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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 20, 2000

EXELON CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	1-16169	23-2990190
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

37th Floor, 10 South Dearborn
Post Office Box A-3005
Chicago, Illinois 60690-3005
(address of principal executive offices)

Registrant's telephone number, including area code: (312) 394-4321

N/A

(Former name or former address, if changed since last report)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On October 20, 2000, pursuant to a Second Amended and Restated Agreement and Plan of Exchange and Merger dated as of September 22, 1999 as amended and restated as of October 10, 2000, among PECO Energy Company, a Pennsylvania corporation ("PECO Energy"), Exelon Corporation, a Pennsylvania corporation ("Exelon") and Unicom Corporation, an Illinois corporation ("Unicom"), PECO Energy, Exelon and Unicom consummated the merger and exchange as described below (the "Merger and Exchange").

The Merger and Exchange involved two transactions. The first step was a share exchange between PECO Energy and its wholly owned subsidiary Exelon, pursuant to which PECO Energy became a wholly owned subsidiary of Exelon. The second step was a merger of Unicom into Exelon, pursuant to which Unicom's separate corporate existence ended and its subsidiaries, including Commonwealth Edison Company, became subsidiaries of Exelon.

In the first step exchange, each outstanding share of PECO Energy common stock (other than shares owned by PECO Energy, which were automatically canceled) was automatically converted into the right to receive one share of Exelon common stock and all shares of Exelon common stock held by PECO Energy were automatically canceled.

At the completion of the second step merger, which occurred shortly following the completion of the first step exchange, Unicom was merged with and into Exelon, and each share of Unicom common stock (other than shares owned by Unicom or Exelon, which were automatically canceled) was automatically converted into the right to receive 0.875 shares of Exelon common stock and $3.00 in cash.

A copy of the press release issued by Exelon on October 20, 2000 with respect to the effectiveness of the exchange and merger is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On October 13, 2000, Exelon established a $1.25 billion bank credit facility (the "Credit Facility") pursuant to the Term Loan Agreement dated as of October 13, 2000 among Exelon, the banks listed on the signature pages thereof, Bank One, N.A., as Administrative Agent, Credit Suisse First Boston, as Documentation Agent, and Citibank, N.A., as Syndication Agent (the "Credit Agreement"). Approximately $510,000,000 of the Credit Facility is being borrowed to finance the cash consideration to be paid to former holders of Unicom common stock in the second step merger. It is anticipated that borrowings will be made under the remaining Credit Facility as needed.

A copy of the Credit Agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

ITEM 7.

(a) Financial statements of businesses acquired:

UNICOM CORPORATION

FINANCIAL STATEMENTS

For the Three, Nine and Twelve Months Ended September 30, 2000

Unicom Corporation

Quarterly Report for the Quarterly Period Ended September 30, 2000

This document contains a Quarterly Report for the quarterly period ended September 30, 2000 for Unicom Corporation. In addition, several portions of this Quarterly Reports contain forward-looking statements; and reference is made to pages 58-59 for the location and character of such statements.

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DEFINITIONS

The following terms are used in this document with the following meanings:

Term	Meaning
1997 Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997, as amended
AFUDC	Allowance for funds used during construction
APB	Accounting Principles Board
APX	Automated Power Exchange Inc., a California company
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
City	City of Chicago
ComEd	Commonwealth Edison Company, an Exelon subsidiary
ComEd Funding	ComEd Funding, LLC, a ComEd subsidiary
ComEd Funding Trust	ComEd Transitional Funding Trust, a ComEd Funding subsidiary
Cotter	Cotter Corporation, formerly a ComEd subsidiary
CTC	Non-bypassable "competitive transition charge"
DOE	U.S. Department of Energy
Edison Development	Edison Development Canada Inc., a ComEd subsidiary
EME	Edison Mission Energy, an Edison International subsidiary
EPS	Earnings/(Loss) per Common Share
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fossil Plant	ComEd's former six coal-fired generating plants, an oil and gas-fired plant, and nine peaking unit sites
GAAP	Generally Accepted Accounting Principles
ICC	Illinois Commerce Commission
IDR	Illinois Department of Revenue
Indiana Company	Commonwealth Edison Company of Indiana, Inc., a ComEd subsidiary
INPO	Institute of Nuclear Power Operations
ISO	Independent System Operator
MGP	Manufactured gas plant
NEIL	Nuclear Electric Insurance Limited
Northwind Chicago	Northwind Chicago, LLC, a UT Holdings subsidiary
Northwind Midway	Northwind Midway, LLC, a UT Holdings subsidiary
NRC	Nuclear Regulatory Commission
O&M	Operation and maintenance
PECO	PECO Energy Company, a Pennsylvania company
PPAs	Purchase Power Agreements
RES	Retail Electric Supplier
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SPEs	Special purpose entities
S&P	Standard & Poor's
Trusts	ComEd Financing I and ComEd Financing II, ComEd subsidiaries
Trust Securities	ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities
Unicom	Unicom Corporation
Unicom Energy Services	Unicom Energy Services Inc., a Unicom Enterprises subsidiary
Unicom Enterprises	Unicom Enterprises Inc., a Unicom subsidiary
Unicom Investment	Unicom Investment, Inc., a Unicom subsidiary
Unicom Power Holdings	Unicom Power Holdings Inc., a Unicom Enterprises subsidiary
Unicom Thermal	Unicom Thermal Technologies Inc., a UT Holdings subsidiary
U.S. EPA	U.S. Environmental Protection Agency
UT Holdings	UT Holdings Inc., a Unicom Enterprises subsidiary

Part I. Financial Information

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Unicom Corporation:

We have audited the accompanying consolidated balance sheets and statements of consolidated capitalization of UNICOM CORPORATION (an Illinois corporation) and subsidiary companies as of September 30, 2000 and December 31, 1999, and the related statements of consolidated operations, retained earnings, comprehensive income and cash flows for the three-month, nine-month and twelve-month periods ended September 30, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unicom Corporation and subsidiary companies as of September 30, 2000 and December 31, 1999, and the results of their operations and their cash flows for the three-month, nine-month and twelve-month periods ended September 30, 2000 and 1999, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Chicago, Illinois
November 3, 2000

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED OPERATIONS

The following Statements of Consolidated Operations for the three months, nine months and twelve months ended September 30, 2000 and 1999 reflect the results of past operations and are not intended as any representation as to results of operations for any future period. Future operations will necessarily be affected by various and diverse factors and developments, including changes in electric prices, regulation, population, business activity, asset dispositions, competition, taxes, environmental control, energy use, fuel, cost of labor, purchased power and other matters, the nature and effect of which cannot now be determined.

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands Except Per Share Data)					
Operating Revenues......	$2,220,289	$2,084,454	$5,685,671	$5,307,972	$7,225,646	$6,871,640
Operating Expenses and Taxes:						
Fuel..................	$ 97,207	$ 302,181	$ 294,046	$ 796,654	$ 494,654	$1,049,699
Purchased power.......	735,894	249,375	1,410,881	419,358	1,544,823	520,987
Operation and maintenance..........	654,518	581,937	1,749,008	1,787,435	2,387,446	2,369,062
Depreciation and amortization.........	230,214	202,109	831,859	700,388	974,719	929,731
Taxes (except income)..............	138,610	144,791	406,357	407,286	507,525	535,247
Income taxes..........	45,771	181,654	138,073	305,265	192,007	354,131
Investment tax credits deferred--net	(5,499)	(7,021)	(16,498)	(21,063)	(21,263)	(27,856)
	$1,896,715	$1,655,026	$4,813,726	$4,395,323	$6,079,911	$5,731,001
Operating Income........	$ 323,574	$ 429,428	$ 871,945	$ 912,649	$1,145,735	$1,140,639
Other Income and (Deductions):						
Interest on long-term debt, net of interest capitalized..........	$ (133,837)	$ (134,622)	$ (398,058)	$ (413,132)	$ (529,888)	$ (522,526)
Interest on notes payable..............	(7,538)	(5,282)	(13,709)	(13,003)	(19,308)	(17,377)
Allowance for funds used during construction.........	5,599	6,581	16,610	15,982	22,440	20,121
Income taxes applicable to nonoperating activities...........	(23,196)	2,080	(44,614)	(1,169)	(16,362)	(17,418)
Provisions for dividends and redemption premiums-- Preferred and preference stocks of ComEd...............	(534)	(1,830)	(2,773)	(20,170)	(6,359)	(33,991)
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities.....	(7,428)	(7,428)	(22,283)	(22,283)	(29,710)	(29,710)
Miscellaneous--net....	9,991	(9,175)	102,158	37,492	43,607	67,816
	$ (156,943)	$ (149,676)	$ (362,669)	$ (416,283)	$ (535,580)	$ (533,085)
Net Income before Extraordinary Items ...	$ 166,631	$ 279,752	$ 509,276	$ 496,366	$ 610,155	$ 607,554
Extraordinary Losses,						

less Applicable Income Taxes..................	(2,967)	--	(7,134)	(27,579)	(7,134)	(27,579)
Net Income.............	$ 163,664	$ 279,752	$ 502,142	$ 468,787	$ 603,021	$ 579,975
Earnings per common share before extraordinary items						
Basic.................	$ 0.96	$ 1.29	$ 2.82	$ 2.29	$ 3.21	$ 2.80
Diluted...............	$ 0.95	$ 1.28	$ 2.80	$ 2.28	$ 3.20	$ 2.79
Extraordinary losses, less applicable income taxes (basic and diluted)...............	$ (0.02)	--	$ (0.04)	$ (0.13)	$ (0.04)	$ (0.13)
Earnings per common share--						
Basic.................	$ 0.94	$ 1.29	$ 2.78	$ 2.16	$ 3.17	$ 2.67
Diluted...............	$ 0.93	$ 1.28	$ 2.76	$ 2.15	$ 3.16	$ 2.66
Cash Dividends Declared per Common Share.......	$ 0.40	$ 0.40	$ 1.20	$ 1.20	$ 1.60	$ 1.60

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2000	December 31, 1999
	(Thousands of Dollars)	
Utility Plant:		
Plant and equipment, at original cost (includes construction work in progress of $801 million and $672 million, respectively)	$25,742,682	$25,007,637
Less--Accumulated provision for depreciation	14,151,813	13,729,223
	$11,590,869	$11,278,414
Nuclear fuel, at amortized cost	845,401	843,724
	$12,436,270	$12,122,138
Investments and Other Property:		
Nuclear decommissioning funds	$ 2,662,020	$ 2,546,540
Investment in leases	395,868	--
Nonutility property--less accumulated provision for depreciation of $24,894 and $17,345, respectively	251,329	304,976
Goodwill	78,373	34,955
Subsidiary companies	17,583	50,417
Other, at cost	196,358	130,917
	$ 3,601,531	$ 3,067,805
Current Assets:		
Cash and temporary cash investments	$ 981,940	$ 1,696,336
Cash held for redemption of securities	71,622	285,056
Other cash investments	1,231	62
Special deposits	515	1,845,730
Investment in leases	1,235,194	--
Receivables--		
Customers	1,300,276	1,224,678
Forward share repurchase contract	--	813,046
Income Taxes	731,707	--
Other	192,266	181,532
Provisions for uncollectible accounts	(48,004)	(50,814)
Coal and fuel oil, at average cost	18,271	15,613
Materials and supplies, at average cost	239,929	221,157
Deferred income taxes related to current assets and liabilities	71,276	60,056
Prepayments and other	150,742	36,268
	$ 4,946,965	$ 6,328,720
Deferred Charges and Other Noncurrent Assets:		
Regulatory assets	$ 1,526,590	$ 1,792,907
Other	71,279	94,463
	$ 1,597,869	$ 1,887,370
	$22,582,635	$23,406,033

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES	September 30, 2000	December 31, 1999
	(Thousands of Dollars)	
Capitalization (see accompanying statements):		
Common stock equity	$ 3,700,755	$ 5,332,611
Preferred and preference stocks of ComEd--		
Without mandatory redemption requirements	--	1,790
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities*	350,000	350,000
Long-term debt	7,133,995	7,129,906
	$11,184,750	$12,814,307
Current Liabilities:		
Notes payable	$ 1,477,990	$ 4,750
Current portion of long-term debt, redeemable preference stock and capitalized lease obligations of subsidiary companies	350,474	915,439
Accounts payable	928,584	582,920
Accrued interest	136,473	146,718
Accrued taxes	130,453	1,386,930
Dividends payable	70,406	94,090
Customer deposits	69,823	68,128
Other	221,779	316,542
	$ 3,385,982	$ 3,515,517
Deferred Credits and Other Noncurrent Liabilities:		
Deferred income taxes	$ 3,451,783	$ 2,484,883
Nuclear decommissioning liability for retired plants	1,288,000	1,259,700
Accumulated deferred investment tax credits	461,762	484,717
Accrued spent nuclear fuel disposal fee and related interest	797,457	763,427
Obligations under capital leases of subsidiary companies	--	161,611
Regulatory liabilities	580,991	596,157
Other	1,431,910	1,325,714
	$ 8,011,903	$ 7,076,209
Commitments and Contingent Liabilities (Note 21)		
	$22,582,635	$23,406,033

*As described in Note 10 of Notes to Financial Statements, the sole asset of ComEd Financing I, a subsidiary trust of ComEd, is $206.2 million principal amount of ComEd's 8.48% subordinated deferrable interest notes due September 30, 2035. The sole asset of ComEd Financing II, also a subsidiary trust of ComEd, is $154.6 million principal amount of ComEd's 8.50% subordinated deferrable interest debentures due January 15, 2027.

