on matters concerning this Agreement, the disagreement shall be referred to one representative of each Party, who shall attempt to timely resolve the disagreement. If such representatives can resolve the disagreement, such resolution shall be reported in writing to and shall be binding upon the Parties. If such representatives cannot resolve the disagreement within a reasonable time, or a Party fails to appoint a representative within 10 days of written notice of the existence of a disagreement, then the matter shall proceed to arbitration as provided in Section 15(b).

(b) Arbitration. If pursuant to Section 15(a), the Parties are unable to resolve a disagreement arising on a matter pertaining to this Agreement, such disagreement shall be settled by arbitration in Chicago, Illinois. The arbitration shall be governed by the United States Arbitration Act (9 U.S.C. §1 *et seq.*), and any award issued pursuant to such arbitration may be enforced in any court of competent jurisdiction. This agreement to arbitrate and any other agreement or consent to arbitrate entered into in accordance herewith will be specifically enforceable under the prevailing arbitration law of any court having jurisdiction. Notice of demand for arbitration must be filed in writing with the other Party to this Agreement. Arbitration shall be conducted as follows:

(i) Either Party may give the other Party written notice in sufficient detail of the disagreement and the specific provision of this Agreement under which the disagreement arose. The demand for arbitration must be made within a reasonable time after the disagreement has arisen. In no event may the demand for arbitration be made if the institution of legal or equitable proceedings based on such disagreement is barred by the applicable statute of limitations. Any arbitration related to this Agreement may be consolidated with any other arbitration proceedings related to this Agreement.

(ii) The Parties shall attempt to agree on a person with special knowledge and expertise with respect to the matter at issue to serve as arbitrator. If the Parties cannot agree on an arbitrator within ten days, each shall then appoint one person to serve as an arbitrator and the two thus appointed shall select a third arbitrator with such special knowledge and expertise to serve as Chairman of the panel of arbitrators; and such three arbitrators shall determine all matters by majority vote; *provided*, *however*, if the two arbitrators appointed by the Parties are unable to agree upon the appointment of the third arbitrator within five days after their appointment, both shall give written notice of such failure to agree to the Parties, and, if the Parties fail to agree upon the selection of such third arbitrator within five days thereafter, then either of the Parties upon written notice to the other may require appointment from, and pursuant to the rules of, the Chicago office of the American Arbitration Association for commercial arbitration. Prior to appointment, each arbitrator shall agree to conduct such arbitration in accordance with the terms of this Agreement.

(iii) The Parties shall have sixty days from the appointment of the arbitrator(s) to perform discovery and present evidence and argument to the arbitrator(s). During that period, the arbitrator(s) shall be available to receive and consider all such evidence as is relevant and, within reasonable limits due to the restricted time period, to hear as much argument as is feasible, giving a fair allocation of time to each Party to the arbitration. The arbitrator(s) shall use all reasonable means to expedite discovery and to sanction noncompliance with reasonable discovery requests or any discovery order. The arbitrator(s) shall not consider any evidence or argument not presented during such period and shall not extend such period except by the written consent of both Parties. At the conclusion of such period, the arbitrator(s) shall have forty-five calendar days to reach a determination. To the extent not in conflict with the procedures set forth herein, which shall govern, such arbitration shall be held in accordance with the prevailing rules of the Chicago office of the American Arbitration Association for commercial arbitration.

(iv) The arbitrator(s) shall have the right only to interpret and apply the terms and conditions of this Agreement and to order any remedy allowed by this Agreement, but may not change any term or condition of this Agreement, deprive either Party of any right or remedy expressly provided hereunder, or provide any right or remedy that has been expressly excluded hereunder.

(v) The arbitrator(s) shall give a written decision to the Parties stating their findings of fact and conclusions of law, and shall furnish to each Party a copy thereof signed by him (them) within five calendar days from the date of their determination. The arbitrator's(s') decision shall be final and binding upon the Parties.

(vi) Each Party shall pay the cost of the arbitrator(s) with respect to those issues as to which they do not prevail, as determined by the arbitrator(s).

(c) Obligations to Pay Charges and Perform. If a disagreement should arise on any matter which is not resolved as provided in Section 15(a), then, pending the resolution of the disagreement by arbitration as provided in Section 15(b), ExGen shall continue to provide Electric Energy in a manner consistent with the applicable provisions of this Agreement and ComEd shall continue to pay all charges and perform all other obligations required in accordance with the applicable provisions of this Agreement.

(d) Preliminary Injunctive Relief. Nothing in this Section 16 shall preclude, or be construed to preclude, the resort by either Party to a court of competent jurisdiction solely for the purposes of securing a temporary or preliminary injunction to preserve the status quo or avoid irreparable harm pending arbitration pursuant to this Section 16.

(e) Settlement Discussions. The Parties agree that no statements of position or offers of settlement made in the course of the dispute process described in this Section 16 will be offered into evidence for any purpose in any litigation or arbitration between the Parties, nor will any such statements or offers of settlement be used in any manner against either Party in any such litigation or arbitration. Further, no such statements or offers of settlement shall constitute an admission or waiver of rights by either Party in connection with any such litigation or arbitration. At the request of either Party, any such statements and offers of settlement, and all copies thereof, shall be promptly returned to the Party providing the same.

16. Governing Law

Except as provided in Section 15, this Agreement shall be construed in accordance with, and governed by, the laws of the state of Illinois without regard to its conflicts of laws provisions.

17. No Third Party Beneficiaries

This Agreement is intended to be solely for the benefit of the Parties and their successors and permitted assigns and is not intended to and shall not confer any rights or benefits on any third party not a signatory hereto. The Parties' successors and permitted transferees shall be bound by the provisions of this Agreement.

18. Partial Invalidity

Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable. In the event that such a construction would be unreasonable or would deprive a Party of a material benefit under this Agreement, the Parties shall seek to amend this Agreement to remove the invalid provision and otherwise provide the benefit unless prohibited by any Requirement of Law.

19. Waivers

The failure of either Party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of a Party thereafter to enforce each and every such provision. A waiver under this Agreement must be in writing and state that it is a waiver. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

20. WAIVER OF JURY TRIAL.

The Parties hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based hereon or arising out of, under or in connection with this Agreement or any course of conduct, course of dealing, statements (whether oral or written) or actions of the Parties. This provision is a material inducement for each of the Parties to enter into this Agreement.

21. Amendments

The Parties recognize the difficulty of anticipating and documenting all circumstances or events which may be inconsistent with certain assumptions on which this Agreement is based or which may affect the ability of either or both of the Parties to accomplish the purposes of this Agreement. Upon the occurrence of any such circumstance or event, including but not limited to changes in technology that suggest or require for reasons of cost, reliability or prudence, or a Change of Law that requires, changes to or supplementation of the provisions of this Agreement, representatives of the Parties shall meet to discuss possible amendments to this Agreement and, if necessary to carry out the purposes and intent to this Agreement in light of such circumstance or event, the Parties shall amend, modify or supplement this Agreement. Such amendments, modifications or supplements shall be in writing and signed by an authorized representative of each Party.

22. Entire Agreement and Amendments

This Agreement supersedes all previous representations, understandings, negotiations and agreements either written or oral between the Parties or their representatives with respect to the supply and delivery of Electric Energy and constitutes the entire agreement of the Parties with respect thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth at the beginning of this Agreement.

COMMONWEALTH EDISON COMPANY

By: ______________________________

Name: Arlene A. Juracek
Title: Vice President

EXELON GENERATION COMPANY, LLC

By: ______________________________

Name: Ian McLean
Title: Senior Vice President

APPENDIX A

Prices from Effective Date through December 31, 2004

Electric Energy Prices ($/MWH)

Month	Peak Prices (5x16)	Off-Peak Prices (7x8)	Partial Peak Prices (2x16)
January	$40.00	$17.00	$17.00
February	$35.50	$17.00	$17.00
March	$35.50	$17.00	$17.00
April	$35.50	$17.00	$17.00
May	$35.50	$17.00	$17.00
June	$43.50	$17.00	$17.00
July	$68.00	$17.00	$17.00
August	$68.00	$17.00	$17.00
September	$43.50	$17.00	$17.00
October	$35.50	$17.00	$17.00
November	$35.50	$17.00	$17.00
December	$40.00	$17.00	$17.00

APPENDIX B

Preliminary Prices from January 1, 2005 through December 31, 2005

Electric Energy Prices ($/MWH)

Month	Peak Prices (5x16)	Off-Peak Prices (7x8)	Partial Peak Prices (2x16)
January	$45.15	$23.19	$30.79
February	$44.39	$25.81	$26.66
March	$41.75	$31.45	$37.69
April	$43.77	$22.93	$29.76
May	$47.23	$21.91	$26.41
June	$48.02	$20.85	$32.93
July	$50.67	$24.00	$38.79
August	$49.37	$20.76	$39.27
September	$37.28	$17.87	$30.41
October	$36.80	$20.68	$25.05
November	$38.35	$21.87	$24.86
December	$38.19	$20.77	$27.83

These prices are subject to further adjustment to ensure consistancy between these prices and the MVEC energy prices, and for the addition of capacity charges as may be required.

APPENDIX C

Preliminary Prices from January 1, 2006 through December 31, 2006

Electric Energy Prices ($/MWH)

Month	Peak Prices (5x16)	Off-Peak Prices (7x8)	Partial Peak Prices (2x16)
January	$42.82	$23.40	$31.07
February	$42.09	$26.04	$26.89
March	$37.08	$31.74	$38.04
April	$38.86	$23.13	$30.03
May	$41.88	$22.10	$26.64
June	$42.58	$21.02	$33.23
July	$50.47	$24.21	$39.15
August	$49.18	$20.94	$39.64
September	$33.17	$18.02	$30.69
October	$32.73	$20.85	$25.26
November	$34.11	$22.06	$25.08
December	$33.97	$20.94	$28.08

These prices are subject to further adjustment to ensure consistancy between these prices and the MVEC energy prices, and for the addition of capacity charges as may be required.

Exhibit 10-2

$1,000,000,000

FIVE YEAR CREDIT AGREEMENT

dated as of July 16, 2004

among

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

as Borrowers

VARIOUS FINANCIAL INSTITUTIONS
as Lenders

BANK ONE, NA
as Administrative Agent

CITIBANK, N.A.,

WACHOVIA BANK, NATIONAL ASSOCIATION

and

ABN AMRO BANK, N.V.

as Co-Documentation Agents

and

BARCLAYS BANK PLC

as Syndication Agent

J.P. MORGAN SECURITIES INC.

and

BARCLAYS CAPITAL

Co-Lead Arrangers and Joint Book Runners

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

FIVE YEAR CREDIT AGREEMENT
dated as of July 16, 2004

EXELON CORPORATION, COMMONWEALTH EDISON COMPANY, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC, the banks listed on the signature pages hereof, BANK ONE, NA, as Administrative Agent, CITIBANK, N.A., WACHOVIA BANK, NATIONAL ASSOCIATION and ABN AMRO BANK, N.V., as Co-Documentation Agents, and BARCLAYS BANK PLC, as Syndication Agent, hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Adjusted Funds From Operations" means, for any Borrower for any period, such Borrower's Net Cash Flows From Operating Activities for such period minus such Borrower's Transitional Funding Instrument Revenue for such period plus such Borrower's Net Interest Expense for such period minus, to the extent applicable, the portion (but, if such Borrower or any of its Subsidiaries (other than any Sithe Entity) has made any loans or advances to, or investments in, any Sithe Entity during such period, not less than zero) of such Borrower's Net Cash Flows From Operating Activities attributable to any Sithe Entity.

"Administrative Agent" means Bank One in its capacity as administrative agent for the Lenders pursuant to Article VII, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Section 7.06.

"Administrative Questionnaire" means an administrative questionnaire, substantially in the form supplied by the Administrative Agent, completed by a Lender and furnished to the Administrative Agent in connection with this Agreement.

"Advance" means an advance by a Lender to a Borrower hereunder. An Advance may be a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Agents" means the Administrative Agent, the Co-Documentation Agents and the Syndication Agent; and "Agent" means any one of the foregoing.

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

"Applicable Margin" – see Schedule I.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C.

"Bank One" means Bank One, NA, a national banking association with its main office in Chicago, Illinois, and any successor thereto.

"Base Rate" means, for any period, a fluctuating interest rate per annum which rate per annum shall at all times be equal to the higher of:

(a) the Prime Rate; and

(b) the sum of 0.5% per annum plus the Federal Funds Rate in effect from time to time.

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

"Borrowers" means Exelon, ComEd, PECO and Genco; and "Borrower" means any one of the foregoing.

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

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

"Closing Date" shall mean the date on which all conditions precedent to the initial Credit Extension have been satisfied.

"Code" means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, in each case as amended, reformed or otherwise modified from time to time.

"Co-Documentation Agent" means each of Citibank, N.A., Wachovia Bank, National Association and ABN AMRO Bank, N.V. in its capacity as a co-documentation agent hereunder.

"Co-Lead Arranger" means each of J.P. Morgan Securities Inc. and Barclays Capital in its capacity as a Co-Lead Arranger.

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

"ComEd Mortgage" means the Mortgage, dated July 1, 1923, as amended and supplemented by supplemental indentures, including the Supplemental Indenture, dated August 1, 1944, from ComEd to Harris Trust and Savings Bank and D.G. Donovan, as trustees; provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the definition of "permitted liens" as defined in the ComEd Mortgage as constituted on the date of this Agreement.

"ComEd Sublimit" means $50,000,000, subject to adjustment as provided in Section 2.04(c).

"Commitment" means, for any Lender, such Lender's commitment to make Advances and participate in Facility LCs for the account of each Borrower hereunder.

"Commitment Amount" means, for any Lender at any time, the amount set forth opposite such Lender's name on Schedule II attached hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04.

"Commitment Termination Date" means, with respect to any Borrower, the earlier of (i) July 16, 2009 or (ii) the date of termination of the Commitments to such Borrower pursuant to Section 2.04 or 6.01.

"Commodity Trading Obligations" mean, with respect to any Person, the obligations of such Person under (i) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, commodity forward contract or derivative transaction and any put, call or other agreement, arrangement or transaction, including natural gas, power and emissions forward contracts, or any combination of any such arrangements, agreements and/or transactions, employed in the ordinary course of such Person's business, including any such Person's energy marketing, trading and asset optimization business, or (ii) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by such Person pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors of such Person. The term "commodities" shall include electric energy and/or capacity, coal, petroleum, natural gas, emissions allowances, weather derivatives and related products and by-products and ancillary services.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with Exelon or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

"Credit Extension" means the making of an Advance or the issuance or modification of a Facility LC hereunder.

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (iv) obligations as lessee under leases that shall have been or are required to be, in accordance with GAAP, recorded as capital leases, (v) obligations (contingent or otherwise) under reimbursement or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of documentary letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business) and (vi) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) above.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Administrative Agent.

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

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

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

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

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Administrative Agent.

"Eurodollar Rate" means, for each Interest Period for each Eurodollar Rate Advance made as part of a Borrowing, the applicable British Bankers' Association LIBOR rate for deposits in U.S. dollars having a maturity equal to such Interest Period, as reported by any generally recognized financial information service as of 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period; provided that if no such British Bankers' Association LIBOR rate is available to the Administrative Agent, the Eurodollar Rate for such Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Rate Advance and having a maturity equal to such Interest Period.

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

"Eurodollar Rate Reserve Percentage" of any Lender for any Interest Period means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Event of Default" - see Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended and modified from time to time.

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

"Exelon Sublimit" means $450,000,000, subject to adjustment as provided in Section 2.04(c).

"Existing Agreement" means the 364-Day Credit Agreement dated as of October 31, 2003 among the Borrowers, various financial institutions and Bank One, as Administrative Agent.

"Existing Letter of Credit" means each letter of credit listed on Schedule III.

"Facility Fee Rate" – see Schedule I.

"Facility LC" means any letter of credit issued pursuant to Section 2.16 and any Existing Letter of Credit.

"Facility LC Application" – see Section 2.16.3.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"GAAP" - see Section 1.03.

"Genco" means Exelon Generation Company, LLC, a Pennsylvania limited liability company, or any Eligible Successor thereof.

"Genco Sublimit" means $400,000,000, subject to adjustment as provided in Section 2.04(c).