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED CAPITALIZATION

	September 30, 2000	December 31, 1999
	(Thousands of Dollars)	
Common Stock Equity:		
Common stock, without par value--Outstanding--219,075,493 shares and 217,817,610 shares, respectively	$ 5,002,631	$ 4,971,618
Preference stock expense of ComEd	--	(72)
Retained earnings	657,421	364,345
Accumulated other comprehensive income	3,806	6,815
Treasury stock--49,708,406 shares and 264,406 shares, respectively	(1,963,103)	(10,095)
	$ 3,700,755	$ 5,332,611
Preferred and Preference Stocks of ComEd--		
Without Mandatory Redemption Requirements:		
$1.425 convertible preferred stock, cumulative, without par value--Outstanding--no shares and 56,291 shares, respectively	$ --	$ 1,790
Prior preferred stock, cumulative, $100 par value per share--No shares outstanding	--	--
	$ --	$ 1,790
Subject to Mandatory Redemption Requirements:		
Preference stock, cumulative, without par value--Outstanding--No shares and 700,000 shares, respectively	$ --	$ 69,475
Current redemption requirements for preference stock included in current liabilities	--	(69,475)
	$ --	$ --
ComEd-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely ComEd's Subordinated Debt Securities	$ 350,000	$ 350,000
Long-Term Debt:		
First mortgage bonds:		
Maturing 2000 through 2004--5.30% to 9 3/8%	$ 326,000	$ 698,245
Maturing 2005 through 2014--4.40% to 8 3/8%	1,299,400	1,299,400
Maturing 2015 through 2023--6.75% to 9 7/8%	1,486,950	1,589,443
	$ 3,112,350	$ 3,587,088
Transitional trust notes, due 2001 through 2008--5.29% to 5.74%	2,804,541	3,070,000
Sinking fund debentures, due 2001 through 2011--2 7/8% to 4.75%	26,674	30,866
Pollution control obligations, due 2007 through 2014--4.65% to 5 7/8%	137,700	139,200
Other long-term debt	1,447,201	1,089,347
Current maturities of long-term debt included in current liabilities	(350,474)	(737,615)
Unamortized net debt discount and premium	(43,997)	(48,980)
	$ 7,133,995	$ 7,129,906
	$11,184,750	$12,814,307

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Balance at Beginning of Period.................	$561,502	$157,467	$364,345	$143,537	$348,126	$ 117,833
Add--Net income.........	163,664	279,752	502,142	468,787	603,021	579,975
	$725,166	$437,219	$866,487	$612,324	$ 951,147	$ 697,808
Deduct--						
Cash dividends declared on common stock.......	$ 67,750	$ 86,979	$209,473	$260,760	$ 296,495	$ 347,566
Other capital stock transactions--net..	(5)	2,114	(407)	3,438	(2,769)	2,116
	$ 67,745	$ 89,093	$209,066	$264,198	$ 293,726	$ 349,682
Balance at End of Period (Includes $1,009 million and $702 million of appropriated retained earnings for future dividend payments at September 30, 2000 and 1999, respectively)...	$657,421	$348,126	$657,421	$348,126	$ 657,421	$ 348,126

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Net Income..............	$ 163,664	$ 279,752	$502,142	$468,787	$603,021	$579,975
Other Comprehensive Income						
Unrealized gains/(losses) on securities and foreign currency translations.........	$ (3,221)	$ --	$ (2,696)	--	$ 9,051	$ --
Income taxes on other comprehensive income.	20	--	(313)	--	(5,245)	--
Other comprehensive income, net of tax...	$ (3,201)	$ --	$ (3,009)	$ --	$ 3,806	$ --
Comprehensive Income....	$ 160,463	$ 279,752	$499,133	$468,787	$ 606,827	$ 579,975

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Cash Flow from Operating Activities:						
Net income	$ 163,664	$ 279,752	$ 502,142	$ 468,787	$ 603,021	$ 579,975
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	273,688	210,648	941,010	742,432	1,104,070	976,815
Deferred income taxes and investment tax credits--net	(87,381)	(10,983)	(171,786)	(109,303)	(1,511,488)	(35,026)
Contribution to environmental trust.	--	--	--	--	(250,000)	--
Recovery of coal reserve regulatory assets	--	91,642	--	111,578	178,038	108,078
Change in MGP remediation liability	(2,600)	--	(3,800)	--	64,278	--
Loss/(gain) on forward share arrangements	--	17,514	(113,071)	(15,903)	(55,370)	(15,903)
Provisions/(payments) for revenue refunds--net	--	(2,439)	--	(22,297)	(371)	306
Equity component of allowance for funds used during construction	(2,643)	(2,243)	(7,945)	(5,999)	(9,735)	(7,600)
Provisions/(payments) for liability for separation costs--net	19,303	(1,746)	10,248	(11,544)	(40,604)	1,029
Net effect on cash flows of changes in:						
Receivables	(127,965)	(2,306)	(47,845)	63,988	(267,880)	29,834
Coal and fuel oil	1,000	14,753	(141)	4,143	(3,666)	21,052
Materials and supplies	(3,151)	(2,829)	(14,972)	(10,096)	(6,275)	8,150
Accounts payable excluding separation costs--net	255,105	10,016	306,624	(92,907)	364,228	26,894
Accrued interest and taxes	15,095	3,198	(901,804)	107,785	236,394	(123,605)
Other changes in certain current assets and liabilities	(29,487)	37,883	19,597	89,881	(29,241)	152,030
Other--net	58,435	(85,162)	155,658	49,221	(16,168)	40,340
	$ 533,063	$ 557,698	$ 673,906	$ 1,369,766	$ 359,231	$ 1,762,369
Cash Flow from Investing Activities:						
Construction expenditures	$ (319,698)	$(271,921)	$ (914,425)	$ (752,614)	$(1,285,302)	$(1,042,735)
Nuclear fuel expenditures	(123,007)	(90,926)	(224,486)	(204,873)	(273,096)	(247,458)
Sales of generating plants	--	--	--	--	4,885,720	--
Investment in leases	(17,279)	--	(1,631,062)	--	(1,631,062)	--
Equity component of allowance for funds used during						

construction..........	2,643	2,243	7,945	5,999	9,735	7,600
Contributions to nuclear decommissioning funds.................	--	--	(39,400)	(39,426)	(89,919)	(96,120)
Other investments and special deposits......	(3,638)	(26,644)	1,694,534	(39,345)	(167,120)	(47,603)
Plant removal costs--net...................	11,474	(17,291)	(7,486)	(49,303)	(25,915)	(89,464)
	$ (449,505)	$(404,539)	$(1,114,380)	$(1,079,562)	$ 1,423,041	$(1,515,780)
Cash Flow from Financing Activities:						
Issuance of securities--						
Transitional trust notes................	$ --	$ --	$ --	$ --	$ --	$ 3,382,629
Other long-term debt..	450,062	98,025	478,153	161,155	518,748	161,357
Capital stock.........	18,465	3,763	31,013	8,175	43,859	13,912
Retirement, redemption and repurchase of securities--						
Transitional trust notes................	(85,459)	(97,045)	(265,459)	(237,045)	(358,413)	(237,045)
Other long-term debt..	(231,601)	(28,017)	(606,372)	(1,089,027)	(948,893)	(1,179,228)
Common stock..........	(374,433)	(2,390)	(959,758)	(32,446)	(683,649)	(39,246)
Preferred stock.......	(2,174)	(72,644)	(72,318)	(606,852)	(72,358)	(610,423)
Common stock forward repurchase arrangements..........	--	--	(67,133)	(662,113)	(262,038)	(662,113)
Cash dividends paid on common stock..........	(70,657)	(86,915)	(228,737)	(260,585)	(315,716)	(347,428)
Nuclear fuel lease principal payments....	(235,365)	(55,610)	(269,985)	(157,546)	(367,841)	(208,820)
Increase/(decrease) in short-term borrowings...........	797,624	36,900	1,473,240	155,787	1,029,240	40,104
	$ 266,462	$(203,933)	$ (487,356)	$(2,720,497)	$(1,417,061)	$ 313,699
Change in Net Cash Balance................	$ 350,020	$ (50,774)	$ (927,830)	$(2,430,293)	$ 365,211	$ 560,288
Cash, Temporary Cash Investments and Cash Held for Redemption of Securities:						
Balance at Beginning of Period..........	703,542	739,125	1,981,392	3,118,644	688,351	128,063
Balance at End of Period.............	$1,053,562	$ 688,351	$ 1,053,562	$ 688,351	$ 1,053,562	$ 688,351

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies.

Corporate Structure and Basis of Presentation. Unicom is the parent holding company of ComEd and Unicom Enterprises. ComEd, a regulated electric utility, is the principal subsidiary of Unicom. Unicom Enterprises is an unregulated subsidiary of Unicom and is engaged, through its subsidiaries, in energy service activities.

The consolidated financial statements include the accounts of Unicom, ComEd, Indiana Company, Edison Development, the Trusts, ComEd Funding, ComEd Funding Trust and Unicom's unregulated subsidiaries. All significant intercompany transactions have been eliminated. Although the accounts of ComEd Funding, ComEd Funding Trust and the subsidiaries of Unicom Investment, which are SPEs, are included in the consolidated financial statements, as required by GAAP, ComEd Funding, ComEd Funding Trust and the subsidiaries of Unicom Investment are legally separated from Unicom, ComEd and Unicom Investment. The assets of the SPEs are not available to creditors of Unicom, ComEd or Unicom Investment and the transitional property and investments held by the SPEs are not assets of Unicom, ComEd or Unicom Investment.

See Note 2 for information on Unicom's merger with PECO.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Due to the transition to a new customer information and billing system, a larger portion of customer revenues and net receivables were based on estimates for the period July 1998 through November 1999 than in previous and subsequent periods.

Regulation. ComEd is subject to regulation as to accounting and ratemaking policies and practices by the ICC and FERC. ComEd's accounting policies and the accompanying consolidated financial statements conform to GAAP applicable to rate-regulated enterprises for the non-generation portion of its business, including the effects of the ratemaking process in accordance with SFAS No. 71, Accounting for the Effects of Certain Types of Regulation. Such effects on the non-generation portion of its business concern mainly the time at which various items enter into the determination of operating results in order to follow the principle of matching costs with the applicable revenues collected from or returned to customers through future rates.

ComEd's investment in generation-related net utility plant, not subject to cost-based rate regulation, including construction work in progress and nuclear fuel, and excluding the decommissioning costs included in the accumulated provision for depreciation was $7.7 billion and $7.8 billion as of September 30, 2000 and December 31, 1999, respectively.

Regulatory Assets and Liabilities. Regulatory assets are incurred costs which have been deferred and are amortized for ratemaking and accounting purposes. Regulatory liabilities represent amounts to be settled with customers through future rates. Regulatory assets and liabilities reflected on the Consolidated Balance Sheets at September 30, 2000 and December 31, 1999 were as follows:

	September 30, 2000	December 31, 1999
	(Thousands of Dollars)	
Regulatory assets:		
Impaired production plant(1)	$ 103,659	$ 366,221
Deferred income taxes (2)	701,714	688,946
Nuclear decommissioning costs--Dresden Unit 1	189,506	202,308
Nuclear decommissioning costs--Zion Units 1 and 2	495,811	496,638
Unamortized loss on reacquired debt (3)	35,900	38,794
	$1,526,590	$1,792,907
Regulatory liabilities:		
Deferred income taxes (2)	$ 580,991	$ 596,157

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(1) Expected to be substantially recovered through regulated cash flow by the end of 2000.
(2) Recorded in compliance with SFAS No. 109, Accounting for Income Taxes, for non-generation related temporary differences.
(3) Amortized over the remaining lives of the non-generation related long-term debt issued to finance the reacquisition. See "Loss on Reacquired Debt" below for additional information.

The regulatory assets for Dresden Unit 1 and Zion Units 1 and 2 represent unrecovered nuclear decommissioning costs, which are expected to be recovered over the periods 2000-2011 and 2000-2013, respectively, through future rate recoveries and related trust fund earnings. See "Depreciation, Amortization of Regulatory Assets and Liabilities and Decommissioning" below for additional information.

Depreciation, Amortization of Regulatory Assets and Liabilities, and Decommissioning. Depreciation, amortization of regulatory assets and liabilities, and decommissioning for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Depreciation expense	$ 171,820	$ 180,598	$506,432	$538,623	$ 594,046	$ 714,518
Amortization of regulatory assets and liabilities--net	37,439	556	262,562	98,900	296,853	131,393
	$ 209,259	$ 181,154	$768,994	$637,523	$ 890,899	$ 845,911
Decommissioning expense	20,955	20,955	62,865	62,865	83,820	83,820
	$ 230,214	$ 202,109	$831,859	$700,388	$ 974,719	$ 929,731

The regulatory asset amortization recorded in the recent three, nine and twelve month periods represent amounts calculated in accordance with the earnings cap provisions of the 1997 Act.

Consistent with the provisions of the 1997 Act, the (pre-tax) gain on the December 1999 sale of Fossil Plant assets of $2.587 billion resulted in a regulatory liability, which was used to recover

regulatory assets. Therefore, the gain on the sale, excluding $43 million of amortization of investment tax credits, was recorded as a regulatory liability in the amount of $2.544 billion and amortized in the fourth quarter of 1999. The amortization of the regulatory liability and additional regulatory asset amortization of $2.456 billion are reflected in depreciation and amortization expense on Unicom's Statements of Consolidated Operations and resulted in a net reduction to depreciation and amortization expense of $88 million in the fourth quarter of 1999.

See Note 3 for additional information regarding amortization of regulatory assets with respect to limits on ComEd's earnings due to statutory sharing provisions. See Note 4 for additional information regarding the fossil plant sale.

Provisions for depreciation, including nuclear plant, were at average annual rates of average depreciable utility plant and equipment for the three months, nine months and twelve months ended September 30, 2000 and 1999 as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
Average annual depreciation rates.....	2.70%	2.65%	2.70%	2.65%	2.69%	2.67%

Nuclear plant decommissioning costs generally are accrued over the current NRC license lives of the related nuclear generating units. The accrual is based on an annual levelized cost of the unrecovered portion of estimated decommissioning costs, which are escalated for expected inflation to the expected time of decommissioning and are net of expected earnings on the trust funds. Dismantling is expected to occur relatively soon after the end of the current NRC license life of each generating station currently operating. The accrual for decommissioning is based on the prompt removal method authorized by NRC guidelines. ComEd's ten operating units have remaining current NRC license lives ranging from 9 to 28 years. ComEd's Zion Station and Dresden Unit 1 are retired and are expected to be dismantled beginning in the years 2014 and 2011, respectively, which is consistent with the regulatory treatment for recovery of the related decommissioning costs.

Based on ComEd's most recent study, decommissioning costs are estimated to be $5.6 billion in current-year (2000) dollars, including a contingency allowance. These expenditures are expected to occur primarily during the period from 2010 through 2034. All such costs are expected to be funded by the external decommissioning trusts, which ComEd established in compliance with Illinois law and into which ComEd has been making annual contributions. Future decommissioning cost estimates may be significantly affected by the adoption of, or changes to NRC regulations, as well as changes in the assumptions used in making such estimates, including changes in technology, available alternatives for the disposal of nuclear waste and inflation.

Since 1995, ComEd has collected decommissioning costs from its ratepayers in conjunction with a rider to its tariffs. The rider allows annual adjustments to decommissioning cost collections outside the context of a traditional rate proceeding and will continue under the 1997 Act. The ICC has approved ComEd's current funding plan, which provides for annual contributions of current accruals and ratable contributions of past accruals over the remaining current NRC license lives of the nuclear plants.

ComEd is undertaking steps to transfer its nuclear generating assets, including the decommissioning trust funds, to a generation and power marketing subsidiary of Exelon ("Genco"), following the merger with PECO. On August 3, 2000 the NRC approved the request of ComEd and PECO to transfer licenses for both companies' nuclear plants from ComEd and PECO to Genco.

As part of the transfer of the nuclear generating stations, Genco is to assume responsibility for the decommissioning of those stations, including Zion Station and Dresden Unit 1, subject to an obligation of ComEd to continue to collect decommissioning-related charges from its customers. In May 2000, ComEd filed a petition with the ICC seeking approval to revise its existing decommissioning rider to its rates. Under the proposed revision, ComEd would collect approximately $121 million annually for a period of six years, after which the decommissioning rider and collection of decommissioning funds would end. On October 25, 2000, an ICC hearing examiner issued a proposed order denying ComEd's petition on the basis that existing law does not allow the ICC to authorize ComEd to continue to collect funds for decommissioning nuclear generating plants that it no longer owns. ComEd believes that the proposed order is wrong as a matter of law and that the ICC has the statutory authority to grant ComEd's petition. The ICC is not bound by the proposed order and may accept or reject it, in whole or in part, in preparing its final order in the proceedings. Responses from the parties to the proceedings regarding the proposed order are due in early November and a final order is expected before year-end. ComEd is evaluating the effect of the proposed order on the proposed structure of the Genco transaction. The transfer of the nuclear assets, including the decommissioning trust funds, are subject to satisfactory resolution of significant regulatory and tax issues. Although ComEd cannot currently determine whether an alternative funding structure will ultimately be approved and implemented, such a structure could increase the decommissioning cost recovery risk. See Note 2 for additional information on the merger of Unicom and PECO.

For the ten operating nuclear units, decommissioning cost accruals are recorded as portions of depreciation expense and accumulated provision for depreciation on the Statements of Consolidated Operations and the Consolidated Balance Sheets, respectively, as such costs are recovered through rates. As of September 30, 2000, the total decommissioning costs included in the accumulated provision for depreciation were $2,197 million.

For ComEd's retired nuclear units, the total estimated liability for nuclear decommissioning in current-year (2000) dollars is recorded as a noncurrent liability. The unrecovered portion of the liability is recorded as a regulatory asset. The nuclear decommissioning liability for retired plants as of September 30, 2000 was as follows:

	Dresden Unit 1	Zion Units 1 and 2	Total
	(Thousands of Dollars)		
Amounts recovered through rates and investment fund earnings	$124,394	$478,289	$ 602,683
Unrecovered portion of the liability	189,506	495,811	685,317
Nuclear decommissioning liability for retired plants	$313,900	$974,100	$1,288,000

Under Illinois law, decommissioning cost collections are required to be deposited into external trusts. Consequently, such collections do not add to the cash flows available for general corporate purposes. The fair value of funds accumulated in the external trusts at September 30, 2000 was $2,662 million, which includes pre-tax unrealized appreciation of $702 million. The earnings on the external trusts for operating plants accumulate in the fund balance and accumulated provision for depreciation. Nuclear decommissioning funding as of September 30, 2000 was as follows:

	(Thousands of Dollars)
Amounts recovered through rates and investment fund earnings for operating plants (included in the accumulated provision for depreciation)	$2,196,811
Amounts recovered through rates and investment fund earnings for retired plants	602,683
Less past accruals not yet contributed to the trusts	137,474
Fair value of external trust funds	$2,662,020

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In February 2000, the FASB issued an exposure draft addressing the accounting for asset removal costs, including those relating to nuclear decommissioning. The exposure draft would require companies to recognize the entire decommissioning liability on the balance sheet when the liability is incurred very early in the operating life of the generating station, rather than ratably over the operating life of the station as is the current industry accounting practice. The cost basis of the related nuclear power plant would be increased by a corresponding amount at the time the liability is recorded and depreciated over the operating life. Although over the life of the stations total decommissioning provisions would approximate the total amount recognized over the life of the stations under current electric utility accounting practices, amounts for interim years could increase or decrease from currently expected decommissioning provisions. However, ComEd does not believe such changes will adversely impact results of operations due to the ability to recover decommissioning costs through rates. The exposure draft is proposed to be effective for financial statements issued for fiscal years beginning after June 15, 2001. A final statement is expected to be issued during the first quarter of 2001.

Customer Receivables and Revenues. ComEd is engaged principally in the production, purchase, transmission, distribution and sale of electricity to a diverse base of residential, commercial, industrial and wholesale customers. ComEd's electric service territory has an area of approximately 11,300 square miles and an estimated population of approximately eight million as of September 30, 2000. It includes the City, an area of about 225 square miles with an estimated population of approximately three million from which ComEd derived approximately 30 percent of its ultimate consumer revenues in 1999. ComEd had approximately 3.5 million electric customers at September 30, 2000. Revenues are recognized as electric and delivery services are provided to customers.

As a result of the implementation of a new customer billing and information system in July 1998, billing and collection delays temporarily increased accounts receivable from customers. In December 1998 and June 1999, ComEd recorded increased provisions for uncollectible accounts to recognize the estimated portion of the receivables that are not expected to be recoverable. Such provisions increased O&M expenses by $35 million in the twelve months ended September 30, 1999, compared to normally expected levels. Receivables from customers include $53 million and $103 million as of September 30, 2000 and December 31, 1999, respectively, in estimated unbilled revenue for service that has been provided to customers, but for which bill issuance was delayed beyond the normal date of issuance. Receivables from customers as of September 30, 2000 and December 31, 1999 also include $321 million and $295 million, respectively, for estimated unbilled revenues for electric service that has been provided to customers subsequent to the normal billing date and prior to the end of the reporting period. See "Use of Estimates" above for additional information regarding ComEd's revenues and net receivables.

See Note 3 for additional information.

Nuclear Fuel. The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced using the unit of production method. As authorized by the ICC, provisions for spent nuclear fuel disposal costs have been recorded at a level required to recover the fee payable on the current nuclear-generated and sold electricity and the current interest accrual on the one-time fee payable to the DOE for nuclear generation prior to April 7, 1983. The one-time fee and interest thereon have been recovered and the current fee and interest on the one-time fee are presently being recovered through base rates. See Note 13 for additional information concerning the disposal of spent nuclear fuel, one-time fee and interest accrual on the one-time fee. Nuclear fuel expenses, including leased fuel costs and provisions for spent nuclear fuel disposal costs, were $97 million and $107 million for the three months ended September 30, 2000 and 1999, respectively, $294 million and $288 million for the nine months ended September 30, 2000 and 1999, respectively, and $386 million and $372 million for the twelve months ended September 30, 2000 and 1999, respectively.