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

"Hedging Obligations" mean, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

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

"Interest Expense" means, for any Borrower for any period, "interest expense" as shown on a consolidated statement of income of such Borrower for such period prepared in accordance with GAAP.

"Interest Expense to Affiliates" means, for any period, in the case of Exelon, ComEd and PECO, "Interest Expense to Affiliates" as shown on a consolidated statement of income of Exelon, ComEd and PECO, as applicable, for such period; provided that for any fiscal quarter ended prior to (y) in the case of ComEd, December 31, 2003 and (z) in the case of PECO, June 30, 2003, Interest Expense to Affiliates shall mean, "Distributions on Preferred Securities" as shown on a consolidated statement of income of such Borrower for such period.

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

(i) no Borrower may select any Interest Period that ends after the scheduled Maturity Date for such Borrower;

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

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

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

"LC Fee Rate" – see Schedule I.

"LC Issuer" means Bank One in its capacity as issuer of Facility LCs hereunder.

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

"LC Payment Date" – see Section 2.16.5.

"Lenders" means each of the financial institutions listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"Letter of Credit Sublimit" means $800,000,000.

"Lien" means any lien (statutory or other), mortgage, pledge, security interest or other charge or encumbrance, or any other type of preferential arrangement (including the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement).

"Majority Lenders" means Lenders having Pro Rata Shares of more than 50% (provided that, for purposes of this definition, no Borrower nor any Affiliate of a Borrower, if a Lender, shall be included in calculating the amount of any Lender's Pro Rata Share or the amount of the Commitment Amounts or Outstanding Credit Extensions, as applicable, required to constitute more than 50% of the Pro Rata Shares).

"Material Adverse Change" and "Material Adverse Effect" each means, relative to any occurrence, fact or circumstances of whatsoever nature (including any determination in any litigation, arbitration or governmental investigation or proceeding) with respect to any Borrower, (i) any materially adverse change in, or materially adverse effect on, the financial condition, operations, assets or business of such Borrower and its consolidated Subsidiaries (other than the Sithe Entities), taken as a whole (except that changes or effects relating to such Borrower's investment in any Sithe Entity shall not be considered in determining whether a Material Adverse Change or Material Adverse Effect has occurred), or (ii) any materially adverse effect on the validity or enforceability against such Borrower of this Agreement or any applicable Note.

"Material Subsidiary" means, with respect to Exelon, each of ComEd, PECO and Genco and any holding company for any of the foregoing.

"Maturity Date" means, with respect to any Borrower, the earlier of (i) July 16, 2009 or (ii) the date on which all obligations of such Borrower become due and payable (pursuant to Section 6.01 or otherwise).

"Modify" and "Modification" – see Section 2.16.1.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

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

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which Exelon or any other member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Cash Flows From Operating Activities" means, for any Borrower for any period, "Net Cash Flows provided by Operating Activities" as shown on a consolidated statement of cash flows of such Borrower for such period prepared in accordance with GAAP, excluding any "working capital changes" (as shown on such statement of cash flows) taken into account in determining such Net Cash Flows provided by Operating Activities.

"Net Interest Expense" means, for any Borrower for any period, the total of (a) such Borrower's Interest Expense for such period minus (b) to the extent that such Interest Expense to Affiliates is included in Interest Expense and relates to interest payments on debt obligations that are subordinated to the obligations of such Borrower under this Agreement, such Borrower's Interest Expense to Affiliates for such period, minus (c) such Borrower's Transitional Funding Instrument Interest for such period minus (d) in the case of Exelon and Genco, interest on Sithe Project Debt for such period.

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

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

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

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

"Note" means a promissory note of a Borrower payable to the order of a Lender, in substantially the form of Exhibit A, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

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

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

"Outstanding Credit Extensions" means, with respect to any Borrower, the sum of the aggregate principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower.

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

"PECO" means PECO Energy Company, a Pennsylvania corporation, or any Eligible Successor thereof.

"PECO Mortgage" means the First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas & Electric Company (to which PECO is successor) and Fidelity Trust Company, Trustee (to which First Union National Bank is successor), as amended, supplemented or refinanced from time to time, provided that no effect shall be given to any amendment, supplement or refinancing after the date of this Agreement that would broaden the definition of "excepted encumbrances" as defined in the PECO Mortgage as constituted on the date of this Agreement.

"PECO Sublimit" means $100,000,000, subject to adjustment as provided in Section 2.04(c).

"Permitted Obligations" mean, with respect to Genco or any of its Subsidiaries, (1) Hedging Obligations arising in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

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

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

"Prime Rate" means a rate per annum equal to the prime rate of interest announced by Bank One (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Principal Subsidiary" means, with respect to a Borrower, (i) each Utility Subsidiary of such Borrower (other than Commonwealth Edison Company of Indiana, Inc., so long as it does not qualify as a Principal Subsidiary under the following clause (ii)) and (ii) each other Subsidiary of such Borrower the assets of which exceeded $250,000,000 in book value at any time during the preceding 24-month period.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment Amount (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of such Lender's outstanding Advances to such Borrower plus the amount of such Lender's participation in all of such Borrower's LC Obligations) and the denominator of which is the aggregate amount of the Commitment Amounts (plus, after the Commitments have terminated with respect to any Borrower, the principal amount of all outstanding Advances to such Borrower plus all LC Obligations of such Borrower).

"Register" - see Section 8.07(c).

"Reimbursement Obligations" means, with respect to any Borrower at any time, the aggregate of all obligations of such Borrower then outstanding under Section 2.16 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and regulations issued under such section with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waivers in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

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

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

"Sithe Energies" means Sithe Energies, Inc., provided that Sithe Energies shall not be a Subsidiary until such time as it meets the requirements of that definition.

"Sithe Entity" means each of Sithe Energies and Sithe Holdings and each of their respective Subsidiaries.

"Sithe Holdings" means Exelon New England Holdings LLC (formerly known as Sithe New England Holdings LLC).

"Sithe Project Debt" means Debt of any Sithe Entity for which none of the Borrowers nor any of their Subsidiaries (other than another Sithe Entity) has any liability, contingent or otherwise.

"SPC" - see Section 8.07(h).

"Special Purpose Subsidiary" means a direct or indirect wholly owned corporate Subsidiary of ComEd or PECO, substantially all of the assets of which are "intangible transition property" (as defined in Section 18-102 of the Illinois Public Utilities Law, as amended, or in 66 Pa. Cons. Stat. Ann. ss.2812(g) (West Supp. 1997) or any successor provision of similar import), and proceeds thereof, formed solely for the purpose of holding such assets and issuing such Transitional Funding Instruments, and which complies with the requirements customarily imposed on bankruptcy-remote corporations in receivables securitizations.

"Sublimit" means the Exelon Sublimit, the ComEd Sublimit, the PECO Sublimit or the Genco Sublimit.

"Subsidiary" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether or not at the time capital stock, or comparable interests, of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person (whether directly or through one or more other Subsidiaries).

"Syndication Agent" means Barclays Bank PLC in its capacity as a syndication agent hereunder.

"Taxes" - see Section 2.14.

"Transitional Funding Instrument" means any instruments, pass-through certificates, notes, debentures, certificates of participation, bonds, certificates of beneficial interest or other evidences of indebtedness or instruments evidencing a beneficial interest which (i) in the case of ComEd (A) are issued pursuant to a "transitional funding order" (as such term is defined in Section 18-102 of the Illinois Public Utilities Act, as amended) issued by the Illinois Commerce Commission at the request of an electric utility and (B) are secured by or otherwise payable from non-bypassable cent per kilowatt hour charges authorized pursuant to such order to be applied and invoiced to customers of such utility and (ii) in the case of PECO, are "transition bonds" (as defined in 66 Pa. Cons. Stat. Ann. ss.2812(g) (West Supp. 1997), or any successor provision of similar import), representing a securitization of "intangible transition property" (as defined in the foregoing statute). The instrument funding charges so applied and invoiced must be deducted and stated separately from the other charges invoiced by such utility against its customers.

"Transitional Funding Instrument Interest" means, for any Borrower for any period, the portion of such Borrower's Interest Expense for such period which was payable in respect of Transitional Funding Instruments.

"Transitional Funding Instrument Revenue" means, for any Borrower for any period, the portion of such Borrower's consolidated revenue for such period attributable to charges invoiced to customers in respect of Transitional Funding Instruments.

"Type" - see the definition of Advance.

"Unfunded Liabilities" means, (i) in the case of any Single Employer Plan, the amount (if any) by which the present value of all vested nonforfeitable benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent evaluation date for such Plan, and (ii) in the case of any Multiemployer Plan, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from such Multiemployer Plan.

"Unmatured Event of Default" means any event which (if it continues uncured) will, with lapse of time or notice or both, become an Event of Default.

"Utility Subsidiary" means, with respect to a Borrower, each Subsidiary of such Borrower that is engaged principally in the generation, transmission, or distribution of electricity or gas and is subject to rate regulation as a public utility by federal or state regulatory authorities.

"Utilization Fee Rate" – see Schedule I.

SECTION 1.02 Other Interpretive Provisions. In this Agreement, (a) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; (b) unless otherwise indicated, any reference to an Article, Section, Exhibit or Schedule means an Article or Section hereof or an Exhibit or Schedule hereto; and (c) the term "including" means "including without limitation".

SECTION 1.03 Accounting Principles. (a) As used in this Agreement, "GAAP" shall mean generally accepted accounting principles in the United States, applied on a basis consistent with the principles used in preparing Exelon's audited consolidated financial statements as of December 31, 2003 and for the fiscal year then ended. In this Agreement, except to the extent, if any, otherwise provided herein, all accounting and financial terms shall have the meanings ascribed to such terms by GAAP, and all computations and determinations as to accounting and financial matters shall be made in accordance with GAAP. In the event that the financial statements generally prepared by any Borrower apply accounting principles other than GAAP (including as a result of any event described in Section 1.03(b)), the compliance certificate delivered pursuant to Section 5.01(b)(iv) accompanying such financial statements shall include information in reasonable detail reconciling such financial statements to GAAP to the extent relevant to the calculations set forth in such compliance certificate.

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

ARTICLE II

AMOUNTS AND TERMS OF THE COMMITMENTS

SECTION 2.01 Commitments. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to (a) make Advances to any Borrower and (b) to participate in Facility LCs issued upon the request of any Borrower, in each case from time to time during the period from the date hereof to the Commitment Termination Date for such Borrower, in an aggregate amount not to exceed such Lender's Commitment Amount as in effect from time to time; provided that (i) the aggregate principal amount of all Advances by such Lender to any Borrower shall not exceed such Lender's Pro Rata Share of the aggregate principal amount of all Advances to such Borrower; (ii) such Lender's participation in Facility LCs issued for the account of any Borrower shall not exceed such Lender's Pro Rata Share of all LC Obligations of such Borrower; (iii) the Outstanding Credit Extensions to Exelon shall not at any time exceed the Exelon Sublimit; (iv) the Outstanding Credit Extensions to ComEd shall not any time exceed the ComEd Sublimit; (v) the Outstanding Credit Extensions to PECO shall not at any time exceed the PECO Sublimit; (vi) the Outstanding Credit Extensions to Genco shall not at any time exceed the Genco Sublimit; and (vii) the LC Obligations of all Borrowers collectively shall not at any time exceed the Letter of Credit Sublimit. Within the foregoing limits, each Borrower may from time to time borrow, prepay pursuant to Section 2.10 and reborrow hereunder prior to the Commitment Termination Date for such Borrower.

SECTION 2.02 Procedures for Advances; Limitations on Borrowings.

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

(b) Each Notice of Borrowing shall be irrevocable and binding on the applicable Borrower. If a Notice of Borrowing requests Eurodollar Rate Advances, the applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the requested borrowing date the applicable conditions set forth in Article III, including any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the requested Advance to be made by such Lender.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any requested borrowing (or, in the case of a borrowing of Base Rate Advances to be made on the same Business Day as the Administrative Agent's receipt of the relevant Notice of Borrowing, prior to 10:30 A.M., Chicago time, on such Business Day) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the requested borrowing date in accordance with Section 2.02(a) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and such Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to Advances made in connection with such borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Advance to be made by it on any borrowing date shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make any Advance to be made by such other Lender.

(e) Each Borrowing of Base Rate Advances shall at all times be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000; and each Borrowing of Eurodollar Rate Advances shall at all times be in an aggregate amount of $10,000,000 or a higher integral multiple of $1,000,000. Notwithstanding anything to the contrary contained herein, the Borrowers collectively may not have more than 25 Borrowings of Eurodollar Rate Advances outstanding at any time.

SECTION 2.03 Facility and Utilization Fees.

(a) Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a facility fee for the period from the Closing Date to the Commitment Termination Date for such Borrower (or, if later, the date on which all Outstanding Credit Extensions to such Borrower have been paid in full) in an amount equal to the Facility Fee Rate for such Borrower multiplied by such Borrower's Sublimit (or, after the Commitment Termination Date for such Borrower, the principal amount of all Outstanding Credit Extensions to such Borrower), payable on the last day of each March, June, September and December and on the Final Termination Date for such Borrower (and, if applicable, thereafter on demand).

(b) Utilization Fee. Each Borrower agrees to pay to the Administrative Agent, for the account of the Lenders according to their Pro Rata Shares, a utilization fee for each day on which either (i) the Outstanding Credit Extensions to all Borrowers exceed 50% of the aggregate amount of the Commitment Amounts or (ii) such Borrower's Outstanding Credit Extensions exceed 50% of such Borrower's Sublimit, in each case in an amount equal to the Utilization Fee Rate for such Borrower multiplied by such Borrower's Outstanding Credit Extensions on such day, payable on the last day of each March, June, September and December and on the Commitment Termination Date for such Borrower.

SECTION 2.04 Reduction of Commitment Amounts; Adjustment of Sublimits. (a) Each Borrower shall have the right, upon at least two Business Days' notice to the Administrative Agent, to ratably reduce the respective Commitment Amounts of the Lenders in accordance with their Pro Rata Shares; provided that no Borrower may reduce the Commitment Amounts by an aggregate amount that is greater than the remainder of the amount of such Borrower's Sublimit minus the Outstanding Credit Extensions to such Borrower; and provided, further, that each partial reduction of the Commitment Amounts shall be in the aggregate amount of $10,000,000 or an integral multiple thereof. Once reduced pursuant to this Section 2.04, the Commitment Amounts may not be increased.

(b) Any Borrower shall have the right at any time such Borrower's Sublimit has been reduced to zero, upon at least two Business Days' notice to the Administrative Agent, to terminate the Commitment of each Lender with respect to such Borrower in its entirety (but only if such Borrower concurrently pays all of its obligations hereunder). Upon any such termination, such Borrower shall cease to be a party hereto and shall no longer have any rights or obligations hereunder (except under provisions hereof which by their terms would survive any termination hereof).

(c) The Borrowers may from time to time so long as no Event of Default or Unmatured Event of Default exists with respect to any Borrower, upon not less than five Business Days' notice to the Administrative Agent (which shall promptly notify each Lender), change their respective Sublimits; provided that (i) the sum of the Sublimits shall at all times be equal to the aggregate amount of the Commitment Amounts; and (ii) after giving effect to any adjustment of the Sublimits, (A) each Sublimit shall be an integral multiple of $50,000,000 (except that one Sublimit may not be such an integral multiple if the aggregate amount of the Commitment Amounts is not an integral multiple of $50,000,000); (B) no Borrower's Sublimit shall exceed $750,000,000; (C) the Outstanding Credit Extensions to Exelon shall not exceed the Exelon Sublimit; (D) the Outstanding Credit Extensions to ComEd shall not exceed the ComEd Sublimit; (E) the Outstanding Credit Extensions to Genco shall not exceed the Genco Sublimit and (F) the Outstanding Credit Extensions to PECO shall not exceed the PECO Sublimit.

SECTION 2.05 Repayment of Advances. Each Borrower shall repay the principal amount of all Advances made to it on or before the Maturity Date for such Borrower.

SECTION 2.06 Interest on Advances. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

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

(b) Subject to Section 2.07, at all times such Advance is a Eurodollar Rate Advance, a rate per annum equal to the sum of the Eurodollar Rate for each applicable Interest Period plus the Applicable Margin in effect from time to time for such Borrower, payable on the last day of each Interest Period for such Eurodollar Rate Advance (and, if any Interest Period for such Advance is six months, on the day that is three months after the first day of such Interest Period) or, if earlier, on the date such Eurodollar Rate Advance is converted to a Base Rate Advance or paid in full.