Income Taxes. Deferred income taxes are provided for income and expense items recognized for financial accounting purposes in periods that differ from those for income tax purposes. Income taxes deferred in prior years are charged or credited to income as the book/tax temporary differences reverse. Prior years' deferred investment tax credits are amortized through credits to income generally over the lives of the related property. Income tax credits resulting from interest charges applicable to nonoperating activities, principally construction, are classified as other income.

AFUDC and Interest Capitalized. In accordance with the uniform systems of accounts prescribed by regulatory authorities, ComEd capitalizes AFUDC, compounded semiannually, which represents the estimated cost of funds used to finance its construction program for the non-generation portion of its business. The equity component of AFUDC is recorded on an after-tax basis and the borrowed funds component of AFUDC is recorded on a pre-tax basis. The average annual capitalization rates for AFUDC were 8.29% and 7.87% for the three months ended September 30, 2000 and 1999, respectively, 8.29% and 7.85% for the nine months ended September 30, 2000 and 1999, respectively, and 8.14% and 7.92% for the twelve months ended September 30, 2000 and 1999, respectively. In accordance with SFAS No. 34, Capitalization of Interest Cost, ComEd capitalized $2 million and $4 million for the three months ended September 30, 2000 and 1999, respectively, $4 million and $16 million for the nine months ended September 30, 2000 and 1999, respectively, and $10 million and $31 million for the twelve months ended September 30, 2000 and 1999, respectively, in interest costs on its generation-related construction work in progress and nuclear fuel in process. AFUDC and interest capitalized do not contribute to the current cash flow of Unicom or ComEd.

Interest. Total interest costs incurred on debt, leases and other obligations were $160 million and $160 million for the three months ended September 30, 2000 and 1999, respectively, $473 million and $484 million to the nine months ended September 30, 2000 and 1999, respectively, and $631 million and $611 million for the twelve months ended September 30, 2000 and 1999, respectively.

Debt Discount, Premium and Expense. Discount, premium and expense on long-term debt of ComEd are being amortized over the lives of the respective issues.

Loss on Reacquired Debt. Consistent with regulatory treatment, the net loss from ComEd's reacquisition, in connection with the refinancing of first mortgage bonds, sinking fund debentures and pollution control obligations prior to their scheduled maturity dates, is deferred and amortized over the lives of the long-term debt issued to finance the reacquisition for non-generation related financings. See "Regulatory Assets and Liabilities" above and Note 3 for additional information.

Stock Option Awards/Employee Stock Purchase Plan. Unicom has elected to adopt SFAS No. 123, Accounting for Stock-Based Compensation, for disclosure purposes only. Unicom accounts for its stock option awards and ESPP under APB Opinion No. 25, Accounting for Stock Issued to Employees. See Note 7 for additional information.

Average Common Shares Outstanding. The number of average outstanding common shares used to compute basic and diluted EPS for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Shares)					
Average Number of Common Shares Outstanding:						
Average Number of Common Shares--Basic..	174,003	217,375	180,739	217,231	189,935	217,208
Potentially Dilutive Common Shares--Treasury Method:						
Stock Options........	1,595	801	1,025	777	899	777
Other Convertible Securities..........	86	89	86	89	86	89
Average Number of Common Shares--Diluted........	175,684	218,265	181,850	218,097	190,920	218,074

Energy Risk Management Contracts. In the normal course of business, ComEd utilizes contracts for the forward sale and purchase of energy to manage effectively the utilization of its available generating capability. ComEd also utilizes put and call option contracts and energy swap arrangements to limit the market price risk associated with the forward commodity contracts. As ComEd does not currently utilize financial or commodity instruments for trading or speculative purposes, any gains or losses on forward commodity contracts are recognized when the underlying transactions affect earnings. Revenues and expenses associated with market price risk management contracts are amortized over the terms of such contracts.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the Consolidated Balance Sheets as either an asset or liability measured at its fair value. In June 2000, FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, as an amendment of SFAS No. 133. SFAS No. 133, as amended, requires that changes in the derivative's fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. The accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item on the Statements of Consolidated Operations, and requires companies to formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The effective date of SFAS No. 133, as amended, has been delayed for one year, to fiscal years beginning after June 15, 2000. SFAS No. 133. SFAS No. 133, as amended, must be applied to (i) derivative instruments and (ii) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after January 1, 1998 or January 1, 1999 at the Company's election.

Unicom and ComEd will adopt SFAS No. 133 on January 1, 2001, and are in the final process of reviewing their various contracts to determine which contracts need to be reflected as derivatives under the standard and accounted for at fair value. Among the contracts that are expected to be subject to the fair value requirements are contracts related to electricity and gas purchases and sales. Unicom and ComEd have not fully quantified the effects on their financial statements of adopting SFAS No. 133 on January 1, 2001. The ultimate impact will depend upon market prices, at the time of adoption, for electricity and gas. Adoption of SFAS No. 133 in 2001 will result in increased volatility in earnings.

Reclassifications. Certain prior year amounts have been reclassified to conform with current period presentation. These reclassifications had no effect on operating results.

Cash Held for Redemption of Securities. As of September 30, 2000, the cash held for redemption of securities reported on the Consolidated Balance Sheets includes $72 million of escrowed cash and pending instrument funding charges collected from ComEd customers to be applied to the principal and interest payment on the transitional trust notes. See Note 3 for additional information.

Investment in Leases. In June 2000, Unicom Investment entered into a like-kind exchange transaction utilizing proceeds from the December 1999 sale of fossil generating stations. Under the transaction, Unicom Investment invested approximately $1.6 billion, previously classified as special deposits, in passive generating station leases with two separate entities. The generating stations were leased back to such entities as part of the transaction. For financial accounting purposes, the investments are accounted for as direct financing lease investments. Under the terms of the lease agreements, Unicom Investment will receive prepayments of its scheduled lease payments of about $1.24 billion in the fourth quarter of 2000 which will reduce the outstanding lease investment at that time.

The components of the net investment in the direct financing leases as of September 30, 2000 are as follows:

	(Thousands of Dollars)
Total minimum lease payments	$2,727,233
Less: Unearned income	1,096,172
	$1,631,062

Goodwill. Goodwill represents the excess of the purchase consideration over the fair value of the net assets of the companies or natural gas service contracts acquired by subsidiaries of Unicom Enterprises. Goodwill arising from such acquisitions is generally being amortized on a straight-line basis over 40 years for goodwill arising from the acquisition of established mechanical services companies and over 10 to 15 years for the goodwill arising from the acquisition of performance contracting companies and natural gas service contracts.

Statements of Consolidated Cash Flows. For purposes of the Statements of Consolidated Cash Flows, temporary cash investments, generally investments maturing within three months at the time of purchase, and cash held for redemption of securities are considered to be cash equivalents. Supplemental cash flow information for the three months, nine months and twelve months ended September 30, 2000 and 1999 was as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Supplemental Cash Flow Information:						
Cash paid during the period for:						
Interest (net of amount capitalized).	$143,101	$158,363	$ 411,261	$485,881	$ 532,195	$572,934
Income taxes (net of refunds)............	$ 28,080	$140,915	$1,114,302	$225,022	$1,344,460	$484,873
Supplemental Schedule of Non-Cash Investing and Financing Activities:						
Capital lease obligations incurred by subsidiary companies.............	$ --	$ 189	$ 34	$ 1,625	$ 154	$ 3,062

(2) Merger Agreement. On October 19, 2000, Unicom and PECO received approval from the Securities and Exchange Commission under the Public Utilities Holding Company Act of 1935, the last regulatory approval, to complete their merger to form Exelon Corporation. The companies completed the merger on October 20, 2000 and began trading as Exelon Corporation (NYSE: EXC) on October 23, 2000.

Upon completion of the merger, PECO and ComEd became the principal utility subsidiaries of Exelon. This result was achieved by a mandatory exchange of the outstanding common stock of PECO for common stock of Exelon, and a subsequent merger of Unicom with and into Exelon wherein holders of Unicom common stock received 0.875 shares of Exelon common stock plus $3.00 in cash for each of their shares of Unicom common stock. The merger transaction will be accounted for as a purchase of Unicom by PECO.

Consistent with Unicom's $1 billion share repurchase commitment in the merger agreement with PECO, Unicom has completed the repurchase of 24 million shares of its common stock. The shares were repurchased from the open market over the recent ten months pursuant to agreements with financial institutions. Approximately $153 million of these share repurchases were funded with proceeds from the 1998 issuance of transitional trust notes. The remaining share repurchases were funded from available funds, including funds ultimately resulting from the fossil plant sale. These share repurchases are in addition to 26.3 million shares of Unicom common stock that Unicom repurchased in January 2000 upon settlement of certain forward purchase contracts. See Notes 6 and 23 for additional information.

ComEd and PECO are undertaking steps to transfer their generating assets and wholesale power marketing operations to subsidiaries following the consummation of the merger. Subsequent to those transfers, these subsidiaries will be transferred to Exelon and ultimately will be combined into a power generation and marketing company, which will be a direct subsidiary of Exelon ("Genco"). In ComEd's case, the transfer will include its Braidwood, Byron, Dresden, LaSalle and Quad Cities nuclear generating stations representing an aggregate generating capability of 9,566 megawatts, its Zion station, its rights and obligations under various power purchase agreements, the assets constituting its nuclear decommissioning trusts and its wholesale power marketing business. Genco will enter into a power purchase agreement with ComEd in which Genco will undertake to supply ComEd's full requirements for electric energy through 2004 and all of ComEd's requirements up to the available capacity of the nuclear generating stations in 2005 and 2006. On August 3, the NRC approved the request of ComEd and PECO to transfer licenses for both companies' nuclear plants from ComEd and PECO to Genco.

As part of the transfer of the nuclear generating stations, Genco is to assume responsibility for the decommissioning of those stations, including Zion Station and Dresden Unit 1, subject to an obligation of ComEd to continue to collect decommissioning-related charges from its customers. In May 2000, ComEd filed a petition with the ICC seeking approval to revise its existing decommissioning rider to its rates. Under the proposed revision, ComEd would collect approximately $121 million annually for a period of six years, after which the decommissioning rider and collection of decommissioning funds would end. On October 25, 2000, an ICC hearing examiner issued a proposed order denying ComEd's petition on the basis that existing law does not allow the ICC to authorize ComEd to continue to collect funds for decommissioning nuclear generating plants that it no longer owns. ComEd believes that the proposed order is wrong as a matter of law and that the ICC has the statutory authority to grant ComEd's petition. The ICC is not bound by the proposed order and may accept or reject it, in whole or in part, in preparing its final order in the proceedings. Responses from the parties to the proceedings regarding the proposed order are due in early November and a final order is expected before year-end. ComEd is evaluating the effect of the proposed order on the proposed structure of the Genco transaction. The transfer of the nuclear assets, including the decommissioning trust funds, are subject to satisfactory resolution of significant regulatory and tax issues.

(3) Accounting Effects Related to the 1997 Act. In December 1997, the Governor of Illinois signed into law the 1997 Act, which established a phased process to introduce competition into the electric industry in Illinois under a less regulated structure. The 1997 Act was amended in June 1999.

As a result of the 1997 Act and FERC rules, prices for the supply of electric energy are expected to transition from cost-based, regulated rates to rates determined by competitive market forces. Accordingly, the 1997 Act provides for, among other things, gradual customer access to other electric suppliers or a power purchase option which allows the purchase of electric energy from ComEd at market based prices, and the collection of a CTC from customers who choose to purchase electric energy from a RES or elect the power purchase option during a transition period that extends through 2006. Effective October 1, 1999, the CTC was established in accordance with a formula defined in the 1997 Act. The CTC, which is applied on a cents per kilowatthour basis, considers the revenue which would have been collected from a customer under tariffed rates, reduced by the revenue the utility will receive for providing delivery services to the customer, the market price for electricity and a defined mitigation factor, which represents the utility's opportunity to develop new revenue sources and achieve cost savings. The CTC allows ComEd to recover some of its costs which might otherwise be unrecoverable under market-based rates. Nonetheless, ComEd will need to take steps to address the portion of such costs which are not recoverable through the CTC. Such steps may include cost control efforts, developing new sources of revenue and asset dispositions. See Note 4 for additional information.

As of June 1, 2000, more than 62,000 non-residential customers are eligible to choose a new electric supplier or elect the purchase power option. As of September 30, 2000, over 7,800 non-residential customers, representing approximately 18 percent of ComEd's retail kilowatthour sales for the twelve months prior to the introduction of open access, elected to receive their electric energy from a RES or chose the purchase power option. The impact of customer choice on results of operations will depend on various factors, including the extent to which customers elect to receive energy from a RES or the purchased power option, the development of a competitive market, the market price for energy, the extent to which ComEd develops new sources of revenue and the results of cost control efforts. Because of the inherent uncertainty in these factors ComEd is unable to predict the long term impact of customer choice on results of operations. However, ComEd does not expect customer choice to have a material effect in the near term as a result of the collection of CTCs as provided by the 1997 Act.

Utilities are required to continue to offer delivery services, including the transmission and distribution of electric energy, such that customers who select a RES can receive electric energy from that supplier using existing transmission and distribution facilities. Such services will continue to be offered under cost-based, regulated rates. The ICC issued orders in August and September 1999 approving, with modifications, ComEd's delivery service tariffs.

The 1997 Act also provides for a 15% residential base rate reduction which became effective August 1, 1998 and an additional 5% residential base rate reduction in October 2001. ComEd's operating revenues were reduced by approximately $170 million in 1998 due to the 15% residential base rate reduction. The 15% rate reduction further reduced ComEd's operating revenues by approximately $226 million in 1999, compared to 1998 rate levels.

Notwithstanding the rate reductions and subject to certain earnings tests, a rate freeze will generally be in effect until at least January 1, 2005. During this period, utilities may reorganize, sell or assign assets, retire or remove plants from service, and accelerate depreciation or amortization of assets with limited ICC regulatory review. A utility may request a rate increase during the rate freeze period only when necessary to ensure the utility's financial viability. Under the earnings provision of the 1997 Act, if the earned return on common equity of a utility during this period exceeds an established threshold, one-half of the excess earnings must be refunded to customers. The threshold rate of return on common equity is based on the 30-Year Treasury Bond rate, plus 5.5% in the years 1998 and 1999, and plus 8.5% in the years 2000 through 2004. The utility's earned return on common equity and the threshold return on common equity for ComEd are each calculated on a two-year average basis. The earnings sharing provision is applicable only to ComEd's earnings. Consistent with the provisions of the 1997 Act, increased amortization of regulatory assets may be recorded, thereby reducing the earned return on common equity, if earnings otherwise would have exceeded the maximum allowable rate of return. The potential for earnings sharing or increased amortization of regulatory assets could limit earnings in future periods. ComEd's returns on average common equity for the years 1999 and 1998 were 11.56% and 10.86%, respectively. The average return of 11.21% for the two year period ended December 31, 1999 equaled the threshold return for that period under the earnings provisions of the 1997 Act. ComEd does not currently expect to trigger the earnings sharing provisions of the 1997 Act in the years 2000 through 2004.

The 1997 Act also allows a portion of ComEd's future revenues to be segregated and used to support the issuance of securities by ComEd or a SPE. The proceeds, net of transaction costs, from such security issuances must be used to refinance outstanding debt or equity or for certain other limited purposes. In December 1998, ComEd initiated the issuance of $3.4 billion of transitional trust notes through its SPEs, ComEd Funding and ComEd Funding Trust. The proceeds from the transitional trust notes, net of transaction costs, were used to redeem long-term debt and preference stock and reduce ComEd's outstanding short-term debt, as required. Unicom has also repurchased its common stock using proceeds it received from ComEd's repurchase of its common stock held by Unicom. The balance of the proceeds were used for the payment of fees and other debt issuance costs and a collateral requirement related to the transitional trust notes.

(4) Fossil Plant Sale. In December 1999, ComEd completed the sale of its fossil generating assets to EME for a cash purchase price of $4.8 billion. The fossil generating assets represent an aggregate generating capacity of approximately 9,772 megawatts.

Just prior to the consummation of the fossil plant sale, ComEd transferred these assets to an affiliate, Unicom Investment. In consideration for the transferred assets, Unicom Investment paid ComEd consideration totalling approximately $4.8 billion in the form of a demand note in the amount of approximately $2.4 billion and an interest-bearing note with a maturity of twelve years. Unicom Investment immediately sold the fossil plant assets to EME, in consideration of which Unicom Investment received approximately $4.8 billion in cash from EME. Immediately after its receipt of the cash payment from EME, Unicom Investment paid the $2.4 billion aggregate principal due to ComEd under the demand note. Unicom Investment will use the remainder of the cash received from EME to fund other business opportunities, including the share repurchases. Of the cash received by ComEd, $1.5 billion has been used to pay the costs and taxes associated with the fossil plant sale, including ComEd's contribution of $250 million of the proceeds to an environmental trust as required by the 1997 Act. The remainder of the demand note proceeds will be available to ComEd to fund, among other things, transmission and distribution projects, nuclear generation station projects, and environmental and other initiatives. See Note 1, under "Investment in Leases," for additional information.

The sale produced an after-tax gain of approximately $1.6 billion, after recognizing commitments associated with certain coal contracts ($350 million), recognizing employee-related costs ($112 million) and contributing to the environmental trust. The coal contract costs include the amortization of the remaining balance of ComEd's regulatory asset for unrecovered coal reserves of $178 million and the recognition of $172 million of settlement payments related to the above-market portion of coal purchase commitments ComEd assigned to EME at market value upon completion of the fossil plant sale. The severance costs included pension and post-retirement welfare benefit curtailment and special termination benefit costs of $51 million and transition, separation and retention payments of $61 million. A total of 1,730 fossil station employee positions were eliminated upon completion of the fossil plant sale on December 15, 1999. The employees whose positions were eliminated have been terminated. Consistent with the provisions of the 1997 Act, the (pre-tax) gain on the sale of $2.587 billion resulted in a regulatory liability, which was used to recover regulatory assets. Therefore, the gain on the sale, excluding $43 million of amortization of investment tax credits, was recorded as a regulatory liability in the amount of $2.544 billion and amortized in the fourth quarter of 1999. The amortization of the regulatory liability and additional regulatory asset amortization of $2.456 billion are reflected in depreciation and amortization expense on Unicom's Statement of Consolidated Operations. See Note 1, under "Regulatory Assets and Liabilities," for additional information.

(5) Authorized Shares, Voting Rights and Stock Rights of Capital Stock. At September 30, 2000, Unicom's authorized shares consisted of 400,000,000 shares of common stock. The authorized shares of ComEd preferred and preference stocks at September 30, 2000 were: preference stock--6,810,451 shares and prior preferred stock--850,000 shares. The preference and prior preferred stocks are issuable in series and may be issued with or without mandatory redemption requirements.

Pursuant to a plan adopted by the Unicom Board of Directors on February 2, 1998, each share of Unicom's common stock carries the right (referred to herein as a "Right") to purchase one-thousandth of one share of Unicom's common stock at a purchase price of $100 per whole share of common stock, subject to adjustment. The plan was amended on September 22, 1999 to render the Rights inapplicable to the transactions contemplated by the Merger Agreement. The Rights are tradable only with Unicom's common stock until they become exercisable. The Rights become exercisable upon the earlier of ten days following a public announcement that a person (an "Acquiring Person") has acquired 15% or more of Unicom's outstanding common stock or ten business days (or such later date as may be determined by action of the Board of Directors) following the commencement of a tender or exchange offer which, if consummated, would result in a person or group becoming an Acquiring Person. The Rights are subject to redemption by Unicom at a price of $0.01 per Right, subject to certain limitations, and will expire on February 2, 2008. If a person or group becomes an Acquiring stock at a 50% discount from the then current market price. If Unicom is acquired in a merger or other business combination transaction in which Unicom is not the survivor, or 50% or more of Unicom's assets or earning power is sold or transferred, each holder of a Right shall then have the right to receive, upon exercise, common stock of the acquiring company at a 50% discount from the then current market price of such common stock. Rights held by an Acquiring Person become void upon the occurrence of such events.

(6) Common Equity. In January 2000, Unicom physically settled the forward share repurchase arrangements it had with financial institutions for the repurchase of 26.3 million Unicom common shares. Prior to settlement, the repurchase arrangements were recorded as a receivable on Unicom's Consolidated Balance Sheets based on the aggregate market value of the shares under the arrangements. In 1999, net unrealized losses of $44 million (after-tax), or $0.20 per common share were recorded related to the arrangements. The settlement of the arrangements in January 2000 resulted in a gain of $113 million (after-tax), which was recorded in the first quarter of 2000. The settlement of the arrangements resulted in a reduction in Unicom's outstanding common shares and common stock equity effective January 2000.

Consistent with Unicom's $1 billion share repurchase commitment in the merger agreement with PECO, Unicom has completed the repurchase of 24 million shares of its common stock. The shares were repurchased from the open market over the recent ten months pursuant to agreements with financial institutions. Approximately $153 million of the share repurchases were funded with proceeds from the 1998 issuance of transitional trust notes.

At September 30, 2000, shares of Unicom common stock were reserved for the following purposes:

Long-Term Incentive Plan..	1,041,015
Employee Stock Purchase Plan....................................	284,940
Shareholder Rights Plan...	400,000
Exchange for ComEd common stock not held by Unicom.............	86,040
1996 Directors' Fee Plan..	135,791
	1,947,786

Common stock issued/(reacquired) for the three months, nine months and twelve months ended September 30, 2000 and 1999 was as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
Shares of Common Stock Issued/(Reacquired):						
Long-Term Incentive Plan..................	520,842	154,971	1,190,748	388,186	1,254,063	510,850
Employee Stock Purchase Plan..................	--	--	38,857	45,126	83,231	86,884
Exchange for ComEd common stock not held by Unicom................	590	--	1,610	(3,330)	2,486	1,727
1996 Directors' Fee Plan..................	1,085	739	26,668	4,087	28,102	7,088
Treasury Stock.........	(7,798,100)	--	(49,444,000)	--	(49,444,000)	--
	(7,275,583)	155,710	(48,186,117)	434,069	(48,076,118)	606,549

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Changes in Common Stock Accounts:						
Total shares issued....	$ 18,492	$ 3,756	$ 30,935	$ 8,533	$ 43,691	$ 14,463
Net cash settlement of forward share repurchase contract........	--	--	--	(16,454)	--	(16,454)
Share repurchases......	(374,434)	--	(1,953,008)	--	(1,953,008)	--
Shares held by trustee for Unicom Stock Bonus Deferral Plan.........	--	--	--	--	--	7,428
Other..................	(27)	7	78	144	87	(51)
	$ (355,969)	$ 3,763	$(1,921,995)	$ (7,777)	$(1,909,230)	$ 5,386

At September 30, 2000 and December 31, 1999, 75,082 and 75,692, respectively, ComEd common stock purchase warrants were outstanding. The warrants entitle the holders to convert such warrants into common stock of ComEd at a conversion rate of one share of common stock for three warrants.

(7) Stock Option Awards/Employee Stock Purchase Plan. Unicom has a nonqualified stock option awards program under its Long-Term Incentive Plan. The stock option awards program was adopted by Unicom in July 1996 to reward valued employees responsible for, or contributing to, the management, growth and profitability of Unicom and its subsidiaries. The stock options granted expire ten years from their grant date. One-third of the shares subject to the options vest on each of the first three anniversaries of the option grant date. In addition, the stock options will become fully vested immediately if the holder dies, retires, is terminated by the Company, other than for cause, or qualifies for long-term disability. Options granted before July 22, 1998 also vest in full upon a change in control, while options granted on or after July 22, 1998 vest in full if the option holder is terminated within 24 months after a change of control.