SECTION 2.07 Additional Interest on Eurodollar Advances. Each Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender made to such Borrower, from the date of such Advance until such principal amount is paid in full or converted to a Base Rate Advance, at an interest rate per annum equal to the remainder obtained by subtracting (i) the Eurodollar Rate for each Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance; provided that no Lender shall be entitled to demand such additional interest more than 90 days following the last day of the Interest Period in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive such additional interest to the extent that such additional interest relates to the retroactive application of the reserve requirements described above if such demand is made within 90 days after the implementation of such retroactive reserve requirements. Such additional interest shall be determined by the applicable Lender and notified to the applicable Borrower through the Administrative Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.08 Interest Rate Determination. (a) The Administrative Agent shall give prompt notice to the applicable Borrower and the Lenders of each applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the applicable Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor (unless prepaid or converted to a Base Rate Advance prior to such day), convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, continue or convert into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09 Continuation and Conversion of Advances. (a) Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. (Chicago time) on the third Business Day prior to the date of any proposed continuation of or conversion into Eurodollar Rate Advances, and on the date of any proposed conversion into Base Rate Advances, and subject to the provisions of Sections 2.08 and 2.12, continue Eurodollar Rate Advances for a new Interest Period or convert a Borrowing of Advances of one Type into Advances of the other Type; provided that any continuation of Eurodollar Rate Advances or conversion of Eurodollar Rate Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances, unless, in the case of such a conversion, such Borrower shall also reimburse the Lenders pursuant to Section 8.04(b) on the date of such conversion. Each such notice of a continuation or conversion shall, within the restrictions specified above, specify (i) the date of such continuation or conversion, (ii) the Advances to be continued or converted, and (iii) in the case of continuation of or conversion into Eurodollar Rate Advances, the duration of the Interest Period for such Advances.

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

SECTION 2.10 Prepayments. Any Borrower may, upon notice to the Administrative Agent at least three Business Days prior to any prepayment of Eurodollar Rate Advances, or one Business Day’s notice prior to any prepayment of Base Rate Advances, in each case stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given that Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided that (i) each partial prepayment shall be in an aggregate principal amount not less than $10,000,000 or a higher integral multiple of $1,000,000 in the case of any prepayment of Eurodollar Rate Advances and $5,000,000 or a higher integral multiple of $1,000,000 in the case of any prepayment of Base Rate Advances, and (ii) in the case of any such prepayment of a Eurodollar Rate Advance, such Borrower shall be obligated to reimburse the Lenders pursuant to Section 8.04(b) on the date of such prepayment.

SECTION 2.11 Increased Costs. (a) If on or after the date of this Agreement, any Lender or the LC Issuer determines that (i) the introduction of or any change (other than, in the case of Eurodollar Rate Advances, any change by way of imposition or increase of reserve requirements, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) shall increase the cost to such Lender or the LC Issuer, as the case may be, of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of issuing or participating in any Facility LC, then the applicable Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, pay to the Administrative Agent for the account of such Lender additional amounts (without duplication of any amount payable pursuant to Section 2.14) sufficient to compensate such Lender or the LC Issuer, as applicable, for such increased cost; provided that no Lender shall be entitled to demand such compensation more than 90 days following the last day of the Interest Period in respect of which such demand is made and the LC Issuer shall not be entitled to demand such compensation more than 90 days following the expiration or termination (by a drawing or otherwise) of the Facility LC in respect of which such demand is made; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described in clause (i) or (ii) above if such demand is made within 90 days after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to the amount of such increased cost, submitted to the applicable Borrower and the Administrative Agent by a Lender or the LC Issuer, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or the LC Issuer determines that, after the date of this Agreement, compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) regarding capital adequacy requirements affects or would affect the amount of capital required or expected to be maintained by such Lender or the LC Issuer or any Person controlling such Lender or the LC Issuer (including, in any event, any determination after the date of this Agreement by any such governmental authority or central bank that, for purposes of capital adequacy requirements, any Lender's Commitment to a Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower as the case may be does not constitute a commitment with an original maturity of less than one year) and that the amount of such capital is increased by or based upon the existence of such Lender's Commitment to such Borrower or the LC Issuer's commitment to issue Facility LCs for the account of such Borrower, as applicable, or the Advances made by such Lender to such Borrower or Reimbursement Obligations owed to the LC Issuer by such Borrower, as the case may be, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the LC Issuer, as applicable, such Borrower shall immediately pay to the Administrative Agent for the account of such Lender or LC Issuer, as applicable, from time to time as specified by such Lender or the LC Issuer, as applicable, additional amounts sufficient to compensate such Lender, the LC Issuer or such controlling Person, as applicable, in the light of such circumstances, to the extent that such Lender determines such increase in capital to be allocable to the existence of such Lender's Commitment to such Borrower or the Advances made by such Lender to such Borrower or the LC Issuer determines such increase in capital to be allocable to the LC Issuer's commitment to issue Facility LCs for the account of such Borrower or the Reimbursement Obligations owed by such Borrower to the LC Issuer; provided that no Lender or the LC Issuer shall be entitled to demand such compensation more than one year following the payment to or for the account of such Lender of all other amounts payable hereunder by such Borrower and under any Note of such Borrower held by such Lender and the termination of such Lender's Commitment to such Borrower and the LC Issuer shall not be entitled to demand such compensation more than one year after the expiration or termination (by drawing or otherwise) of all Facility LCs issued for the account of such Borrower and the termination of the LC Issuer's commitment to issue Facility LCs for the account of such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender or the LC Issuer to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or request described above if such demand is made within one year after the implementation of such retroactive law, interpretation, guideline or request. A certificate as to such amounts submitted to the applicable Borrower and the Administrative Agent by the applicable Lender or the LC Issuer shall be conclusive and binding, for all purposes, absent manifest error.

(c) Any Lender claiming compensation pursuant to this Section 2.11 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such compensation that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.12 Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, continue or convert Advances into Eurodollar Rate Advances shall be suspended (subject to the following paragraph of this Section 2.12) until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) all Eurodollar Rate Advances of such Lender then outstanding shall, on the last day of the then applicable Interest Period (or such earlier date as such Lender shall designate upon not less than five Business Days' prior written notice to the Administrative Agent), be automatically converted into Base Rate Advances.

If the obligation of any Lender to make, continue or convert into Eurodollar Rate Advances has been suspended pursuant to the preceding paragraph, then, unless and until the Administrative Agent shall notify the applicable Borrower and the Lenders that the circumstances causing such suspension no longer exist, (i) all Advances that would otherwise be made by such Lender as Eurodollar Rate Advances shall instead be made as Base Rate Advances and (ii) to the extent that Eurodollar Rate Advances of such Lender have been converted into Base Rate Advances pursuant to the preceding paragraph or made instead as Base Rate Advances pursuant to the preceding clause (i), all payments and prepayments of principal that would have otherwise been applied to such Eurodollar Rate Advances of such Lender shall be applied instead to such Base Rate Advances of such Lender.

SECTION 2.13 Payments and Computations. (a) Each Borrower shall make each payment hereunder and under any Note issued by such Borrower not later than 10:00 A.M. (Chicago time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds without setoff, counterclaim or other deduction. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, facility fees, utilization fees and letter of credit fees ratably (other than amounts payable pursuant to Section 2.02(b), 2.07, 2.11, 2.14 or 8.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent any payment owed to such Lender by such Borrower is not made when due hereunder, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Prime Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.07 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.07, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of any interest or fees, as the case may be; provided that if such extension would cause payment of interest on or principal of a Eurodollar Rate Advance to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

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

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

SECTION 2.14 Taxes. (a) Any and all payments by any Borrower hereunder or under any Note issued by such Borrower shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, the LC Issuer and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender, the LC Issuer or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If a Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note issued by such Borrower to any Lender, the LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower severally agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies to the extent arising from the execution, delivery or registration of this Agreement or any Note (hereinafter referred to as "Other Taxes"), in each case to the extent attributable to such Borrower; it being understood that to the extent any Other Taxes so payable are not attributable to any particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers' respective Sublimits at the time such Other Taxes arose.

(c) No Lender may claim or demand payment or reimbursement in respect of any Taxes or Other Taxes pursuant to this Section 2.14 if such Taxes or Other Taxes, as the case may be, were imposed solely as the result of a voluntary change in the location of the jurisdiction of such Lender's Applicable Lending Office.

(d) Each Borrower will indemnify each Lender, the LC Issuer and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) paid by such Lender, the LC Issuer or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted, in each case to the extent attributable to such Borrower; it being understood that to the extent any Taxes, Other Taxes or other liabilities described above are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the amounts of the Borrowers' respective Sublimits at the time such Taxes, Other Taxes or other liability arose. This indemnification shall be made within 30 days from the date such Lender, the LC Issuer or the Administrative Agent (as the case may be) makes written demand therefor.

(e) Prior to the date of an initial borrowing hereunder in the case of each Lender listed on the signature pages hereof, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter within 30 days from the date of request if requested by any Borrower or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and each Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under any Note. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Administrative Agent and the Borrowers in writing to that effect. Unless the Borrowers and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrowers or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States and no Lender may claim or demand payment or reimbursement for such withheld taxes pursuant to this Section 2.14.

(f) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(g) If a Borrower makes any additional payment to any Lender pursuant to this Section 2.14 in respect of any Taxes or Other Taxes, and such Lender determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge attributable solely to any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.14, such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to such Borrower such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes. If, within one year after the payment of any such amount to such Borrower, such Lender determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.14(g), such Borrower shall upon notice and demand of such Lender promptly repay the amount of such overpayment. Any determination made by a Lender pursuant to this Section 2.14(g) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.14(g) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs (except as required by

Section 2.14(f)) so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of such Lender.

(h) Without prejudice to the survival of any other agreement of any Borrower or any Lender hereunder, the agreements and obligations of the Borrowers and the Lenders contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and the termination of this Agreement; provided that no Lender shall be entitled to demand any payment from a Borrower under this Section 2.14 more than one year following the payment to or for the account of such Lender of all other amounts payable by such Borrower hereunder and under any Note issued by such Borrower to such Lender and the termination of such Lender's Commitment to such Borrower; provided, further, that the foregoing proviso shall in no way limit the right of any Lender to demand or receive any payment under this Section 2.14 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

SECTION 2.15 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it to any Borrower or its participation interest in any Facility LC issued for the account of any Borrower (other than pursuant to Section 2.02(b), 2.07, 2.11, 2.14 or 8.04(b)) in excess of its ratable share of payments on account of the Advances to such Borrower and Facility LCs issued for the account of such Borrower obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them to such Borrower and/or LC Obligations of such Borrower as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the applicable Borrower in the amount of such participation.

SECTION 2.16 Facility LCs.

SECTION 2.16.1 Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement (including the limitations set forth in Section 2.01), upon the request of any Borrower, to issue standby letters of credit and to renew, extend, increase or otherwise modify Facility LCs ("Modify," and each such action a "Modification") for such Borrower, from time to time from and including the date of this Agreement and prior to the Commitment Termination Date for such Borrower. Facility LCs may be issued, at any Borrower's request, for any proper corporate or limited liability company purpose, as applicable, including for the provision of credit enhancement and/or liquidity support for any existing or future tax-exempt or taxable debt issuance (including the existing tax-exempt debt issuances listed on Schedule IV). No Facility LC shall have an expiry date later than 5 Business Days prior to the scheduled Commitment Termination Date. By their execution of this Agreement, the parties hereto agree that on the Closing Date (without any further action by any Person), each Existing Letter of Credit shall be deemed to have been issued under this Agreement and the rights and obligations of the issuer and the account party thereunder shall be subject to the terms hereof.

SECTION 2.16.2 Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.16 (or, in this case of the Existing Letters of Credit, on the Closing Date), the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

SECTION 2.16.3 Notice. Subject to Section 2.16.1, the applicable Borrower shall give the LC Issuer notice prior to 10:00 A.M. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the applicable conditions precedent set forth in Article III (the satisfaction of which the LC Issuer shall have no duty to ascertain; provided that the LC Issuer shall not issue any Facility LC if the LC Issuer shall have received written notice (which has not been rescinded) from the Administrative Agent or any Lender that any applicable condition precedent to the issuance or modification of such Facility LC has not been satisfied and, in fact, such condition precedent is not satisfied at the requested time of issuance), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the applicable Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

SECTION 2.16.4 LC Fees. Each Borrower shall pay to the Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC issued for the account of such Borrower, a letter of credit fee at a per annum rate equal to the LC Fee Rate to such Borrower in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on the last day of each March, June, September and December and on the Maturity Date for such Borrower (and thereafter on demand). Each Borrower shall also pay to the LC Issuer for its own account (x) a fronting fee in an amount and at the times agreed upon between the LC Issuer and such Borrower and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

SECTION 2.16.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the applicable Borrower and each Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the applicable Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable, without regard to the occurrence of the Commitment Termination Date, the occurrence of any Event of Default or Unmatured Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the applicable Borrower pursuant to Section 2.16.6, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 A.M. (Chicago time) on such day, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Rate for the first three days and, thereafter, at the Base Rate.

SECTION 2.16.6 Reimbursement by Borrowers. Each Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amount to be paid by the LC Issuer upon any drawing under any Facility LC issued for the account of such Borrower, without presentment, demand, protest or other formalities of any kind; provided that neither the applicable Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by such Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the applicable Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Base Rate plus 2%. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from any Borrower for application in payment, in whole or in part, of the

Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.16.5. So long as the Commitment Termination Date has not occurred with respect to a Borrower, but subject to the terms and conditions of this Agreement (including the submission of a Notice of Borrowing in compliance with Section 2.02 and the satisfaction of the applicable conditions precedent set forth in Article III), such Borrower may request Advances hereunder for the purpose of satisfying any Reimbursement Obligation.

SECTION 2.16.7 Obligations Absolute. Each Borrower's obligations under this Section 2.16 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Borrower may have against the LC Issuer, any Lender or any beneficiary of a Facility LC. Each Borrower agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and such Borrower's Reimbursement Obligation in respect of any Facility LC issued for its account shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among such Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of such Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. Each Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with any Facility LC issued for the account of such Borrower and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon such Borrower and shall not put the LC Issuer or any Lender under any liability to such Borrower. Nothing in this Section 2.16.7 is intended to limit the right of any Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.16.6.

SECTION 2.16.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.16, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Facility LC.

SECTION 2.16.9 Indemnification. Each Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC issued for the account of such Borrower or any actual or proposed use of any such Facility LC, including any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any right such Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any such Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that no Borrower shall be required to indemnify any Lender, the LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.16.9 is intended to limit the obligations of any Borrower under any other provision of this Agreement.

SECTION 2.16.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.16 or any action taken or omitted by such indemnitees hereunder.

SECTION 2.16.11 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

ARTICLE III

CONDITIONS TO CREDIT EXTENSIONS

SECTION 3.01 Conditions Precedent to Initial Credit Extensions. No Lender shall be obligated to make any Advance, and the LC Issuer shall not be obligated to issue any Facility LC, unless the Administrative Agent shall have received (a) evidence, satisfactory to the Administrative Agent, that the Borrowers have paid (or will pay with the proceeds of the initial Credit Extensions) all amounts then payable under the Existing Agreement and that all "Commitments" under and as defined in the Existing Agreement have been (or concurrently with the initial Advances will be) terminated, (b) evidence, satisfactory to the Administrative Agent, that the "Commitments" under and as defined in the Three Year Credit Agreement dated as of October 31, 2003 among the Borrowers, various financial institutions and Bank One, NA, as agent, have been reduced by $250,000,000 and that the maximum available "Sublimit" for any Borrower thereunder has been reduced to $250,000,000 and (c) each of the following documents, each dated the date of the initial Credit Extension (or an earlier date satisfactory to the Administrative Agent, in form and substance satisfactory to the Administrative Agent and each (except for any Note) in sufficient copies to provide one for each Lender:

(i) Notes issued by each Borrower in favor of each Lender that has requested a Note to evidence its Advances;

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

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

(iv) A certificate signed by either the chief financial officer, principal accounting officer or treasurer of each Borrower stating that (A) the representations and warranties contained in Section 4.01 are correct on and as of the date of such certificate as though made on and as of such date and (B) no Event of Default or Unmatured Event of Default has occurred and is continuing on the date of such certificate; and

(v) A favorable opinion of Ballard Spahr Andrews & Ingersoll LLC, counsel for the Borrowers, substantially in the form of Exhibit D-1; and a favorable opinion of Sidley Austin Brown & Wood LLP, counsel to ComEd, substantially in the form of Exhibit D-2.

SECTION 3.02 Conditions Precedent to All Credit Extensions. The obligation of each Lender to make any Advance to any Borrower and of the LC Issuer to issue or modify any Facility LC for the account of any Borrower shall be subject to the further conditions precedent that on the date of such Credit Extension the following statements shall be true, and (a) the giving of the applicable Notice of Borrowing and the acceptance by the applicable Borrower of the proceeds of Advances pursuant thereto and (b) the request by a Borrower for the issuance or Modification of a Facility LC shall, in each case, constitute a representation and warranty by such Borrower that on the date of the making of such Advances or the issuance or Modification of such Facility LC such statements are true:

(A) The representations and warranties of such Borrower contained in Section 4.01 are correct on and as of the date of such Credit Extension, before and after giving effect to such Credit Extension and, in the case of the making of Advances, the application of the proceeds therefrom, as though made on and as of such date; provided that this Section 3.02(A) shall not apply to the representations and warranties set forth in Sections 4.01(e)(i)(B), 4.01(e)(ii)(B), 4.01(e)(iii)(B) and 4.01(e)(iv)(B) and the first sentence of Section 4.01(f) with respect to a Borrowing if the proceeds of such Borrowing will be used exclusively to repay such Borrower's commercial paper (and, in the event of any such Borrowing, the Administrative Agent may require the applicable Borrower to deliver information sufficient to disburse the proceeds of such Borrowing directly to the holders of such commercial paper or a paying agent therefor); and

(B) No event has occurred and is continuing, or would result from such Credit Extension or, in the case of the making of Advances, from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default with respect to such Borrower.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

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

(a) Such Borrower is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

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

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of this Agreement or any applicable Note, except an appropriate order or orders of (i) the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, (ii) in the case of ComEd, the Illinois Commerce Commission under the Illinois Public Utilities Act and (iii) in the case of PECO, the Pennsylvania Public Utilities Commission under the Pennsylvania Public Utility Code, which order or orders have been duly obtained and are (x) in full force and effect and (y) sufficient for the purposes hereof; provided that if ComEd has not obtained any Credit Extension prior to July 15, 2007, ComEd must obtain the approval of the Illinois Commerce Commission prior to obtaining any Credit Extension hereunder.

(d) This Agreement is, and each applicable Note when delivered hereunder will be, legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by equitable principles or bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(e) (i) In the case of PECO, (A) the consolidated balance sheet of PECO and its Subsidiaries as at December 31, 2003, and the related statements of income and retained earnings and of cash flows of PECO and its Subsidiaries for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of PECO and its Subsidiaries as at March 31, 2004, and the related unaudited statements of income for the three-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended March 31, 2004, to year-end adjustments) the consolidated financial condition of PECO and its Subsidiaries as at such dates and the consolidated results of the operations of PECO and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP; and (B) since December 31, 2003 there has been no Material Adverse Change with respect to PECO.

(ii) In the case of ComEd, (A) the consolidated balance sheet of ComEd and its Subsidiaries as at December 31, 2003 and the related consolidated statements of income, retained earnings and cash flows of ComEd and its Subsidiaries for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of ComEd and its Subsidiaries as of March 31, 2004 and the related unaudited statement of income for the three-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject in the case of such balance sheet and statement of income for the period ended March 31, 2004, to year-end adjustments) the consolidated financial condition of ComEd and its Subsidiaries as at such dates and the consolidated results of the operations of ComEd and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2003 there has been no Material Adverse Change with respect to ComEd.

(iii) In the case of Exelon, (A) the consolidated balance sheet of Exelon and its Subsidiaries as at December 31, 2003 and the related consolidated statements of income, retained earnings and cash flows of Exelon for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Exelon and its Subsidiaries as of March 31, 2004 and the related unaudited statement of income for the three-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended March 31, 2004, to year-end adjustments) the consolidated financial condition of Exelon and its Subsidiaries as at such dates and the consolidated results of the operations of Exelon and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2003 there has been no Material Adverse Change with respect to Exelon.

(iv) In the case of Genco, (A) the consolidated balance sheet of Genco and its Subsidiaries as at December 31, 2003 and the related consolidated statements of income, retained earnings and cash flows of Genco for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP, and the unaudited consolidated balance sheet of Genco and its Subsidiaries as of March 31, 2004 and the related unaudited statement of income for the three-month period then ended, copies of which have been furnished to each Lender, fairly present in all material respects (subject, in the case of such balance sheet and statement of income for the period ended March 31, 2004, to year-end adjustments) the consolidated financial condition of Genco and its Subsidiaries as at such dates and the consolidated results of the operations of Genco and its Subsidiaries for the periods ended on such dates in accordance with GAAP; and (B) since December 31, 2003 there has been no Material Adverse Change with respect to Genco.

(f) Except as disclosed in such Borrower's Annual, Quarterly or Current Reports, each as filed with the Securities and Exchange Commission and delivered to the Lenders prior to the date of execution and delivery of this Agreement, there is no pending or threatened action, investigation or proceeding affecting such Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that may reasonably be anticipated to have a Material Adverse Effect with respect to such Borrower. There is no pending or threatened action or proceeding against such Borrower or any of its Subsidiaries that purports to affect the legality, validity, binding effect or enforceability against such Borrower of this Agreement or any Note issued by such Borrower.

(g) No proceeds of any Advance to such Borrower have been or will be used directly or indirectly in connection with the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act or any transaction subject to the requirements of Section 13 or 14 of the Exchange Act.

(h) Such Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance to such

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

(i) Such Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(j) During the twelve consecutive month period prior to the date of the execution and delivery of this Agreement and prior to the date of any borrowing of Advances by such Borrower or the issuance or modification of any Facility LC for the account of such Borrower, no steps have been taken to terminate any Plan, and no contribution failure by such Borrower or any other member of the Controlled Group has occurred with respect to any Plan. No condition exists or event or transaction has occurred with respect to any Plan (including any Multiemployer Plan) which might result in the incurrence by such Borrower or any other member of the Controlled Group of any material liability, fine or penalty.

ARTICLE V

COVENANTS OF THE BORROWERS

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

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

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

(ii) subject to Section 5.02(b) (and except for the dissolution or liquidation of any Sithe Entity), preserve and keep in full force and effect its existence;

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

(iv) comply in all material respects with the requirements of all applicable laws, rules, regulations and orders (including those of any governmental authority and including with respect to environmental matters) to the extent the failure to so comply, individually or in the aggregate, would have a Material Adverse Effect on such Borrower;

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

(vi) at any reasonable time and from time to time, pursuant to prior notice delivered to such Borrower, permit any Lender, or any agent or representative of any thereof, to examine and, at such Lender's expense, make copies of, and abstracts from the records and books of account of, and visit the properties of, such Borrower and any of its Principal Subsidiaries and to discuss the affairs, finances and accounts of such Borrower and any of its Principal Subsidiaries with any of their respective officers; <u>provided</u> that any non-public information (which has been identified as such by such Borrower or the applicable Principal Subsidiary) obtained by any Lender or any of its agents or representatives pursuant to this <u>clause (vi)</u> shall be treated confidentially by such Person; <u>provided</u>, <u>further</u>, that such Person may disclose such information to any other party to this Agreement, its examiners, affiliates, outside auditors, counsel or other professional advisors in connection with the Agreement or if otherwise required to do so by law or regulatory process; and

(vii) use the proceeds of the Advances to it for general corporate or limited liability company purposes, as the case may be (including the refinancing of its commercial paper and the making of acquisitions), but in no event for any purpose which would be contrary to <u>Section 4.01(g)</u> or <u>4.01(h)</u>.

(b) <u>Reporting Requirements</u>. Furnish to the Lenders:

(i) as soon as possible, and in any event within five Business Days after the occurrence of any Event of Default or Unmatured Event of Default with respect to such Borrower continuing on the date of such statement, a statement of an authorized officer of such Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which such Borrower proposes to take with respect thereto;

(ii) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of such Borrower (commencing with the quarter ending June 30, 2004), a copy of such Borrower's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission with respect to such quarter (or, if such Borrower is not required to file a Quarterly Report on Form 10-Q, copies of an unaudited consolidated balance sheet of such Borrower as of the end of such quarter and the related consolidated statement of income of such Borrower for the portion of such

Borrower's fiscal year ending on the last day of such quarter, in each case prepared in accordance with GAAP, subject to the absence of footnotes and to year-end adjustments), together with a certificate of an authorized officer of such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which such Borrower proposes to take with respect thereto;

(iii) as soon as available and in any event within 105 days after the end of each fiscal year of such Borrower, a copy of such Borrower's Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such fiscal year (or, if such Borrower is not required to file an Annual Report on Form 10-K, the consolidated balance sheet of such Borrower and its subsidiaries as of the last day of such fiscal year and the related consolidated statements of income, retained earnings (if applicable) and cash flows of such Borrower for such fiscal year, certified by Pricewaterhouse Coopers LLP or other certified public accountants of recognized national standing), together with a certificate of an authorized officer of such Borrower stating that no Event of Default or Unmatured Event of Default with respect to such Borrower has occurred and is continuing or, if any such Event of Default or Unmatured Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which such Borrower proposes to take with respect thereto;

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

(v) except as otherwise provided in clause (ii) or (iii) above, promptly after the sending or filing thereof, copies of all reports that such Borrower sends to any of its security holders, and copies of all Reports on Form 10-K, 10-Q or 8-K, and registration statements and prospectuses that such Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange (except to the extent that any such registration statement or prospectus relates solely to the issuance of securities pursuant to employee purchase, benefit or dividend reinvestment plans of such Borrower or such Subsidiary);

(vi) promptly upon becoming aware of the institution of any steps by such Borrower or any other Person to terminate any Plan, or the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a lien under section 302(f) of ERISA, or the taking of any action with respect to a Plan which could result in the requirement that such Borrower furnish a bond or other security to the PBGC or such Plan, or the occurrence of any event with respect to any Plan, which could result in the incurrence by such Borrower or any other member of the Controlled Group of any material liability, fine or penalty, notice thereof and a statement as to the action such Borrower proposes to take with respect thereto;

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

(viii) such other information respecting the condition, operations, business or prospects, financial or otherwise, of such Borrower or any of its Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request.

SECTION 5.02 Negative Covenants. Each Borrower agrees that so long as any amount payable by such Borrower hereunder remains unpaid, any Facility LC issued for the account of such Borrower remains outstanding or the Commitments to such Borrower have not been irrevocably terminated (except with respect to Section 5.02(a), which shall be applicable only as of the date hereof and at any time any Advance to such Borrower or Facility LC issued for the account of such Borrower is outstanding or is to be made or issued, as applicable), such Borrower will not, without the written consent of the Majority Lenders:

(a) Limitation on Liens. Create, incur, assume or suffer to exist, or, in the case of Exelon, permit any of its Material Subsidiaries to create, incur, assume or suffer to exist, any Lien on its respective property, revenues or assets, whether now owned or hereafter acquired except (i) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens arising in the ordinary course of business; (ii) Liens on the capital stock of or any other equity interest in any of its Subsidiaries (excluding, in the case of Exelon, the stock of ComEd, PECO, Genco and any holding company for any of the foregoing) or any such Subsidiary's assets to secure Nonrecourse Indebtedness; (iii) Liens upon or in any property acquired in the ordinary course of business to secure the purchase price of such property or to secure any obligation incurred solely for the purpose of financing the acquisition of such property; (iv) Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition unless permitted by the preceding clause (iii)); (v) Liens on the property, revenues and/or assets of any Person that exist at the time such Person becomes a Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens; (vi) Liens granted in connection with any financing arrangement for the purchase of nuclear fuel or the financing of pollution control facilities, limited to the fuel or facilities so purchased or acquired; (vii) Liens arising in connection with sales or transfers of, or financing secured by, accounts receivable or related contracts; provided that any such sale, transfer or financing shall be on arms' length terms; (viii) Liens granted by a Special Purpose Subsidiary to secure Transitional Funding Instruments of such Special Purpose Subsidiary; (ix) in the case of ComEd, Liens arising under the ComEd Mortgage and "permitted liens" as defined in the ComEd Mortgage; (x) in the case of PECO, (A) Liens granted under the PECO Mortgage and "excepted encumbrances" as defined in the PECO Mortgage, and (B) Liens securing PECO's notes collateralized solely by mortgage bonds of PECO issued under the terms of the PECO Mortgage; (xi) in the case of PECO, ComEd and Genco, Liens arising in connection with sale and leaseback transactions entered into by such Borrower or a Subsidiary thereof, but only to the extent (I) in the case of PECO or ComEd or any Subsidiary thereof, the proceeds received from such sale shall immediately be applied to retire mortgage bonds of PECO or ComEd issued under the terms of the PECO Mortgage or the ComEd Mortgage, as the case may be, or (II) the aggregate purchase price of assets sold pursuant to such sale and leaseback transactions where such proceeds are not applied as provided in clause (I) shall not exceed, in the aggregate for PECO, ComEd, Genco and their Subsidiaries, $1,000,000,000; (xii) Liens securing Permitted Obligations; and (xiii) Liens, other than those described in clauses (i) through (xii) of this Section 5.02(a), granted by such Borrower or, in the case of Exelon, any of its Material Subsidiaries in the ordinary course of business securing Debt of such Borrower and, if applicable, such Material Subsidiaries; provided that the aggregate amount of all Debt secured by Liens permitted by clause (xiii) of this Section 5.02(a) shall not exceed in the aggregate at any one time outstanding (I) in the case of Exelon and its Material Subsidiaries, $100,000,000, (II) in the case of ComEd, $50,000,000, (III) in the case of Genco, $50,000,000, and (IV) in the case of PECO, $50,000,000.

(b) Mergers and Consolidations; Disposition of Assets. Merge with or into or consolidate with or into, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person or permit any Principal Subsidiary (other than any Sithe Entity) to do so, except that (i) any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Principal Subsidiary of such Borrower, (ii) any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to such Borrower and (iii) such Borrower or any of its Principal Subsidiaries may merge with or into or consolidate with or transfer assets to any other Person; provided that, in each case, immediately before and after giving effect thereto, no Event of Default or Unmatured Event of Default with respect to such Borrower shall have occurred and be continuing and (A) in the case of any such merger, consolidation or transfer of assets to which a Borrower is a party, either (x) such Borrower shall be the surviving entity or (y) the surviving entity shall be an Eligible Successor and shall have assumed all of the obligations of such Borrower under this Agreement and the Notes issued by such Borrower and the Facility LCs issued for the account of such Borrower pursuant to a written instrument in form and substance satisfactory to the Administrative Agent, (B) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which any of its Principal Subsidiaries is a party, a Principal Subsidiary of such Borrower shall be the surviving entity and (C) subject to clause (A) above, in the case of any such merger, consolidation or transfer of assets to which a Material Subsidiary of Exelon is a party, a Material Subsidiary of Exelon shall be the surviving entity.

(c) Interest Coverage Ratio. Permit its Interest Coverage Ratio as of the last day of any fiscal quarter to be less than (i) in the case of Exelon, 2.65 to 1.0; (ii) in the case of ComEd, 2.25 to 1.0; (ii) in the case of PECO, 2.25 to 1.0; and (iv) in the case of Genco, 3.25 to 1.0.

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

(e) Capital Structure. In the case of Exelon, fail at any time to own, free and clear of all Liens, at least 95% of the issued and outstanding common shares or other common ownership interests of ComEd, 100% of the issued and outstanding common shares or other common ownership interests of PECO and 100% of the issued and outstanding membership interests of Genco (or, in any such case, 100% of a holding company which owns, free and clear of all Liens, at least 95% of the issued and outstanding shares of common stock of ComEd, 100% of the issued and outstanding common shares or other common ownership interests of PECO or 100% of the issued and outstanding membership interests of Genco).