Stock option transactions through September 30, 2000 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as of December 31, 1997................	2,291,378	$23.810
Granted during the year............................	1,379,525	35.234
Exercised during the year..........................	(404,082)	24.244
Expired/cancelled during the year..................	(123,928)	25.715
Outstanding as of December 31, 1998................	3,142,893	28.694
Granted during the year............................	1,853,050	35.750
Exercised during the year..........................	(313,231)	24.102
Expired/cancelled during year......................	(179,076)	33.551
Outstanding as of December 31, 1999................	4,503,636	31.723
Granted during the nine months ended September 30, 2000..	2,213,100	37.063
Exercised during the nine months ended September 30, 2000..	(874,785)	27.834
Expired/cancelled during the nine months ended September 30, 2000.................................	(140,598)	35.710
Outstanding as of September 30, 2000...............	5,701,353	34.294

Of the stock options outstanding at September 30, 2000, 2,075,749 had vested with a weighted average exercise price of $30.77.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Stock Option Grant Date		
	2000	1999	1998
Expected option life	7 years	7 years	7 years
Dividend yield	4.30%	4.50%	4.54%
Expected volatility	21.97%	23.02%	21.95%
Risk-free interest rate	6.76%	4.83%	5.58%

The estimated weighted average fair value for each stock option granted in the first three quarters of 2000 and in 1999 and 1998 was $8.19, $6.48 and $6.62, respectively.

The ESPP was terminated on June 28, 2000 by Unicom's Board of Directors in anticipation of the merger with PECO. The ESPP allowed employees to purchase Unicom common stock at a ten percent discount from market value. Substantially all of the employees of Unicom, ComEd and their subsidiaries were eligible to participate in the ESPP. Unicom issued 83,231 and 86,884 shares of common stock for the twelve months ended September 30, 2000 and 1999, respectively, under the ESPP at a weighted average annual purchase price of $35.02 and $34.34, respectively.

Unicom has adopted the disclosure-only provisions of SFAS No. 123. For financial reporting purposes, Unicom has adopted APB No. 25 and has taken into consideration FASB Interpretation No. 44 of APB No. 25, and thus no compensation cost has been recognized for the stock option awards program or ESPP. If Unicom had recorded compensation expense for the stock options granted and the shares of common stock issued under the ESPP in accordance with SFAS No. 123 using the fair value based method of accounting, the additional charge to operations would have been $4 million (after-tax), or $0.02 per common share (diluted), and $4 million (after-tax), or $0.02 per common share (diluted), for the twelve months ended September 30, 2000 and 1999, respectively.

(8) ComEd Preferred and Preference Stocks Without Mandatory Redemption Requirements. During the twelve months ended September 30, 2000 and 1999, no shares and 13,499,549 shares of preferred or preference stock without mandatory redemption requirements were redeemed, respectively, and no shares were issued. All of the outstanding shares of Series $1.425 preferred stock were redeemed on August 1, 2000. The redemption price was $42 per share, plus accrued and unpaid dividends.

(9) ComEd Preference Stock Subject to Mandatory Redemption Requirements. During the twelve months ended September 30, 2000 and 1999, no shares of ComEd preference stock subject to mandatory redemption requirements were issued. During the twelve months ended September 30, 2000 and 1999, 700,000 shares and 1,056,060 shares, respectively, of ComEd preference stock subject to mandatory redemption requirements were reacquired to meet sinking fund requirements or were part of the early redemption in 1999. There were 700,000 shares of Series $6.875 preference stock outstanding at December 31, 1999, at an aggregate stated value of $69 million. This series was non-callable and was redeemed on May 1, 2000.

(10) ComEd-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely ComEd's Subordinated Debt Securities. In September 1995, ComEd Financing I, a wholly-owned subsidiary trust of ComEd, issued 8,000,000 of its 8.48% ComEd-obligated mandatorily redeemable preferred securities. The sole asset of ComEd Financing I is $206.2 million principal amount of ComEd's 8.48% subordinated deferrable interest notes due September 30, 2035. In January 1997, ComEd Financing II, a wholly-owned subsidiary trust of ComEd, issued 150,000 of its 8.50% ComEd-obligated mandatorily redeemable capital securities. The sole asset of ComEd

Financing II is $154.6 million principal amount of ComEd's 8.50% subordinated deferrable interest debentures due January 15, 2027. There is a full and unconditional guarantee by ComEd of the Trusts' obligations under the securities issued by the Trusts. However, ComEd's obligations are subordinate and junior in right of payment to certain other indebtedness of ComEd. ComEd has the right to defer payments of interest on the subordinated deferrable interest notes by extending the interest payment period, at any time, for up to 20 consecutive quarters. Similarly, ComEd has the right to defer payments of interest on the subordinated deferrable interest debentures by extending the interest payment period, at any time, for up to ten consecutive semi-annual periods. If interest payments on the subordinated deferrable interest notes or debentures are so deferred, distributions on the preferred securities will also be deferred. During any deferral, distributions will continue to accrue with interest thereon. In addition, during any such deferral, ComEd may not declare or pay any dividend or other distribution on, or redeem or purchase, any of its capital stock.

The subordinated deferrable interest notes are redeemable by ComEd, in whole or in part, from time to time, on or after September 30, 2000, and with respect to the subordinated deferrable interest debentures, on or after January 15, 2007, or at any time in the event of certain income tax circumstances. If the subordinated deferrable interest notes or debentures are redeemed, the Trusts must redeem preferred securities having an aggregate liquidation amount equal to the aggregate principal amount of the subordinated deferrable interest notes or debentures so redeemed. In the event of the dissolution, winding up or termination of the Trusts, the holders of the preferred securities will be entitled to receive, for each preferred security, a liquidation amount of $25 for the securities of ComEd Financing I and $1,000 for the securities of ComEd Financing II, plus accrued and unpaid distributions thereon, including interest thereon, to the date of payment, unless in connection with the dissolution, the subordinated deferrable interest notes or debentures are distributed to the holders of the preferred securities.

(11) Long-Term Debt. ComEd initiated the issuance of $3.4 billion of transitional trust notes through its SPEs, ComEd Funding and ComEd Funding Trust, in the fourth quarter of 1998. The current amount outstanding is as follows:

Series	Principal Amount (Thousands of Dollars)
5.29% due June 25, 2001	$ 254,541
5.34% due March 25, 2002	258,861
5.39% due June 25, 2003	421,139
5.44% due March 25, 2005	598,511
5.63% due June 25, 2007	761,489
5.74% due December 25, 2008	510,000
	$2,804,541

For accounting purposes, the liabilities of ComEd Funding Trust for the transitional trust notes are reflected as long-term debt on the Consolidated Balance Sheets of Unicom and ComEd.

The proceeds, net of transaction costs, from the transitional trust notes were used, as required, to redeem debt and equity. During 1999, ComEd redeemed or reacquired $1,101 million of long-term debt.

Sinking fund requirements and scheduled maturities remaining through 2004 for ComEd's first mortgage bonds, transitional trust notes, sinking fund debentures and other long-term debt outstanding at September 30, 2000, after deducting deposits made for the retirement of sinking fund debentures, are summarized as follows: 2000--$86 million; 2001--$346 million; 2002--$845 million; 2003--$695 million; and 2004--$577 million.

At September 30, 2000, ComEd's outstanding first mortgage bonds maturing through 2004 were as follows:

Series	Principal Amount (Thousands of Dollars)
7 3/8% due September 15, 2002	$200,000
6 5/8% due July 15, 2003	100,000
5 3/10% due January 15, 2004	26,000
	$326,000

Other long-term debt outstanding at September 30, 2000 is summarized as follows:

Debt Security	Principal Amount (Thousands of Dollars)	Interest Rate
Unicom--		
Loans Payable:		
Loan due January 1, 2003	$ 4,212	Interest rate of 8.31%
Loan due January 1, 2004	5,021	Interest rate of 8.44%
Loan due January 15, 2009	5,228	Interest rate of 8.30%
Loan due January 15, 2009	6,568	Interest rate of 8.55%
Loan due January 15, 2010	3,632	Interest rate of 8.65%
Loan due January 15, 2010	6,880	Interest rate of 8.88%
Loan due July 15, 2010	8,703	Interest rate of 7.98%
	$ 40,244	
ComEd--		
Notes:		
Senior note due September 30, 2002	$ 200,000	Interest rate of 7.158%
Senior note due September 30, 2003	250,000	Interest rate of 7.284%
Medium Term Notes, Series 3N due various dates through October 15, 2004	156,000	Interest rates ranging from 9.17% to 9.20%
Notes due January 15, 2004	150,000	Interest rate of 7.375%
Notes due October 15, 2005	235,000	Interest rate of 6.40%
Notes due January 15, 2007	150,000	Interest rate of 7.625%
Notes due July 15, 2018	225,000	Interest rate of 6.95%
	$1,366,000	
Purchase Contract Obligation due April 30, 2005	$ 254	Interest rate of 3.00%
Total ComEd	$1,366,254	
Unicom Enterprises--		
Notes:		
Unicom Thermal Guaranteed Senior Note due January 31, 2020	$ 28,000	Interest rate of 9.09%
Northwind Midway Guaranteed Senior Note due June 30, 2023	11,423	Interest rate of 7.68%
Unicom Thermal Obligation due April 1, 2015	1,124	Interest rate of 8.00%
Unicom Mechanical Services Notes due various dates through July 15, 2003	156	Interest rate ranging from 8.50% to 9.25%
Total Unicom Enterprises	$ 40,703	
Total Unicom	$1,447,201	

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Long-term debt maturing within one year has been included in current liabilities.

ComEd's outstanding first mortgage bonds are secured by a lien on substantially all property and franchises, other than expressly excepted property, owned by ComEd.

Unicom Thermal redeemed the $115.8 million outstanding balance of the 7.38% unsecured guaranteed senior Note on July 12, 2000. Unicom Thermal recorded an extraordinary loss related to early redemption premiums paid and the write-off of unamortized debt expenses, which reduced Unicom's net income on common stock by approximately $3.5 million (after-tax) in the third quarter of 2000.

In May 2000, Northwind Chicago issued $28 million of 9.09% guaranteed senior Notes due January 31, 2020, the proceeds of which will be used primarily to finance certain project construction costs. The Notes were guaranteed by Unicom and included certain covenants with respect to Unicom and Northwind Chicago's operations. Pursuant to Unicom's merger with PECO, Exelon assumed Unicom's guarantee obligation with respect to the Notes as a matter of law.

In June 1999, Northwind Midway issued $11.4 million of 7.68% guaranteed senior Notes due June 2023, the proceeds of which will be used primarily to finance certain project construction costs. The Notes were guaranteed by Unicom and include certain covenants with respect to Unicom and Northwind Midway's operations. Such covenants include, among other things, a requirement that Unicom and its consolidated subsidiaries own no less than 65% of the voting membership interest of Northwind Midway. Pursuant to Unicom's merger with PECO, Exelon assumed Unicom's guarantee obligation with respect to the Notes as a matter of law.

(12) Lines of Credit. ComEd had total unused bank lines of credit of $800 million at September 30, 2000. Of that amount, $500 million expires on December 15, 2000 and $300 million expires on December 17, 2002. The interest rate is set at the time of a borrowing and is based on several floating rate bank indices plus a spread which is dependent upon the credit rating of ComEd's outstanding first mortgage bonds or on a prime interest rate. ComEd is obligated to pay commitment and facility fees with respect to the line of credit.

(13) Disposal of Spent Nuclear Fuel. Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. ComEd, as required by that Act, has entered into a contract with the DOE to provide for the disposal of spent nuclear fuel and high-level radioactive waste from ComEd's nuclear generating stations. The contract with the DOE requires ComEd to pay the DOE a one-time fee applicable to nuclear generation through April 6, 1983 of $277 million, with interest to date of payment, and a fee payable quarterly equal to one mill per kilowatthour of nuclear-generated and sold electricity after April 6, 1983. Pursuant to the contract, ComEd has elected to pay the one-time fee, with interest, just prior to the first delivery of spent nuclear fuel to the DOE. The liability for the one-time fee and the related interest is reflected on the Consolidated Balance Sheets. The contract also provided for acceptance by the DOE of such materials to begin in January 1998; however, that date was not met by the DOE and is expected to be delayed significantly. The DOE's current estimate for opening a facility to accept such waste is 2010. This extended delay in spent nuclear fuel acceptance by the DOE has led to ComEd's consideration of additional dry storage alternatives. On July 30, 1998, ComEd filed a complaint against the United States in the United States Court of Federal Claims seeking to recover damages caused by the DOE's failure to honor its contractual obligation to

begin disposing of spent nuclear fuel in January 1998. On September 14, 2000, the Judge hearing ComEd's case lifted a stay originally imposed on November 5, 1999. The court further ordered the government to file a response to ComEd's motion for summary judgment on the issue of the DOE's liability for breaching its contract with ComEd.

(14) Fair Value of Financial Instruments. The following methods and assumptions were used to estimate the fair value of financial instruments either held, or issued and outstanding. The disclosure of such information does not purport to be a market valuation of Unicom and subsidiary companies as a whole. The impact of any realized or unrealized gains or losses related to such financial instruments on the financial position or results of operations of Unicom and subsidiary companies is primarily dependent on the treatment authorized under future ComEd ratemaking proceedings.

Investments. Securities included in the nuclear decommissioning funds have been classified and accounted for as "available for sale" securities. The estimated fair value of the nuclear decommissioning funds, as determined by the trustee and based on published market data, as of September 30, 2000 and December 31, 1999 was as follows:

	September 30, 2000			December 31, 1999		
	CostBasis	Unrealized Gains/ (Losses)	Fair Value	Cost Basis	Unrealized Gains/ (Losses)	Fair Value
	(Thousands of Dollars)					
Short-term investments..	$ 33,583	$ --	$ 33,583	$ 41,362	$ 95	$ 41,457
U.S. Government and Agency issues..........	244,797	8,761	253,558	245,399	(1,993)	243,406
Municipal bonds.........	394,946	6,027	400,973	383,816	(940)	382,876
Corporate bonds.........	212,357	(2,416)	209,941	196,942	(5,699)	191,243
Common stock............	911,799	677,324	1,589,123	832,802	732,893	1,565,695
Other...................	162,879	11,963	174,842	125,072	(3,209)	121,863
	$1,960,361	$701,659	$2,662,020	$1,825,393	$721,147	$2,546,540

At September 30, 2000, the debt securities held by the nuclear decommissioning funds had the following maturities:

	Cost Basis	Fair Value
	(Thousands of Dollars)	
Within 1 year......................................	$ 31,303	$ 31,627
1 through 5 years..................................	325,139	326,986
5 through 10 years.................................	222,319	226,044
Over 10 years......................................	425,776	429,513

The net earnings of the nuclear decommissioning funds, which are recorded in the accumulated provision for depreciation, for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Gross proceeds from sales of securities	$359,346	$ 399,024	$1,263,586	$1,241,887	$1,786,700	$1,637,011
Less cost based on specific identification	332,394	386,970	1,198,132	1,205,155	1,711,128	1,598,484
Realized gains/(losses) on sales of securities	$ 26,952	$ 12,054	$ 65,454	$ 36,732	$ 75,571	$ 38,527
Other realized fund earnings, net of expenses	12,126	12,186	30,113	43,002	50,038	59,983
Total realized net earnings of the funds	$ 39,078	$ 24,240	$ 95,567	$ 79,734	$ 125,609	$ 98,510
Unrealized gains/(losses)	6,056	(135,210)	(19,488)	(46,472)	128,494	142,147
Total net earnings of the funds	$ 45,134	$(110,970)	$ 76,079	$ 33,262	$ 254,103	$ 240,657

Securities held by certain trusts, which were established to provide for supplemental retirement benefits and executive medical claims, have been classified and accounted for as "available for sale." The estimated fair value of these securities, as determined by the trustee and based on published market data, as of September 30, 2000 was as follows:

	Cost Basis	Unrealized Gain	Fair Value
	(Thousands of Dollars)		
Short-term investments	$ 279	$ --	$ 279
Registered investment companies	21,955	13,258	35,213
	$22,234	$13,258	$35,492

Current Assets. Cash, temporary cash investments, cash held for redemption of securities and other cash investments, which include U.S. Government obligations and other short-term marketable securities, and special deposits, are stated at cost, which approximates their fair value because of the short maturity of these instruments. The securities included in these categories have been classified as "available for sale" securities.

Capitalization. The estimated fair values of ComEd preferred and preference stocks, ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities, transitional trust notes and long-term debt were obtained from an independent consultant. The estimated fair values, which include the current portions of redeemable preference stock and long-term debt but exclude accrued interest and dividends, as of September 30, 2000 and December 31, 1999 were as follows:

September 30, 2000			December 31, 1999		
Carrying Value	Unrealized Gains/ (Losses)	Fair Value	Carrying Value	Unrealized Gains/ (Losses)	Fair Value

(Thousands of Dollars)

ComEd preferred and preference stocks......	$ --	$ --	$ --	$ 71,265	$ 58	$ 71,323
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities............	$ 350,000	$(21,467)	$ 328,533	$ 350,000	$ (10,595)	$ 339,405
Transitional trust notes..................	$2,794,121	$(98,119)	$2,696,002	$3,057,112	$(163,600)	$2,893,512
Long-term debt..........	$4,690,093	$ 6,925	$4,697,018	$4,810,108	$ (23,136)	$4,786,972

Current Liabilities. The carrying value of notes payable, which consists of commercial paper and bank loans maturing within one year, approximates the fair value because of the short maturity of these instruments. See "Capitalization" above for a discussion of the fair value of the current portion of long-term debt and redeemable preference stock.

Other Noncurrent Liabilities. The carrying value of accrued spent nuclear fuel disposal fee and related interest represents the settlement value as of September 30, 2000 and December 31, 1999; therefore, the carrying value is equal to the fair value.

(15) Pension and Postretirement Benefits. As of September 30, 2000, ComEd had a qualified non-contributory defined benefit pension plan which covers all regular employees of ComEd and certain of Unicom's subsidiaries. Benefits under this plan reflect each employee's compensation, years of service and age at retirement. Funding is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974, as amended. The September 30, 2000 and December 31, 1999 pension liabilities and related data were determined using the January 1, 1999 actuarial valuation. Additionally, ComEd maintains a nonqualified supplemental retirement plan which covers any excess pension benefits that would be payable to management employees under the qualified plan but which are limited by the Internal Revenue Code. In 1998, Indiana Company's qualified defined benefit pension plan was merged into ComEd's pension plan as a result of the sale of Indiana Company's State Line Station and the transfer of its remaining employees to ComEd.

ComEd and certain of Unicom's subsidiaries provide certain postretirement medical, dental and vision care, and life insurance for retirees and their dependents and for the surviving dependents of eligible employees and retirees. Generally, the employees become eligible for postretirement benefits if they retire no earlier than age 55 with ten years of service. The liability for postretirement benefits is funded through trust funds based upon actuarially determined contributions that take into account the amount deductible for income tax purposes. The health care plans are contributory, funded jointly by the companies and the participating retirees. The September 30, 2000 and December 31, 1999 postretirement benefit liabilities and related data were determined using the January 1, 1999 actuarial valuations.

Reconciliations of the beginning and ending balances of the projected pension benefit obligation and the accumulated postretirement benefit obligation, and the funded status of these plans for the nine months ended September 30, 2000 and twelve months ended December 31, 1999 were as follows:

	Nine Months Ended September 30, 2000		Twelve Months Ended December 31, 1999	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(Thousands of Dollars)			
Change in benefit obligation				
Benefit obligation at beginning of period....	$4,124,000	$1,169,000	$4,326,000	$1,236,000
Service cost...........	53,000	25,000	120,000	41,000
Interest cost..........	232,000	66,000	285,000	82,000
Plan participants' contributions............	--	3,000	--	4,000
Actuarial loss/(gain)...	6,000	(1,000)	(428,000)	(170,000)
Benefits paid..........	(195,000)	(43,000)	(241,000)	(51,000)
Special termination benefits.................	--	6,000	62,000	27,000
Benefit obligation at end of period.........	$4,220,000	$1,225,000	$4,124,000	$1,169,000
Change in plan assets				
Fair value of plan assets at beginning of period................	$4,270,000	$ 948,000	$4,015,000	$ 865,000
Actual return on plan assets.................	78,000	20,000	493,000	106,000
Employer contribution...	4,000	--	3,000	24,000
Plan participants' contributions............	--	3,000	--	4,000
Benefits paid..........	(195,000)	(43,000)	(241,000)	(51,000)
Fair value of plan assets at end of period.	$4,157,000	$ 928,000	$4,270,000	$ 948,000
Plan assets greater/(less) than benefit obligation.....	$ (63,000)	$ (297,000)	$ 146,000	$ (221,000)
Unrecognized net actuarial gain...............	(305,000)	(479,000)	(534,000)	(538,000)
Unrecognized prior service cost/(asset).......	(10,000)	38,000	(11,000)	41,000
Unrecognized transition obligation/(asset).....	(71,000)	261,000	(79,000)	276,000
Accrued liability for benefits.............	$ (449,000)	$ (477,000)	$ (478,000)	$ (442,000)

The assumed discount rate used to determine the benefit obligation as of September 30, 2000 and December 31, 1999 was 7.75%. The fair value of plan assets excludes $26 million and $25 million held in grantor trust as of September 30, 2000 and December 31, 1999, respectively, for the payment of benefits under the supplemental plan and $9 million and $9 million held in a grantor trust as of September 30, 2000 and December 31, 1999, respectively, for the payment of postretirement medical benefits.

The components of pension and other postretirement benefit costs, portions of which were recorded as components of construction costs, for the three months, nine months and twelve months ended September 30, 2000 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Pension Benefit Costs						
Service cost	$ 12,000	$ 31,000	$ 53,000	$ 94,000	$ 79,000	$ 116,000
Interest cost on projected benefit obligation	78,000	71,000	232,000	213,000	304,000	278,000
Expected return on plan assets	(98,000)	(90,000)	(295,000)	(271,000)	(386,000)	(356,000)
Amortization of transition asset	(3,000)	(3,000)	(8,000)	(9,000)	(12,000)	(12,000)
Amortization of prior service asset	1,000	(1,000)	(1,000)	(3,000)	(2,000)	(4,000)
Recognized loss/(gain)	(3,000)	1,000	(5,000)	3,000	(5,000)	4,000
Curtailment loss	--	--	--	--	16,000	--
Net periodic benefit cost	$ (13,000)	$ 9,000	$ (24,000)	$ 27,000	$ (6,000)	$ 26,000
Other Postretirement Benefit Costs						
Service cost	$ 9,000	$ 10,000	$ 25,000	$ 31,000	$ 35,000	$ 42,000
Interest cost on accumulated benefit obligation	22,000	21,000	66,000	62,000	86,000	84,000
Expected return on plan assets	(21,000)	(19,000)	(64,000)	(56,000)	(84,000)	(73,000)
Amortization of transition obligation	5,000	6,000	15,000	17,000	20,000	22,000
Amortization of prior service cost	1,000	1,000	3,000	3,000	4,000	4,000
Recognized gain	(5,000)	(3,000)	(16,000)	(9,000)	(21,000)	(9,000)
Severance plan cost	6,000	--	6,000	1,000	6,000	5,000
Curtailment loss	--	--	--	--	35,000	--
Net periodic benefit cost	$ 17,000	$ 16,000	$ 35,000	$ 49,000	$ 81,000	$ 75,000

In accounting for the pension costs and other postretirement benefit costs under the plans, the following weighted average actuarial assumptions were used for the periods during 2000, 1999 and 1998:

	Pension Benefits			Other Postretirement Benefits		
	2000	1999	1998	2000	1999	1998
Annual discount rate	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%
Annual long-term rate of return on plan assets	9.50%	9.25%	9.50%	9.23%	8.97%	9.20%
Annual rate of increase in future compensation levels	4.00%	4.00%	4.00%	--	--	--

The pension and other postretirement benefit curtailment losses for the twelve months ended September 30, 2000 represent the recognition of prior service costs and transition obligations, and an increase in the benefit obligations resulting from special termination benefits, related to the reduction in the number of employees due to ComEd's December 1999 sale of the fossil stations.