(f) Restrictive Agreements. In the case of Exelon, permit ComEd, Genco or PECO (or any holding company for any of the foregoing described in the parenthetical clause at the end of Section 5.02(e)) to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of such entity to declare or pay dividends to Exelon (or, if applicable, to its holding company), except for existing restrictions on (i) PECO relating to (A) the priority of payments on its subordinated debentures contained in the Indenture dated as of July 1, 1994 between PECO and Wachovia Bank, National Association (f/k/a First Union National Bank), as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of quarterly dividends on its preferred stock contained in its Amended and Restated Articles of Incorporation as in effect on the date hereof; and (ii) ComEd relating to (A) the priority of payments on its subordinated debt securities contained in the Indenture dated as of September 1, 1995 between ComEd and Wilmington Trust Company, as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of dividends on any outstanding shares of its prior preferred stock and preference stock as set forth in its Restated Articles of Incorporation, as such Restated Articles of Incorporation are in effect on the date hereof.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 Events of Default. If any of the following events shall occur and be continuing with respect to a Borrower (any such event an “Event of Default” with respect to such Borrower):

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

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

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

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

(e) Such Borrower or any Principal Subsidiary thereof (other than (i) a Special Purpose Subsidiary and (ii) so long as such entity has no Debt other than Sithe Project Debt, any Sithe Entity) shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Borrower or any Principal Subsidiary thereof (other than (i) a Special Purpose Subsidiary and (ii) so long as such entity has no Debt other than Sithe Project Debt, any Sithe Entity) seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property,) shall occur; or such Borrower or any Principal Subsidiary thereof (other than (i) a Special Purpose Subsidiary and (ii) so long as such entity has no Debt other than Sithe Project Debt, any Sithe Entity) shall take any action to authorize or to consent to any of the actions set forth above in this Section 6.01(e); or

(f) One or more judgments or orders for the payment of money in an aggregate amount exceeding $50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against such Borrower or any Principal Subsidiary thereof (other than, if applicable, any Sithe Entity) and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) Any Reportable Event that the Majority Lenders determine in good faith might constitute grounds for the termination of any Plan or for the appointment by the appropriate United States District Court of a trustee to administer a Plan shall have occurred and be continuing 30 days after written notice to such effect shall have been given to such Borrower by the Administrative Agent; (ii) any Plan shall be terminated; (iii) a Trustee shall be appointed by an appropriate United States District Court to administer any Plan; (iv) the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan; or (v) any Borrower or any member of the Controlled Group withdraws from any Multiemployer Plan; provided that on the date of any event described in clauses (i) through (v) above, the Unfunded Liabilities of the applicable Plan exceed $20,000,000; or

(h) In the case of ComEd, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, at least 95% of its issued and outstanding common shares or other common ownership interests;

(i) In the case of PECO, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of its issued and outstanding common shares or other common ownership interests; or

(j) In the case of Genco, Exelon (or a wholly owned Subsidiary of Exelon) shall fail to own, free and clear of all Liens, 100% of the membership interests of Genco;

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

ARTICLE VII

THE AGENTS

SECTION 7.01 Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by a Borrower pursuant to the terms of this Agreement.

SECTION 7.02 Agents' Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their respective own gross negligence or willful misconduct. Without limiting the generality of the foregoing: (i) the Administrative Agent may treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) the Administrative Agent may consult with legal counsel (including counsel for a Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) the Administrative Agent makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) the Administrative Agent shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Borrower or to inspect the property (including the books and records) of any Borrower; (v) the Administrative Agent shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) the Administrative Agent shall not incur any liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 Agents and Affiliates. With respect to its Commitment, Advances and Notes, Bank One shall have the same rights and powers under this Agreement as any other

Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Bank One in its individual capacity. Bank One and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, any Borrower, any subsidiary of any Borrower and any Person who may do business with or own securities of any Borrower or any such subsidiary, all as if it were not an Agent and without any duty to account therefor to the Lenders.

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

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

SECTION 7.06 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank described in clause (i) or (ii) of the definition of "Eligible Assignee" and having a combined capital and surplus of at least $150,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. Notwithstanding the foregoing, if no Event of Default or Unmatured Event of Default shall have occurred and be continuing, then no successor Administrative Agent shall be appointed under this Section 7.06 without the prior written consent of the Borrowers, which consent shall not be unreasonably withheld or delayed.

SECTION 7.07 Co-Documentation Agents, Syndication Agent and Co-Lead Arranger. The titles "Co-Documentation Agent," "Syndication Agent" and "Co-Lead Arranger" are purely honorific, and no Person designated as a "Co-Documentation Agent," the "Syndication Agent" or a "Co-Lead Arranger" shall have any duties or responsibilities in such capacity.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and, in the case of an amendment, the Borrowers, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is a Borrower or an Affiliate of a Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase or extend the Commitments of the Lenders, increase any Borrower's Sublimit to an amount greater than the amount specified in Section 2.04(c)(ii)(B) or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, or (f) amend this Section 8.01; provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent, in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note; and (ii) no amendment, waiver or consent shall, unless in writing and signed by the LC Issuer, in addition to the Lenders required above to take such action, affect the rights or duties of the LC Issuer under this Agreement.

SECTION 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Borrower, at 10 S. Dearborn, 37th Floor, Chicago, IL 60603, Attention: J. Barry Mitchell, Telecopy: (312) 394-5440; if to any Lender, at its Domestic Lending Office specified in its Administrative Questionnaire or in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Bank One Plaza, Mail Suite IL1-0010, Chicago, Illinois 60670, Attention: Mr. Ron Cromey, Telecopy: (312) 385-7096 or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent.

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

SECTION 8.04 Costs and Expenses; Indemnification. (a) Each Borrower severally agrees to pay on demand all costs and expenses incurred by the Administrative Agent, the LC Issuer and the Co-Lead Arrangers in connection with the preparation, execution, delivery, administration, syndication, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including the reasonable fees, internal charges and out-of-pocket expenses of counsel (including in-house counsel) for the Administrative Agent, the LC Issuer and the Co-Lead Arrangers with respect thereto and with respect to advising the Administrative Agent, the LC Issuer and the Co-Lead Arrangers as to their respective rights and responsibilities under this Agreement, in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred. Each Borrower further severally agrees to pay on demand all costs and expenses, if any (including counsel fees and expenses of outside counsel and of internal counsel), incurred by the Agent, the LC Issuer or any Lender in connection with the collection and enforcement (whether through negotiations, legal proceedings or otherwise) of such Borrower's obligations this Agreement, any Note issued by such Borrower and the other documents to be delivered by such Borrower hereunder, including reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a), in each case to the extent attributable to such Borrower; it being understood that to the extent any such costs and expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such costs and expenses were incurred.

(b) If any payment of principal of, or any conversion of, any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Advance, as a result of a payment or conversion pursuant to Section 2.09 or 2.12 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason, the applicable Borrower shall, upon demand by any Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amount required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or conversion, including any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(c) Each Borrower hereby severally agrees to indemnify and hold each Lender, the LC Issuer, each Agent and each of their respective Affiliates, officers, directors and employees (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may pay or incur arising out of or relating to this Agreement, any Note issued by such Borrower or the transactions contemplated hereby, or the use by such Borrowers or any of its Subsidiaries of the proceeds of any Advance to such Borrower, in each case to the extent such claims damages, losses, liabilities, costs or expenses are attributable to such Borrower, it being understood that to the extent any such claims, damages, losses, liabilities, costs or expenses are not attributable to a particular Borrower, each Borrower shall pay its proportionate share thereof according to the Borrowers' respective Sublimits at the time such claims, damages, losses, liabilities, costs or expenses arose; provided that no Borrower shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from such Indemnified Person's gross negligence or willful misconduct. Each Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing by such Borrower to the Lenders and the Administrative Agent under this Agreement and any Note issued by such Borrower and the termination of the Commitments to such Borrower. If and to the extent that the obligations of a Borrower under this Section 8.04(c) are unenforceable for any reason, such Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default with respect to a Borrower and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances to such Borrower due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and any Note of such Borrower held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Borrower after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 8.05 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 8.06 Binding Effect. This Agreement shall become effective when counterparts hereof shall have been executed by the Borrowers and the Agents and when the Administrative Agent shall have been notified by each Lender that such Lender has executed a counterpart hereof and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Agents and each Lender and their respective successors and assigns, provided that (except as permitted by Section 5.02(b)(iii)) no Borrower shall have the right to assign rights hereunder or any interest herein without the prior written consent of all Lenders.

SECTION 8.07 Assignments and Participations. (a) Each Lender may, with the prior written consent of Exelon, the LC Issuer and the Administrative Agent (which consents shall not be unreasonably withheld or delayed), and if demanded by a Borrower pursuant to Section 8.07(g) shall to the extent required by such Section, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and any Note or Notes held by it); provided that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the Commitment Amount of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 or, if less, the entire amount of such Lender's Commitment, and shall be an integral multiple of $1,000,000 or such Lender's entire Commitment, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of $4,000 (which shall be payable by one or more of the parties to the Assignment and Acceptance, and not by any Borrower, and shall not be payable if the assignee is a Federal Reserve Bank), and (v) the consent of Exelon shall not be required after the occurrence and during the continuance of any Event of Default. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (although an assigning Lender shall continue to be entitled to indemnification pursuant to Section 8.04(c)). Notwithstanding anything contained in this Section 8.07(a) to the contrary, (A) the consent of Exelon, the LC Issuer and the Administrative Agent shall not be required with respect to any assignment by any Lender to an Affiliate of such Lender or to another Lender and (B) any Lender may at any time, without the consent of Exelon, the LC Issuer or the Administrative Agent, and without any requirement to have an Assignment and Acceptance executed, assign all or any part of its rights under this Agreement and any Note to a Federal Reserve Bank, provided that no such assignment shall release the transferor Lender from any of its obligations hereunder.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any

Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment Amount of, and principal amount of the Advances owing by each Borrower to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and each Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

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

(e) Each Lender may sell participations to one or more banks or other entities (each, a "Participant") in or to all or a portion of its rights and/or obligations under this Agreement (including all or a portion of its Commitment, the Advances owing to it, its participation in Facility LCs and any Note or Notes held by it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) such Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of this Agreement or any Note held by such Lender, other than any such amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest that forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Advance or Commitment, postpones any date fixed for any regularly scheduled payment of principal of, or interest or fees on, any such Advance or Commitment, extends any Commitment, releases any guarantor of any such Advance or releases any substantial portion of collateral, if any, securing any such Advance.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrowers received by it from such Lender (subject to customary exceptions regarding regulatory requirements, compliance with legal process and other requirements of law).

(g) If (i) any Lender shall make demand for payment under Section 2.11(a), 2.11(b) or 2.14, or (ii) shall deliver any notice to the Administrative Agent pursuant to Section 2.12 resulting in the suspension of certain obligations of the Lenders with respect to Eurodollar Rate Advances, then (in the case of clause (i)) within 60 days after such demand (if, but only if, such payment demanded under Section 2.11(a), 2.11(b) or 2.14 has been made by the applicable Borrower) or (in the case of clause (ii)) within 60 days after such notice (if such suspension is still in effect), as the case may be, the Borrowers may demand that such Lender assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrowers and reasonably acceptable to the Administrative Agent all (but not less than all) of such Lender's Commitment, the Advances owing to it and its participation in the Facility LCs within the next succeeding 30 days. If any such Eligible Assignee designated by the Borrowers shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrowers shall fail to designate any such Eligible Assignee for all of such Lender's Commitment, Advances and participation in Facility LCs, then such Lender may (but shall not be required to) assign such Commitment and Advances to any other Eligible Assignee in accordance with this Section 8.07 during such period.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the Borrowers, the option to provide to any Borrower all or any part of any Advance that such Granting Bank would otherwise be obligated to make to such Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Advance, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Advance, the Granting Bank shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Advance were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 8.07, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Advances to the Granting Bank or to any financial institutions (consented to by such Borrower and Administrative Agent, neither of which consents shall be unreasonably withheld or delayed) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Advances and (ii) disclose on a confidential basis any non-public information relating to its Advances to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section 8.07(h) may not be amended in any manner which adversely affects a Granting Bank or an SPC without the written consent of such Granting Bank or SPC.

SECTION 8.08 **Governing Law**. **THIS AGREEMENT AND ALL NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA**.

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

(b) EXCEPT AS PROHIBITED BY LAW, EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.

SECTION 8.10 Execution in Counterparts; Integration. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes all prior and contemporaneous agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 8.11 Liability Several. No Borrower shall be liable for the obligations of any other Borrower hereunder.

SECTION 8.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrowers pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

> IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for a Borrower: When any Borrower opens an account, if such Borrower is an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower, and, if such Borrower is not an individual, the Administrative Agent and the Lenders will ask for such Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lenders to identify such Borrower. The Administrative Agent and the Lenders may also ask, if such Borrower is an individual, to see such Borrower's driver's license or other identifying documents, and, if such Borrower is not an individual, to see such Borrower's legal organizational documents or other identifying documents.

SECTION 1.07 Termination of Existing Agreement. The Borrowers, the Lenders which are parties to the Existing Agreement (which Lenders constitute the "Majority Lenders" as defined in the Existing Agreement) and Bank One, as Administrative Agent under the Existing Agreement, agree that, on the Closing Date, the commitments under the Existing Agreement shall terminate and be of no further force or effect (without regard to any requirement in Section 2.04 of the Existing Agreement for prior notice of termination of the commitments thereunder).

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

EXELON CORPORATION

By: ______________________________
Name:
Title:

COMMONWEALTH EDISON COMPANY

By: ______________________________
Name:
Title:

PECO ENERGY COMPANY

By: ______________________________
Name:
Title:

EXELON GENERATION COMPANY, LLC

By: ______________________________
Name:
Title:

THE LENDERS

BANK ONE, NA (Main Office Chicago), as Administrative Agent, as LC Issuer and as a Lender

By: ______________________________
Name:
Title:

BARCLAYS BANK PLC, as Syndication Agent
and as a Lender

By: ______________________________
Name:
Title:

CITIBANK, N.A., as Co-Documentation Agent
and as a Lender

By: ____________________________
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent and as a Lender

By: ______________________________
Name:
Title:

ABN AMRO BANK, N.V., as Co-Documentation Agent and as a Lender

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

DEUTSCHE BANK AG NEW YORK BRANCH

By: ____________________________
Name:
Title:

By: ____________________________
Name:
Title:

BANK OF AMERICA, N.A.

By: ______________________________
Name:
Title:

JPMORGAN CHASE BANK

By: ______________________________
Name:
Title:

KEYBANK NATIONAL ASSOCIATION

By: ______________________________
Name:
Title:

LEHMAN BROTHERS BANK, FSB

By: ________________________________
Name:
Title:

MORGAN STANLEY BANK

By: ______________________________
Name:
Title:

BNP PARIBAS

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

MERRILL LYNCH BANK USA

By: ______________________________
Name:
Title:

THE BANK OF NOVA SCOTIA

By: ______________________________
Name:
Title:

UBS LOAN FINANCE LLC

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

THE NORTHERN TRUST COMPANY

By: ______________________________
Name:
Title:

MELLON BANK, N.A.

By: ______________________________
Name:
Title:

CREDIT SUISSE FIRST BOSTON, CAYMAN ISLANDS BRANCH

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

THE BANK OF NEW YORK

By: ______________________________
Name:
Title:

MIZUHO CORPORATE BANK, LTD.

By: ______________________________
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION

By: ______________________________

Name:

Title:

WELLS FARGO BANK, N.A.

By: ____________________________
Name:
Title:

By: ____________________________
Name:
Title:

FIFTH THIRD BANK

By: ______________________________
Name:
Title:

SCHEDULE I
PRICING SCHEDULE

The "Applicable Margin," the "Facility Fee Rate," the "Utilization Fee Rate" and the "LC Fee Rate" for any day are the respective percentages set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Applicable Margin and LC Fee Rate	Facility Fee Rate	Utilization Fee Rate
Level I	0.300%	0.100%	0.100%
Level II	0.400%	0.125%	0.100%
Level III	0.475%	0.150%	0.125%
Level IV	0.575%	0.175%	0.125%
Level V	0.750%	0.250%	0.250%
Level VI	0.825%	0.300%	0.500%

The Applicable Margin, the Facility Fee Rate, the Utilization Fee Rate and the LC Fee Rate shall be determined separately for each Borrower in accordance with the table above based on the Status for such Borrower. The Status in effect for any Borrower on any date for the purposes of this Pricing Schedule is based on the Moody's Rating and S&P Rating in effect at the close of business on such date.

For the purposes of the foregoing (but subject to the final paragraph of this Pricing Schedule):

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

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

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

"Level IV Status" exists at any date for a Borrower if, on such date, (i) none of Level I Status, Level II Status or Level III Status exists for such Borrower and (ii) such Borrower's Moody's Rating is Baa2 or better or such Borrower's S&P Rating is BBB or better.

“Level V Status” exists at any date if, on such date, (i) none of Level I Status, Level II Status, Level III Status or Level IV status exists for such Borrower and (ii) such Borrower’s Moody’s Rating is Baa3 or better or such Borrower’s S&P Rating is BBB- or better.

“Level VI Status” exists at any date for a Borrower if, on such date, none of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists for such Borrower.

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

If the S&P Rating and the Moody’s Rating for a Borrower create a split-rated situation and the ratings differential is one level, the higher rating will apply. If the differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. If a Borrower has no Moody’s Rating or no S&P Rating, Level VI Status shall exist for such Borrower.

SCHEDULE II
COMMITMENTS

LENDER	COMMITMENT
Bank One, NA	$ 55,000,000
Barclays Bank PLC	$ 55,000,000
ABN AMRO Bank, N.V.	$ 55,000,000
Citibank, N.A.	$ 55,000,000
Wachovia Bank, National Association	$ 55,000,000
Dresdner Bank, AG New York and Grand Cayman Branches	$ 55,000,000
Deutsche Bank	$ 85,000,000
Bank of America, N.A.	$ 43,000,000
BNP Paribas	$ 43,000,000
KeyBank National Association	$ 43,000,000
Lehman Brothers Bank, FSB	$ 43,000,000
Merrill Lynch Bank USA	$ 43,000,000
Morgan Stanley Bank	$ 43,000,000
The Bank of Nova Scotia	$ 43,000,000
UBS Loan Finance LLC	$ 43,000,000
Credit Suisse First Boston	$ 43,000,000
The Bank of New York	$ 43,000,000
Mellon Bank, N.A.	$ 26,000,000
The Northern Trust Company	$ 26,000,000
U.S. Bank National Association	$ 26,000,000
Wells Fargo Bank, N.A.	$ 26,000,000
Fifth Third Bank	$ 26,000,000
Mizuho Corporate Bank, Ltd.	$ 25,000,000
TOTAL	**$1,000,000,000**

SCHEDULE III
EXISTING LETTERS OF CREDIT

Number	Type	Borrower	Current Amount (in Dollars)	Original Amount (in Dollars)	Actual Expiration	Adjusted Expiration
00326928	Standby Letter of Credit	ComEd	25,425,000.00	18,350,000.00	12-Aug-2004	15-Aug-2005
SLT410001	Standby Letter of Credit	ComEd	60,000.00	60,000.00	17-Feb-2005	17-Feb-2005
00325419	Standby Letter of Credit	Exelon	1,001,725.00	2,155,500.00	31-Oct-2004	19-Dec-2004
00326103	Standby Letter of Credit	Exelon	2,884,188.00	12,500,000.00	31-Dec-2004	19-Dec-2004
00330868	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	30-Jun-2004	30-Jun-2004
SLT325319	Standby Letter of Credit	Exelon	220,000.00	200,000.00	20-May-2005	20-Nov-2004
SLT325320	Standby Letter of Credit	Exelon	1,587,411.62	1,587,411.62	20-May-2005	20-Nov-2004
00326643	Standby Letter of Credit	Exelon	5,500,000.00	5,500,000.00	31-May-2005	31-May-2005
00326644	Standby Letter of Credit	Exelon	1,000,000.00	1,000,000.00	31-May-2005	31-May-2005
00325420	Standby Letter of Credit	Exelon	87,669.00	87,669.00	31-Jul-2004	31-Jul-2005
SLT326297	Standby Letter of Credit	Exelon	60,600.00	60,600.00	15-Nov-2004	15-Nov-2005
00325611	Standby Letter of Credit	Exelon	3,400,000.00	3,400,000.00	1-Oct-2004	19-Dec-2004
00325715	Standby Letter of Credit	Exelon	20,000.00	20,000.00	10-Oct-2004	10-Oct-2004
00326947	Standby Letter of Credit	Exelon	1,700,000.00	1,700,000.00	12-Aug-2004	12-Aug-2005
00330949	Standby Letter of Credit	Exelon	185,000.00	185,000.00	9-Feb-2005	9-Feb-2005
SLT751645	Standby Letter of Credit	Exelon Generation	7,000,000.00	10,000,000.00	21-Nov-2004	7-Oct-2004
SLT752101	Standby Letter of Credit	Exelon Generation	1,150,000.00	1,150,000.00	4-Dec-2004	4-Dec-2004
00325698	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Sep-2004	30-Sep-2004
SLT332490	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Sep-2004	30-Jun-2004
00325858	Standby Letter of Credit	Exelon Generation	390,000.00	2,200,000.00	30-Nov-2004	30-Nov-2004
00325446	Standby Letter of Credit	Exelon Generation	50,000.00	45,000.00	31-May-2005	31-May-2005
00330190	Standby Letter of Credit	Exelon Generation	2,000,000.00	2,000,000.00	30-Sep-2004	30-Sep-2004
00326663	Standby Letter of Credit	Exelon Generation	635,000.00	575,000.00	31-May-2005	31-May-2005

Number	Type	Borrower	Current Amount (in Dollars)	Original Amount (in Dollars)	Actual Expiration	Adjusted Expiration
00329840	Standby Letter of Credit	Exelon Generation	335,000.00	1,400,000.00	31-Mar-2005	31-Mar-2005
00330867	Standby Letter of Credit	Exelon Generation	250,000.00	2,000,000.00	31-Aug-2004	31-Aug-2005
00326414	Standby Letter of Credit	Exelon Generation	100,000.00	2,000,000.00	23-Apr-2005	24-Apr-2005
SLT751658	Standby Letter of Credit	Exelon Generation	1,252,000.00	950,000.00	5-Dec-2004	5-Dec-2004
00325638	Standby Letter of Credit	Exelon Generation	1,700,000.00	1,700,000.00	19-Dec-2004	19-Dec-2004
00330901	Standby Letter of Credit	Exelon Generation	7,325,000.00	6,125,000.00	1-Dec-2004	1-Dec-2004
00331843	Standby Letter of Credit	Exelon Generation	3,500,000.00	1,500,000.00	14-Apr-2005	14-Apr-2005
SLT330230	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	12/1/04	1-Dec-2004
SLT751677	Standby Letter of Credit	Exelon Generation	1,700,000.00	1,700,000.00	30-Jun-2005	30-Jun-2005
SLT751676	Standby Letter of Credit	Exelon Generation	200,000.00	200,000.00	30-Jun-2005	30-Jun-2005
SLT751674	Standby Letter of Credit	Exelon Generation	2,268,926.00	1,211,426.00	30-Jun-2005	30-Jun-2005
SLT751678	Standby Letter of Credit	Exelon Generation	2,300,000.00	2,300,000.00	30-Jun-2005	30-Jun-2005
SLT751675	Standby Letter of Credit	Exelon Generation	300,000.00	300,000.00	30-Jun-2005	30-Jun-2005
SLT751673	Standby Letter of Credit	Exelon Generation	3,628,504.00	2,335,904.00	30-Jun-2005	30-Jun-2005
SLT751670	Standby Letter of Credit	Exelon Generation	45,000,000.00	45,000,000.00	30-Jun-2005	30-Jun-2005
SLT752168	Standby Letter of Credit	Exelon Generation	50,000,000.00	50,000,000.00	25-Jan-2005	26-Jan-2005
SLT751672	Standby Letter of Credit	Exelon Generation	250,000.00	250,000.00	30-Jun-2005	7-Jul-2004
SLT751679	Standby Letter of Credit	Exelon Generation	590,000.00	575,000.00	30-Jun-2005	30-Jun-2005
SLT751667	Standby Letter of Credit	Exelon Generation	325,000.00	315,000.00	30-Jun-2005	30-Jun-2005
SLT751684	Standby Letter of Credit	Exelon Generation	4,050,000.00	7,500,000.00	30-Jul-2004	30-Jul-2004
SLT751685	Standby Letter of Credit	Exelon Generation	2,194,653.00	2,194,653.00	30-Jun-2005	30-Jun-2005

SCHEDULE IV
EXISTING TAX EXEMPT DEBT ISSUANCES

Exelon Corp. Tax-exempt Debt - As of 6/30/04

ComEd

Series	Rate	Issue Date	Maturity	Call Date	Call Price	Principal	CUSIP
Pollution Control-1996A	4.400%	06/27/96	12/1/06			$110,000,000	451888DM0
Pollution Control-1996B	4.400%	06/27/96	12/1/06			$ 89,400,000	451888DL2
Pollution Control-1994B	5.700%	01/15/94	01/15/09			$ 20,000,000	451888CP4
IL Dev. Fin. Authority - 2002 A	Auction	06/04/02	04/15/13			$100,000,000	451888DY4
IL Dev. Fin. Authority - 2003 D	Auction	12/23/03	01/15/14			$ 19,975,000	451888EE7
Pollution Control-1994C	5.850%	01/15/94	01/15/14			$ 20,000,000	451888CQ2
Pollution Control-1994D	6.750%	12/01/94	03/01/15	03/01/05	102%	$ 91,000,000	451888CU3
IL Dev. Fin. Authority - 2003 A	Auction	05/08/03	05/15/17			$ 40,000,000	452015BP4
IL Dev. Fin. Authority - 2003 B	Auction	09/24/03	11/01/19			$ 42,200,000	451888EC1
IL Dev. Fin. Authority - 2003 C	Auction	11/19/03	03/01/20			$ 50,000,000	451888ED9
			Total			$582,575,000	

PECO

Series	Rate	Issue Date	Maturity	Call Date	Call Price	Principal	CUSIP
Delaware Co. 1988 Ser. A	Auction	4/1/93	12/1/12			$ 50,000,000	246015AV3
Delaware Co. 1988 Ser. B	Auction	4/1/93	12/1/12			$ 50,000,000	246015AW1
Delaware Co. 1988 Ser. C	Auction	4/1/93	12/1/12			$ 50,000,000	246015AX9
Salem Co. 1988 Ser. A	Auction	4/1/93	12/1/12			$ 4,200,000	794103AY7
Delaware Co. 1999 Ser. A	5.2% 5yrPUT	10/14/99	4/1/21	9/30/04	Par	$ 50,765,000	246015BE0
Montgomery Co. 1999 Ser. A	5.2% 5yrPUT	10/14/99	10/1/30	9/30/04	Par	$ 91,775,000	6130RAB2
Montgomery Co. 1999 Ser. B	5.3% 5yrPUT	10/14/99	10/1/34	9/30/04	Par	$ 13,880,000	6130RAC0
			Total			$310,620,000	

Exelon Generation

Series	Rate	Issue Date	Maturity	Call Date	Call Price	Principal	CUSIP
Montgomery Co. 2001 Ser. B	CP	9/5/01	10/1/30			$ 68,795,000	61360QAA6
Delaware Co. 2001 Ser. A	CP	4/25/01	4/1/21			$ 39,235,000	24601VAA2
Montgomery Co. 2001 Ser. A	CP	4/25/01	10/1/34			$ 13,150,000	61360RAD8
Delaware Co. 1993 Ser. A	CP	8/24/93	8/1/16			$ 24,125,000	24601TAJ8
Salem Co. 1993 Ser. A	CP	9/9/93	3/1/25			$ 23,000,000	79410QAX8
Montgomery Co. 1994 Ser. A	CP	2/14/95	6/1/29			$ 82,560,000	613609NX
Montgomery Co. 1994 Ser. B	CP	7/2/95	6/1/29			$ 13,340,000	613609NY
York County 1993 Ser. A	CP	8/24/93	8/1/16			$ 18,440,000	98640TAE6
Montgomery Co. 1996 Ser. A	CP	3/27/96	3/1/34			$ 34,000,000	61360RAA4
Montgomery Co. 2002 Ser. A	CP	7/24/02	12/1/29			$ 29,530,000	61360SAA2
Indiana Co. 2003 A	Weekly	6/3/03	6/1/27			$ 17,240,000	454695AJ6
			Total			$363,415,000	

EXHIBIT A

FORM OF NOTE

Dated: [ ], 20__

FOR VALUE RECEIVED, the undersigned, _______, a _______ (the “Borrower”), HEREBY PROMISES TO PAY to the order of _______ (the “Lender”), for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) on the Maturity Date, the aggregate principal amount of all outstanding Advances made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower further promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Bank One, NA, as Administrative Agent, at 1 Bank One Plaza, Chicago, Illinois 60670, in immediately available funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, at the Lender’s option, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Five Year Credit Agreement dated as of July 16, 2004 among the Borrower, [Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Exelon Generation Company, LLC], various financial institutions and Bank One, NA, as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”). The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Lender’s Pro Rata Share of the Borrower’s Sublimit at such time and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA

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

By __________________________________
Name:
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Principal Paid or Prepaid	Amount of Unpaid Principal Balance	Notation Made By

EXHIBIT B

FORM OF NOTICE OF BORROWING

Bank One, NA, as Administrative Agent
for the Lenders parties to the Credit Agreement referred to below
1 Bank One Plaza
Chicago, Illinois 60670

[Date]

Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, [Exelon Corporation] [PECO Energy Company] [Commonwealth Edison Company] [Exelon Generation Company, LLC], refers to the Five Year Credit Agreement, dated as of July 16, 2004, among Exelon Corporation, PECO Energy Company, Commonwealth Edison Company, Exelon Generation Company, LLC, various financial institutions and Bank One, NA, as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”), and hereby gives you notice, irrevocably, pursuant to Section 2.02(a) of the Credit Agreement that the undersigned requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the “Proposed Borrowing”) as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, 20__.

(ii) The Type of Advances to be made in connection with the Proposed Borrowing is **[**Base Rate Advances**]** **[**Eurodollar Rate Advances**]**.

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

(iv) The Interest Period for each Advance made as part of the Proposed Borrowing is [__ month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the undersigned contained in Section 4.01 of the Credit Agreement (excluding, if the proceeds of the Proposed Borrowing will be used exclusively to repay commercial paper issued by the undersigned, the representations and warranties set forth in Section 4.01(e) and the first sentence of Section 4.01(f) of the Credit Agreement) are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default; and

(C) after giving effect to the Proposed Borrowing, the undersigned will not have exceeded any limitation on its ability to incur indebtedness (including any limitation imposed by any governmental or regulatory authority).

Very truly yours,

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

By ________________________________
Name:
Title:

EXHIBIT C
FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Second Amended and Restated Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including without limitation any letters of credit, guaranties and swingline loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: __________

2. Assignee: __________[and is an affiliate of Assignor]

3. Borrowers: Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC

4. Agent: Bank One, NA, as the Agent under the Credit Agreement.

5. Credit Agreement: Five Year Credit Agreement, dated as of July 16, 2004, among the Borrowers, the Lenders party thereto, and the Agent.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/ Outstanding Credit Exposure for all Lenders *	Amount of Commitment/ Outstanding Credit Exposure Assigned*	Percentage Assigned of Commitment/ Outstanding Credit Exposure[1]
_____________	$	$	—%
_____________	$	$	—%
_____________	$	$	—%

7. Trade Date:_______ [2] Effective Date:_______, 20__ TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE AGENT.**]**

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNEE
[NAME OF ASSIGNOR**]**
By: ______________________________
Title:

ASSIGNEE
[NAME OF ASSIGNOR**]**
By: ______________________________
Title:

[Consented to and**]**[3] Accepted:
BANK ONE, NA, as Agent
By: ______________________________
Title:
[Consented to:**]**[4]
[NAME OF RELEVANT PARTY**]**
By: ______________________________
Title:

* Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

1 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

2 Insert if satisfaction of minimum amounts is to be determined as of the Trade Date.

3 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

4 To be added only if the consent of the Borrowers and/or other parties (e.g. LC Issuer) is required by the terms of the Credit Agreement.

ANNEX 1

TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document, (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document, (v) inspecting any of the property, books or records of the Company, or any guarantor, or (vi) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Credit Extensions or the Credit Documents.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iii) agrees that its payment instructions and notice instructions are as set forth in Schedule 1 to this Assignment and Assumption, (iv) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Credit Documents will not be "plan assets" under ERISA, (v) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment and Assumption, (vi) it has received a copy of the Credit Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (vii) attached as Schedule 1 to this Assignment and Assumption is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, Reimbursement Obligations, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

ADMINISTRATIVE QUESTIONNAIRE

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

US AND NON-US TAX INFORMATION REPORTING REQUIREMENTS

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

EXHIBIT D - 1

FORM OF OPINION OF BALLARD SPAHR ANDREWS & INGERSOLL

July 16, 2004

To each of the Agents and the Lenders which is
a party to the Credit Agreement, dated as of July 16, 2004,
among Exelon Corporation,
Commonwealth Edison Company, PECO Energy
Company and Exelon Generation Company, LLC,
as Borrowers, the various financial institutions
named therein, as Lenders and Bank One, NA,
as Administrative Agent

Re: $1,000,000,000 Five-Year Credit Agreement

Ladies and Gentlemen:

This opinion letter is furnished to you pursuant to Section 3.01(v) of the $1,000,000,000 Five-Year Credit Agreement, dated as of July 16, 2004(the "Agreement"), among Exelon Corporation ("Exelon"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Exelon Generation Company, LLC ("Genco"), as Borrowers, the various financial institutions named therein, as Lenders and Bank One, NA, as Administrative Agent. Unless otherwise specified, terms defined in the Agreement are used herein as therein defined.

We have acted as counsel for Exelon, Genco and PECO (collectively, the "Pennsylvania Borrowers") in connection with the preparation, execution and delivery of the Agreement and as local counsel for ComEd with respect to certain matters of Pennsylvania law relating to the Agreement. In that capacity, we have examined the following:

(i) The Agreement, the Notes executed by Exelon (the "Exelon Notes"), the Notes executed by PECO (the "PECO Notes"), the Notes executed by Genco (the "Genco Notes") and the Notes executed by ComEd (the "ComEd Notes" and, together with the Exelon Notes, the PECO Notes and the Genco Notes, the "Notes");

(ii) The documents furnished by each of the Pennsylvania Borrowers pursuant to Section 3.01 of the Agreement;

(iii) The Articles of Incorporation of each of Exelon and PECO and all amendments thereto (in each case, its "Charter");

(iv) The by-laws of each of Exelon and PECO and all amendments thereto (in each case, its "By-laws");

(v) the Operating Agreement of Genco and all amendments thereto (the "Operating Agreement");

(vi) certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [ ], 2004 certifying as to the subsistence of Exelon in Pennsylvania;

(vii) certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [ ], 2004 certifying as to the subsistence of PECO in Pennsylvania; and

(viii) A certificate from the Secretary of State of the Commonwealth of Pennsylvania dated [ ], 2004 certifying as to the subsistence of Genco in Pennsylvania;

We have also examined, and relied upon the accuracy of factual matters contained in, originals or copies, certified or otherwise identified to our satisfaction, of such other corporate or organizational records of the Pennsylvania Borrowers, certificates or comparable documents of public officials and of officers of the Pennsylvania Borrowers, and such other agreements, instruments and documents and have made such examinations of law as we have deemed necessary in connection with the opinions set forth below.

We have assumed the legal capacity and competence of natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted to us as certified, conformed, photostatic, electronic or facsimile copies. We have made no independent factual investigation other than as described above, and as to other factual matters, we have relied exclusively on the facts stated in the representations and warranties contained in the Agreement and the Exhibits and Schedules to the Agreement (other than representations and warranties constituting conclusions of law on matters on which we opine). We have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion.

When an opinion or confirmation is given to our knowledge or with reference to matters of which we are aware or which are known to us, or with another similar qualification, the relevant knowledge or awareness is limited to the actual contemporaneous knowledge or awareness of facts, without investigation, by the lawyer who is the current primary contact for each of the Pennsylvania Borrowers and the individual lawyers in this firm who have participated in the specific transaction to which this opinion letter relates.

We have also assumed, without verification, (i) that the parties to the Agreement and the other agreements, instruments and documents executed in connection therewith, other than the Borrowers, have the power (including, without limitation, corporate power where applicable) and authority to enter into and perform the Agreement and such other agreements, instruments and documents, (ii) the due authorization, execution and delivery by such parties other than the Borrowers of the Agreement and such other agreements, instruments and documents, (iii) that the Agreement and such other agreements, instruments and documents constitute legal, valid and binding obligations of each such party other than the Borrowers, enforceable against each such other party in accordance with their respective terms and (iv) the amount of a Borrower’s borrowings outstanding under the Agreement and the $500,000,000 3-Year Credit Agreement to which each Borrower is a party will not exceed the amount such Borrower is authorized to borrow under any approval referred to in Paragraphs 4 and 8 below.

Based upon the foregoing and subject to the assumptions, exceptions, limitations and qualifications set forth herein, we are of the opinion that:

1. Each of Exelon and PECO is a corporation duly incorporated and presently subsisting under the laws of the Commonwealth of Pennsylvania. Genco is a limited liability company duly formed and presently subsisting under the laws of the Commonwealth of Pennsylvania.

2. The execution and delivery, and the performance of the obligations thereunder, by the Pennsylvania Borrowers of the Agreement and the applicable Notes (a) are within the Pennsylvania Borrowers' corporate or limited liability company powers, (b) have been duly authorized by all necessary corporate and limited liability company action of each of the Pennsylvania Borrowers, (c) do not violate the Charter, By-laws or the Operating Agreement, as the case may be, of each of the Pennsylvania Borrowers, violate any present statute, rule or regulation promulgated by the United States or the Commonwealth of Pennsylvania or to our knowledge, breach or result in a default under any agreement or instrument to which any of the Pennsylvania Borrowers is a party or by which any of the Pennsylvania Borrowers is bound and (d) to our knowledge, do not result in the creation or imposition of any lien, security interest or other charge or encumbrance upon or with respect to any of the properties of the Pennsylvania Borrowers pursuant to such agreements or instruments referred to in clause (c)(iii), except security interests and liens created under the Agreement.

3. The execution, delivery and performance by ComEd of the Agreement and the ComEd Notes do not violate any present statute, rule or regulation promulgated by the Commonwealth of Pennsylvania.

4. No consent or approval of, or notice to or filing with, any federal or state regulatory authority of the United States or the Commonwealth of Pennsylvania is required by the Pennsylvania Borrowers in connection with the execution or delivery by the Pennsylvania Borrowers of the Agreement or the applicable Notes, except for, in the case of Exelon and Genco, the authorization of the U.S. Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 and, in the case of PECO, approval from the Public Utility Commission of the Commonwealth of Pennsylvania, which authorization and approval have been received and are in full force and effect.

5. The Agreement and the Exelon Notes have been duly executed and delivered by Exelon, and the Agreement and the Exelon Notes constitute the legal, valid and binding obligations of Exelon, enforceable against Exelon in accordance with their respective terms.

6. The Agreement and the PECO Notes have been duly executed and delivered by PECO, and the Agreement and the PECO Notes constitute the legal, valid and binding obligations of PECO, enforceable against PECO in accordance with their respective terms.

7. The Agreement and the Genco Notes have been duly executed and delivered by Genco, and the Agreement and the Genco Notes constitute the legal,

valid and binding obligations of Genco, enforceable against Genco in accordance with their respective terms.

8. Assuming that the execution, delivery and performance of the Agreement and the ComEd Notes are within ComEd's corporate power and the Agreement and the ComEd Notes have been duly authorized, executed and delivered by ComEd after receipt of all required governmental and regulatory approvals, the Agreement and the ComEd Notes constitute the legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms.

9. None of the Pennsylvania Borrowers is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

We do not have knowledge, after inquiry of each lawyer in this firm who is the current primary contact for the Borrowers or who has devoted substantive attention to matters on behalf of the Borrowers during the preceding twelve months and who is still currently employed by or a member of this firm, except as disclosed in Exelon's Annual Report on Form 10-K for the year ended December 31, 2003 or Exelon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, no litigation or governmental proceeding is pending or threatened in writing against any Borrower with respect to the Agreement or the Notes, or which is likely to have a material adverse effect upon the financial condition, business, properties or prospects of any Borrower and its subsidiaries taken as a whole.

The foregoing opinions are subject to the following exceptions, limitations and qualifications:

(a) Our opinions are subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer marshalling or similar laws affecting creditors' rights and remedies generally; 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); and limitations on enforceability of rights to indemnification or contribution by federal or state securities laws or regulations or by public policy.

(b) We draw your attention to the provisions of Section 911(b) of the Pennsylvania Crimes Code (the "Crimes Code"), 18 Pa. C.S.§ 911(b), in connection with the fact that the Advances bear floating rates of interest. Section 911(b) of the Crimes Codes makes it unlawful to use or invest income derived from a pattern of "racketeering activity" in the establishment or operation of any enterprise. "Racketeering activity," as defined in the Crimes Code, includes the collection of money or other property in full or partial satisfaction of a debt which arose as the result of the lending of money or other property at a rate of interest exceeding 25% per annum where not otherwise authorized by law.

(c) We express no opinion as to the application or requirements of federal or state securities (except with respect to the opinion in paragraph 9), patent, trademark, copyright, antitrust and unfair competition, pension or employee benefit, labor, environmental health and safety or tax laws in respect of the transactions contemplated by or referred to in the Agreement.

(d) We express no opinion as to the validity or enforceability of any provision of the Agreement or the Notes which (i) permits the Lenders to increase the rate of interest or to collect a late charge in the event of delinquency or default to the extent deemed to be penalties or forfeitures; (ii) purports to be a waiver by any Borrower of any right or benefit except to the extent permitted by applicable law; (iii) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions of the Agreement or the Notes has been made; (iv) purports to exculpate any party from its own negligent acts; or (v) purports to authorize any Participant to set off and apply any deposits at any time held, and any other indebtedness at any time owing, by such Participant to or for the account of any Borrower.

We express no opinion as to the law of any jurisdiction other than the law of the Commonwealth of Pennsylvania and the federal law of the United States.

A copy of this opinion may be delivered by you to each financial institution that may become a Lender under the Agreement, and such persons may rely on this opinion as if it were addressed to them and had been delivered to them on the date hereof. This opinion may be relied on by you and such persons to whom you may deliver copies as provided in the preceding sentence only in connection with the consummation of the transactions described herein and may not be used or relied upon by you or any other person for any other purpose, without in each instance our prior written consent.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,
BALLARD SPAHR ANDREWS & INGERSOLL

EXHIBIT D-2
FORM OF OPINION OF SIDLEY AUSTIN BROWN & WOOD LLP

July 16, 2004
To each of the Agents and Lenders party to the Five Year Credit Agreement dated as of July 16, 2004 among Exelon Corporation, Commonwealth Edison Company, PECO Energy Company and Exelon Generation Company, LLC, as Borrowers, the various financial institutions named therein, as Lenders, and Bank One, NA, as Administrative Agent

Ladies and Gentlemen:

We have been asked to furnish this letter to you pursuant to Section 3.01(b)(v) of the Five Year Credit Agreement dated as of July 16, 2004 (the "***Credit Agreement***") among Exelon Corporation ("***Exelon***"), Commonwealth Edison Company ("***ComEd***"), PECO Energy Company ("***PECO***") and Exelon Generation Company, LLC ("***Genco***"), as Borrowers, various financial institutions, as Lenders, and Bank One, NA, as Administrative Agent. Unless otherwise defined in this letter, capitalized terms defined in the Credit Agreement are used herein as therein defined.

We have acted as Illinois counsel to ComEd in connection with the execution and delivery of the Credit Agreement and the Notes executed and delivered by ComEd (the "***ComEd Notes***"). In that capacity, we have examined:

(i) the Credit Agreement;

(ii) the ComEd Notes;

(iii) the Restated Articles of Incorporation of ComEd and all amendments thereto (the "***ComEd Charter***"); and

(iv) the by-laws of ComEd and all amendments thereto (the "***ComEd By-Laws***").

We are familiar with the corporate proceedings taken by ComEd in connection with the Credit Agreement and the transactions contemplated thereby. For purposes of expressing the opinions expressed in this letter, we have relied, as to various questions of fact material thereto, upon the representations made by ComEd in the Credit Agreement and upon certificates of officers of ComEd. We have also examined originals, or copies of originals certified to our satisfaction, of such corporate records of ComEd and such agreements, documents, certificates and other statements of government officials and other instruments, have examined such questions of law and have satisfied ourselves as to such matters of fact as we have considered relevant and necessary as a basis for this letter. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as certified or photostatic copies or by facsimile or other means of electronic transmission. We have also assumed that the amount of ComEd's borrowings outstanding under the Credit

Agreement and the Three Year Credit Agreement dated as of October 31, 2003, as amended by the First Amendment to Credit Agreement dated as of July 16, 2004, among Exelon, ComEd, PECO and Genco, as Borrowers, various financial institutions, as Lenders, and Bank One, NA, as Administrative Agent, will not exceed the amount that ComEd is authorized to borrow under any approval referred to in paragraph 5. With respect to any instrument or agreement executed or to be executed by any party other than ComEd, we have assumed, to the extent relevant to the opinions set forth herein, that (i) such other party (if not a natural person) has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization and (ii) such other party has full right, power and authority to execute, deliver and perform its obligations under each instrument or agreement to which it is a party and each such instrument or agreement has been duly authorized (if applicable), executed and delivered by, and is a valid, binding and enforceable agreement or obligation, as the case may be, of, such other party.

Based upon the foregoing and subject to the qualifications and limitations stated below, it is our opinion that:

1. ComEd is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.

2. The execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes are within its corporate powers, have been duly authorized by all necessary corporate action, and do not (a) violate any provision of the ComEd Charter, the ComEd By-laws or any law, rule or regulation known to us to be customarily applicable to transactions of the nature contemplated by the Credit Agreement or the ComEd Notes or (b) to our knowledge, breach, constitute a default under or otherwise violate any agreement or instrument to which ComEd is a party or by which it or its properties are bound; and such execution, delivery and performance do not, to our knowledge, result in or require the creation of any lien, security interest or encumbrance on or in any of ComEd's properties.

3. The Credit Agreement and the ComEd Notes have been duly executed and delivered by ComEd.

4. The Credit Agreement and the ComEd Notes are, to the extent that the laws of the State of Illinois or the federal laws of the United States are applicable to the enforcement of ComEd's obligations thereunder, legal, valid and binding obligations of ComEd, enforceable against ComEd in accordance with their respective terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws of general applicability relating to or affecting the enforceability of creditors' rights generally, and by the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body of the United States or the State of Illinois is required for the due execution and delivery by ComEd of, and performance by ComEd of its obligations under, the Credit Agreement and the ComEd Notes, except for (i) the authorization of the U.S. Securities and Exchange Commission under the Public

Utility Holding Company Act of 1935, as amended, which authorization has been received, and (ii) the approval of the Illinois Commerce Commission under the Illinois Public Utilities Act, as amended, which approval has been received.

6. ComEd is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended ("***Investment Company Act***").

We confirm to you that, to our knowledge, after inquiry of each lawyer in this firm who currently has supervisory responsibility for matters handled by this firm on behalf of ComEd, except as disclosed in ComEd's Annual Report on Form 10-K for the year ended December 31, 2003 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004, there is no pending or overtly threatened action or proceeding to which ComEd or any of its Subsidiaries is a party before any court, governmental agency or arbitrator that relates to the Credit Agreement or the ComEd Notes or that could reasonably be expected to affect materially and adversely ComEd's performance of its obligations under the Credit Agreement or the ComEd Notes.

The opinion as to enforceability set forth in paragraph 4 above is subject to the qualification that the enforceability of ComEd's obligations under the Credit Agreement and the ComEd Notes is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). Such principles of equity are of general application and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants. Such principles would include an expectation that parties act with reasonableness and in good faith, and might be applied, for example, to provisions which purport to grant a party with the authority to exercise sole discretion or make conclusive determinations. We note further, that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the rights of parties seeking to obtain indemnification.

With respect to our opinion in paragraph 6 above that ComEd is not an "investment company" within the meaning of the Investment Company Act, we have relied exclusively, as to all factual matters, on a certificate, dated as of the date of this letter (the "***Certificate***"), of J. Barry Mitchell, Vice President and Treasurer of ComEd (the "***Executing Officer***"). We note that, for purposes of determining whether a particular entity is an "investment company" within the meaning of the Investment Company Act, it is necessary to examine the "value" of the assets of such entity within the meaning of Section 2(a)(41)(A) of the Investment Company Act. Section 2(a)(41)(A)(ii) of the Investment Company Act provides that the "value" of certain assets held by an entity shall be the "fair value" of such assets as determined in good faith by such entity's board of directors (or similar governing body). Although the Certificate makes certain certifications regarding the value of the assets of ComEd and certain of its subsidiaries, the Executing Officer did not request the Board of Directors of ComEd or of any of such subsidiaries to determine the value of any assets required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii), but obtained values from other sources he deemed to be reliable. We have assumed, however, with your permission, that all assets of

ComEd and its subsidiaries that are required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii) of the Investment Company Act by the Board of Directors of ComEd or of the relevant subsidiary, as the case may be, would have been valued at the same values ascribed to such assets in the Certificate had the Board of Directors of ComEd or of the relevant subsidiary determined the "fair value" thereof pursuant to said section.

We express no opinion as to the enforceability of provisions of the Credit Agreement that (a) attempt to exculpate other parties from liability for future actions, inactions or practices, (b) purport to establish evidentiary standards, (c) purport to confer subject matter jurisdiction on any court or fix venue, (d) relate to severability or separability, (f) relate to payment without set-off or that otherwise purport to make obligations of, or determinations by, any party unconditional and absolute or (g) constitute agreements to agree. We also express no opinion as to the enforceability of provisions in the Credit Agreement to the effect that terms may not be waived or modified except in writing.

Any opinion or statement herein which is expressed to be "to our knowledge" or is otherwise qualified by words of like import means that the lawyers in this firm who have had an involvement in reviewing the Credit Agreement and the ComEd Notes have no current conscious awareness of any facts or information contrary to such opinion or statement.

This letter is limited to the federal laws of the United States of America and the laws of the State of Illinois. We note that the Credit Agreement and each of the ComEd Notes provides that it is to be governed by the laws of the Commonwealth of Pennsylvania. We express no opinion as to (i) Exelon, PECO or Genco or (ii) the enforceability under the laws of the Commonwealth of Pennsylvania of ComEd's obligations under the Credit Agreement or the ComEd Notes. With respect to these matters, we understand you are relying upon the opinion of Ballard Spahr Andrews & Ingersoll LLP, counsel to Exelon, PECO and Genco and Pennsylvania counsel to ComEd.

This letter is being delivered solely for the benefit of the persons to whom it is addressed; accordingly, it may not be relied upon by any other person or otherwise circulated or utilized for any purpose without our written consent, except that Ballard Spahr Andrews & Ingersoll LLP may rely upon the opinions expressed in paragraphs 1 through 3 (inclusive) in rendering their opinion to you of even date herewith. This letter may not be quoted or filed with any governmental authority or other regulatory agency (except to the extent required by law). We assume no obligation to update or supplement the opinions expressed herein to reflect any facts or circumstances which may hereafter come to our attention with respect to such opinions, including any changes in applicable law which may hereafter occur.

Very truly yours,

SIDLEY AUSTIN BROWN & WOOD LLP

EXHIBIT E

FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

______________________, 20____

Pursuant to the Five Year Credit Agreement, dated as of July 16, 2004, among Exelon Corporation (“Exelon”), PECO Energy Company (“PECO”), Commonwealth Edison Company (“ComEd”), Exelon Generation Company, LLC (“Genco”), various financial institutions and Bank One, NA, as Administrative Agent (as amended, modified or supplemented from time to time, the “Credit Agreement”), the undersigned, being _____ of [Exelon] [PECO] [ComEd] [Genco] (the “Borrower”), hereby certifies on behalf of the Borrower as follows:

1. Delivered herewith are the financial statements prepared pursuant to Section 5.01(b)[(ii)/(iii)] of the Credit Agreement for the fiscal _____ ended _____, 20_____. All such financial statements comply with the applicable requirements of the Credit Agreement.

2. Schedule I hereto sets forth in reasonable detail the information and calculations necessary to establish the Borrower’s compliance with the provisions of Section 5.02(c) of the Credit Agreement as of the end of the fiscal period referred to in paragraph 1 above.

3. (Check one and only one:)

_____ No Event of Default or Unmatured Event of Default has occurred and is continuing.

_____ An Event of Default or Unmatured Event of Default has occurred and is continuing, and the document(s) attached hereto as Schedule II specify in detail the nature and period of existence of such Event of Default or Unmatured Event of Default as well as any and all actions with respect thereto taken or contemplated to be taken by the Borrower.

4. The undersigned has personally reviewed the Credit Agreement, and this certificate was based on an examination made by or under the supervision of the undersigned sufficient to assure that this certificate is accurate.

5. Capitalized terms used in this certificate and not otherwise defined shall have the meanings given in the Credit Agreement.

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

By ______________________________
Name: ______________________________
Title: ______________________________

Date: ______________________

Exhibit 10-3

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT (this "Amendment"), dated as of July 16, 2004 amends the Three Year Credit Agreement dated as of October 31, 2003 (the "Credit Agreement") among EXELON CORPORATION, COMMONWEALTH EDISON COMPANY, PECO ENERGY COMPANY, EXELON GENERATION COMPANY, LLC (collectively, the "Borrowers"), various financial institutions and BANK ONE, NA, as administrative agent (the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrowers have requested certain amendments to the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Upon the effectiveness of this Amendment pursuant to Section 3, the Credit Agreement shall be amended as follows:

1.1 Amendment to Cover Page. The cover page is amended by deleting the reference to "$750,000,000".

1.2 Amendments to Definitions:

SECTION 1.2.1 The following definitions in Section 1.01 are amended to read in their entirety as follows:

"ComEd Sublimit" means $50,000,000, subject to adjustment as provided in Section 2.04(c).

"Exelon Sublimit" means $100,000,000, subject to adjustment as provided in Section 2.04(c).

"Genco Sublimit" means $200,000,000, subject to adjustment as provided in Section 2.04(c).

"Letter of Credit Sublimit" means $400,000,000.

"Net Interest Expense" means, for any Borrower for any period, the total of (a) such Borrower's Interest Expense for such period minus (b) to the extent that such Interest Expense to Affiliates is included in Interest Expense and relates to interest payments on debt obligations that are subordinated to the obligations of such Borrower under this Agreement, such Borrower's Interest Expense to Affiliates for such period, minus (c) such Borrower's Transitional Funding Instrument Interest for such period minus (d) in the case of Exelon and Genco, interest on Sithe Project Debt for such period."

"PECO Sublimit" means $150,000,000, subject to adjustment as provided in Section 2.04(c)."

SECTION 1.2.2 The last sentence of the definition of "Commodity Trading Obligations" in Section 1.01 is amended to read in its entirety as follows:

"The term "commodities" shall include electric energy and/or capacity, coal, petroleum, natural gas, emissions allowances, weather derivatives and related products and by-products and ancillary services."

SECTION 1.2.3 The definition of "Distributions on Preferred Securities" in Section 1.01 is deleted.

SECTION 1.2.4 The following definition is added to Section 1.01 in alphabetical order:

"Interest Expense to Affiliates" means, for any period, in the case of Exelon, ComEd and PECO, "Interest Expense to Affiliates" as shown on a consolidated statement of income of Exelon, ComEd and PECO, as applicable, for such period; provided that for any fiscal quarter ended prior to (y) in the case of ComEd, December 31, 2003 and (z) in the case of PECO, June 30, 2003, Interest Expense to Affiliates shall mean, "Distributions on Preferred Securities" as shown on a consolidated statement of income of such Borrower for such period."

1.3 Amendment to Section 2.04(c). Section 2.04(c) is amended by deleting the amount "$500,000,000" therein and substituting "$250,000,000" therefor.

1.4 Amendment to Section 2.16.3. Section 2.16.3 is amended by inserting, immediately after the word "ascertain" in the parenthetical in the third sentence, the phrase "; provided that the LC Issuer shall not issue any Facility LC if the LC Issuer shall have received written notice (which has not been rescinded) from the Administrative Agent or any Lender that any applicable condition precedent to the issuance or modification of such Facility LC has not been satisfied and, in fact, such condition precedent is not satisfied at the requested time of issuance".

1.5 Amendment to Section 4.01(c). Section 4.01(c) is amended to read in its entirety as follows:

"(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of this Agreement or any applicable Note, except an appropriate order or orders of (i) the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, (ii) in the case of ComEd, the Illinois Commerce Commission under the Illinois Public Utilities Act and (iii) in the case of PECO, the Pennsylvania Public Utilities Commission under the Pennsylvania Public Utility Code, which order or orders have been duly obtained and are (x) in full force and effect and (y) sufficient for the purposes hereof."

1.6 Amendment to Section 5.01. Section 5.01 is amended by deleting the phrase "any Lender has any Commitment to such Borrower hereunder" after the word "or" in the first sentence and inserting the phrase "the Commitments to such Borrower have not been irrevocably terminated" therefor.

1.7 Amendment to Section 5.02. Section 5.02 is amended by deleting the phrase "any Lender has any Commitment to such Borrower hereunder" after the word "or" in the first sentence and inserting the phrase "the Commitments to such Borrower have not been irrevocably terminated" therefor.

1.8 Amendment to Section 5.02(f)(ii). Clause (ii) of Section 5.02(f) is amended to read in its entirety as follows:

> "(ii) ComEd relating to (A) the priority of payments on its subordinated debt securities contained in the Indenture dated as of September 1, 1995 between ComEd and Wilmington Trust Company, as trustee, as amended and supplemented to the date hereof, or any other indenture that has terms substantially similar to such Indenture and that relates to the issuance of trust preferred securities, and (B) the priority payment of dividends on any outstanding shares of its prior preferred stock and preference stock as set forth in its Restated Articles of Incorporation, as such Restated Articles of Incorporation are in effect on the date hereof."

1.9 Amendment to Schedule II. Schedule II is amended in its entirety by substituting the Schedule II attached hereto therefor.

SECTION 2 CONDITIONS PRECEDENT. This Amendment shall become effective when (i) the Administrative Agent has received counterpart signature pages to this Amendment (by facsimile or otherwise) signed by the Borrowers and the Majority Lenders and (ii) the Five Year Credit Agreement dated as of July 16, 2004 among the Borrowers, various financial institutions and Bank One, NA, as agent, has become effective.

SECTION 3 MISCELLANEOUS.

3.1 Continuing Effectiveness, etc. Except as expressly set forth herein, the Credit Agreement shall remain in full force and effect and is ratified, approved and confirmed in all respects.

3.2 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

3.3 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment.

3.4 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

3.5 Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

3.6 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers as of the date first above written.

EXELON CORPORATION

By: ______________________________
Name:
Title:

COMMONWEALTH EDISON COMPANY

By: ______________________________
Name:
Title:

PECO ENERGY COMPANY

By: ______________________________
Name:
Title:

EXELON GENERATION COMPANY, LLC

By: ______________________________
Name:
Title:

THE LENDERS

BANK ONE, NA (Main Office Chicago), as Administrative Agent and as a Lender

By: ______________________________
Name:
Title:

BARCLAYS BANK PLC, as Syndication Agent and as a Lender

By: ______________________________
Name:
Title:

CITIBANK, N.A., as Co-Documentation Agent
and as a Lender

By: ______________________________
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Co-Documentation Agent and as a Lender

By:__________________________
Name:
Title:

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as Co-Documentation Agent and as a Lender

By:________________________
Name:
Title:

By:________________________
Name:
Title:

ABN AMRO BANK, N.V.

By: __________________________________
Name:
Title:

BANK OF AMERICA, N.A.

By: ______________________________

Name:

Title:

JPMORGAN CHASE BANK

By: ______________________________________
Name:
Title:

KEYBANK NATIONAL ASSOCIATION

By: ______________________________
Name:
Title:

LEHMAN BROTHERS BANK, FSB

By: ______________________________

Name:

Title:

MORGAN STANLEY BANK

By: ____
Name:
Title:

BNP PARIBAS

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

MERRILL LYNCH BANK USA

By: ______________________________

Name:

Title:

THE BANK OF NOVA SCOTIA

By: ______________________________
Name:
Title:

UBS LOAN FINANCE LLC

By: ______________________________
Name:
Title:

THE NORTHERN TRUST COMPANY

By: ____________________________________
Name:
Title:

MELLON BANK, N.A.

By: ____

Name:

Title:

CREDIT SUISSE FIRST BOSTON

By: ______________________________

Name:

Title:

THE BANK OF NEW YORK

By: ________________________________
Name:
Title:

MIZUHO CORPORATE BANK, LTD.

By: ______________________________
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION

By: ______________________________
Name:
Title:

WELLS FARGO BANK, N.A.

By: ________________________________
Name:
Title:

FIFTH THIRD BANK

By: ________________________________
Name:
Title:

BANK HAPOALIM

By: ____
Name:
Title:

SCHEDULE II
COMMITMENTS

LENDER	COMMITMENT
Bank One, NA	$30,666,666.67
Barclays Bank PLC	$30,666,666.67
Wachovia Bank, National Association	$29,166,666.66
Dresdner Bank, AG New York and Grand Cayman Branches	$29,166,666.66
Citibank, N.A.	$29,166,666.66
ABN AMRO Bank, N.V.	$29,166,666.66
Bank of America, N.A.	$24,666,666.67
BNP Paribas	$24,666,666.67
JPMorgan Chase Bank	$24,666,666.67
KeyBank National Association	$24,666,666.67
Merrill Lynch Bank USA	$24,666,666.67
Morgan Stanley Bank	$24,666,666.67
The Bank of Nova Scotia	$24,666,666.67
UBS Loan Finance LLC	$24,666,666.67
Credit Suisse First Boston	$18,333,333.33
Mellon Bank, N.A.	$15,000,000.00
The Bank of New York	$15,000,000.00
The Northern Trust Company	$15,000,000.00
Lehman Brothers Bank, FSB	$14,666,666.67
Bank Hapoalim	$10,000,000.00
Mizuho Corporate Bank, Ltd.	$10,000,000.00
U.S. Bank National Association	$10,000,000.00
Wells Fargo Bank, N.A.	$10,000,000.00
Fifth Third Bank	$ 6,666,666.66
TOTAL	**$ 500,000,000**

CERTIFICATION EXHIBITS

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, John W. Rowe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ John W. Rowe

Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert S. Shapard, certify that:

1. I have reviewed this report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ Robert S. Shapard
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, John L. Skolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ John L. Skolds

President, Exelon Energy Delivery
(Principal Executive Officer)

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Barry Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ J. Barry Mitchell

Senior Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, John L. Skolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ John L. Skolds
President, Exelon Energy Delivery
(Principal Executive Officer)

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Barry Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ J. Barry Mitchell
Senior Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Oliver D. Kingsley Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

/s/ Oliver D. Kingsley Jr.
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Barry Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 28, 2004

/s/ J. Barry Mitchell
Senior Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

Date: July 28, 2004

/s/ John W. Rowe

John W. Rowe
Chairman and Chief Executive Officer

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

Date: July 28, 2004

/s/ Robert S. Shapard

Robert S. Shapard
Executive Vice President and
Chief Financial Officer

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

Date: July 28, 2004	/s/ John L. Skolds
	John L. Skolds President Exelon Energy Delivery

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

Date: July 28, 2004

/s/ J. Barry Mitchell

J. Barry Mitchell
Senior Vice President, Treasurer and
Chief Financial Officer

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

Date: July 28, 2004

/s/ John L. Skolds

John L. Skolds
President
Exelon Energy Delivery

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

Date: July 28, 2004

/s/ J. Barry Mitchell

J. Barry Mitchell
Senior Vice President, Treasurer and
Chief Financial Officer

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

Date: July 28, 2004

/s/ Oliver D. Kingsley Jr.

Oliver D. Kingsley Jr.
Chief Executive Officer and
President

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the Quarterly Report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2004, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

Date: July 28, 2004	/s/ J. Barry Mitchell
	J. Barry Mitchell Senior Vice President, Treasurer and Chief Financial Officer