The health care cost trend rates used to measure the expected cost of the postretirement medical benefits are assumed to be 7.5% for pre-Medicare recipients and 5.5% for Medicare recipients for 2000. Those rates are assumed to decrease in 0.5% annual increments to 5% for the years 2005 and 2001, respectively, and to remain level thereafter. The health care cost trend rates, used to measure the expected cost of postretirement dental and vision benefits, are a level 3.5% and 2.0% per year, respectively. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(Thousands of Dollars)	
Effect on total annual service and interest cost components	$ 23,000	$ (18,000)
Effect on postretirement benefit obligation as of September 30, 2000	195,000	(155,000)

In addition, an employee savings and investment plan is available to eligible employees of ComEd and certain of its and Unicom's subsidiaries. Under the plan, each participating employee may contribute up to 20% of such employee's base pay and the participating companies match the first 6% of such contribution equal to 100% of the first 2% of contributed base salary, 70% of the next 3% of contributed base salary and 25% of the next 1% of contributed base salary. The participating companies' contributions were $7 million and $9 million for the three months ended September 30, 2000 and 1999, respectively, $23 million and $24 million for nine months ended September 30, 2000 and 1999, respectively, and $31 million and $32 million for the twelve months ended September 30, 2000 and 1999, respectively.

(16) Separation Plan Costs. O&M expenses included $33 million and $2 million for the three months ended September 30, 2000 and 1999, respectively, $47 million and $7 million for the nine months ended September 30, 2000 and 1999, respectively, and $50 million and $23 million for the twelve months ended September 30, 2000 and 1999, respectively, for costs related to voluntary separation offers to certain employees of ComEd, other than costs related to the fossil plant sale, as well as certain other employee-related costs. Such costs resulted in charges of $20 million (after-tax), or $0.11 per common share (diluted) and $1 million (after-tax), or less than $0.01 per common share (dilutive) for the three months ended September 30, 2000 and 1999, respectively, $28 million (after-tax), or $0.15 per common share (diluted), and $4 million (after-tax), or $0.02 per common share (diluted), for the nine months ended September 30, 2000 and 1999, respectively, and $30 million (after-tax), or $0.16 per common share (diluted), and $14 million (after-tax), or $0.06 per common share (diluted), for the twelve months ended September 30, 2000 and 1999, respectively. See Note 4 regarding employee separation costs related to the fossil plant sale.

(17) Income Taxes. The components of the net deferred income tax liability at September 30, 2000 and December 31, 1999 were as follows:

	September 30, 2000	December 31, 1999
	(Thousands of Dollars)	
Deferred income tax liabilities:		
Accelerated cost recovery and liberalized depreciation, net of removal costs	$2,632,492	$2,815,972
Overheads capitalized	152,271	159,836
Deferred gain on sale of fossil stations	458,472	--
Involuntary conversion	613,449	--
Repair allowance	213,020	221,502
Regulatory assets recoverable through future rates	701,714	688,946
Deferred income tax assets:		
Postretirement benefits	(378,449)	(376,538)
Unamortized investment tax credits	(154,588)	(161,756)
Regulatory liabilities to be settled through future rates	(580,991)	(596,157)
Nuclear plant closure	(5,455)	(5,456)
Other--net	(271,428)	(321,522)
Net deferred income tax liability	$3,380,507	$2,424,827

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS--Continued

The components of net income tax expense charged to continuing operations for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Operating income:						
Current income taxes...	$ 128,058	$ 193,103	$308,230	$405,482	$1,665,029	$380,183
Deferred income taxes..	(82,288)	(11,449)	(170,157)	(100,217)	(1,473,022)	(26,052)
Investment tax credits deferred--net.........	(5,499)	(7,021)	(16,498)	(21,063)	(21,263)	(27,856)
Other (income) and deductions:						
Current income taxes...	24,497	(5,809)	37,378	(4,057)	41,139	5,160
Deferred income taxes..	852	6,159	13,694	12,238	27,287	23,787
Investment tax credits.	(2,153)	(2,153)	(6,458)	(6,133)	(52,064)	(10,768)
Net income taxes charged to continuing operations..................	$ 63,467	$ 172,830	$166,189	$286,250	$ 187,106	$344,454

Provisions for current and deferred federal and state income taxes and amortization of investment tax credits resulted in the following effective income tax rates for the three months, nine months and twelve months ended September 30, 2000 and 1999:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Net income before extraordinary items....	$ 166,631	$ 279,752	$509,276	$496,366	$ 610,155	$607,554
Net income taxes charged to continuing operations.............	63,467	172,830	166,189	286,250	187,106	344,454
Provision for dividends on ComEd preferred and preference stocks......	534	1,830	2,773	20,170	6,359	33,991
Pre-tax income before extraordinary items and provision for dividends.............	$ 230,632	$ 454,412	$678,238	$802,786	$ 803,620	$ 985,999
Effective income tax rate...................	27.5%	38.0%	24.5%	35.7%	23.3%	34.9%

The principal differences between net income taxes charged to continuing operations and the amounts computed at the federal statutory rate of 35% for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Federal income taxes computed at statutory rate	$ 80,721	$ 159,045	$237,384	$280,975	$ 281,267	$ 345,100
Amortization of investment tax credits, net of deferred income taxes	(5,234)	(5,907)	(15,702)	(17,525)	(46,391)	(24,782)
State income taxes, net of federal income taxes	8,961	21,958	22,612	37,394	31,137	44,566
Net gain on forward share repurchase contract	--	6,130	(39,575)	(5,566)	(18,619)	(5,566)
Earnings on non-tax qualified decommissioning fund	(1,505)	(951)	(2,637)	(3,719)	(7,833)	(3,719)
Differences between book and tax accounting, primarily property-related deductions	(19,476)	(7,445)	(35,893)	(5,309)	(52,455)	(11,145)
Net income taxes charged to continuing operations	$ 63,467	$ 172,830	$166,189	$286,250	$ 187,106	$ 344,454

(18) Taxes, Except Income Taxes. Provisions for taxes, except income taxes, for the three months, nine months and twelve months ended September 30, 2000 and 1999 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Illinois public utility revenue	$ --	$ (601)	$ (3,685)	$ 1,296	$ (4,000)	$ 8,365
Illinois electricity distribution tax	31,267	32,942	77,985	87,615	104,611	116,061
Municipal utility gross receipts	24,752	29,832	74,002	80,418	93,285	98,811
Real estate	18,325	33,801	94,853	97,034	113,028	122,916
Municipal compensation	23,781	23,714	64,702	60,515	77,536	78,821
Energy assistance and renewable energy charge	8,629	8,117	26,079	25,562	34,940	33,753
Other--net	31,856	16,986	72,421	54,846	88,125	76,520
	$ 138,610	$ 144,791	$406,357	$407,286	$ 507,525	$ 535,247

See Note 21 for additional information regarding Illinois invested capital taxes.

(19) Lease Obligations of Subsidiary Companies.

Future minimum rental payments at September 30, 2000 for operating leases of equipment and real property are estimated to aggregate to $280 million, including $7 million in 2000, $29 million in 2001, $27 million in 2002, $26 million in 2003, $25 million in 2004 and $166 million in 2005-2043.

(20) Joint Plant Ownership. ComEd has a 75% undivided ownership interest in the Quad Cities nuclear generating station. Further, ComEd is responsible for 75% of all costs which are charged to appropriate investment and O&M accounts, and provides its own financing. ComEd's net plant investment, including construction work in progress, in Quad Cities Station on the Consolidated Balance Sheets was $39 million at September 30, 2000.

(21) Commitments and Contingent Liabilities. Purchase commitments, principally related to construction, nuclear fuel, and coal in support of certain power purchase agreements approximated $839 million at September 30, 2000, comprised of $769 million for ComEd, $11 million for UT Holdings, $50 million for Unicom Energy Services, $1 million for Unicom Distributed Energy and $8 million for Unicom Power Holdings. In addition, ComEd has substantial commitments for expected capacity payments and fixed charges related to power purchase agreements. Upon completion of the fossil plant sale with EME, ComEd entered into arrangements to assign or settle a substantial portion of its coal purchase commitments and entered into purchase power agreements with EME. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources--UTILITY OPERATIONS--Construction Program," for additional information regarding ComEd's purchase commitments.

ComEd is a member of NEIL which provides insurance coverage against property damage and associated replacement power costs occurring at members' nuclear generating facilities. All companies insured with NEIL are subject to retrospective premium adjustments if losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds such that ComEd would not be liable for any single incident. However, ComEd could be subject to assessments in any policy year for each of three types of coverage provided. The maximum assessments are approximately $32 million for primary property damage, $20 million for excess property damage and $7 million for replacement power.

The NRC's indemnity for public liability coverage under the Price-Anderson Act is supported by a mandatory industry-wide program under which owners of nuclear generating facilities could be assessed in the event of nuclear incidents. Based on the number of nuclear reactors with operating licenses, ComEd would currently be subject to a maximum assessment of $969 million in the event of an incident, limited to a maximum of $110 million in any calendar year.

In addition, ComEd participates in the American Nuclear Insurers Master Worker Program, which provides coverage for worker tort claims filed for bodily injury caused by the nuclear energy hazard. This program was modified, effective January 1, 1998, to provide coverage to all workers whose "nuclear-related employment" began on or after the commencement date of reactor operations. ComEd will not be liable for a retrospective assessment under this new policy. However, ComEd is still subject to a maximum retroactive assessment of up to $36 million in the event losses incurred under the small number of policies in the old program exceed accumulated reserves.

Three of ComEd's wholesale municipal customers filed a complaint and request for refund with the FERC alleging that ComEd failed to properly adjust their rates, as provided for under the terms of their electric service contracts, to track certain refunds made to ComEd's retail customers in the years 1992 through 1994. In the third quarter of 1998, the FERC granted the complaint and directed that refunds be made, with interest. ComEd filed and was granted a request for rehearing for purposes of reconsideration with the FERC. If the order is upheld, ComEd must make refunds within 15 days of the resolution for rehearing. ComEd's management believes an adequate reserve has been established in connection with this case.

During 1989 and 1991, actions were brought in federal and state courts in Colorado against ComEd and Cotter seeking unspecified damages and injunctive relief based on allegations that Cotter has 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. With respect to Cotter, in 1994 a federal jury returned nominal dollar verdicts against Cotter on eight plaintiffs' claims in the 1989 cases, which verdicts were upheld on appeal. The remaining claims in the 1989 actions have been settled and dismissed. On July 15, 1998, a jury verdict was rendered in Dodge vs. Cotter (United States District Court for the District of Colorado, Civil Action No. 91-Z-1861), a case relating to 14 of the plaintiffs in the 1991 cases. The verdict against Cotter and in favor of the plaintiffs, after an amended judgement was issued March 11, 1999, totaled approximately $6 million, including compensatory and punitive damages, interest and medical monitoring. Cotter appealed. On February 11, 2000, the Tenth Circuit Court of Appeals agreed with Cotter, found that the trial judge had erred in critical rulings and reversed the jury verdict, remanding the case for new trial. A trial involving the next group of twelve plaintiffs is currently underway in federal district court in Denver. Although this trial and the other 1991 cases will necessarily involve the resolution of numerous contested issues of law and fact, it is ComEd's assessment that these actions will not have a material impact on its financial position or operations.

In August of 1999, three class action lawsuits were filed against the Company related to a series of service interruptions. The two primary events occurred on July 30 through August 2, 1999. Another significant outage occurred on August 12, 1999. The outages of July 30, 1999, described as the Northwest Substation events, began during a period of intense heat and humidity. On August 12, 1999, in what is described as the Jefferson Substation event, ComEd interrupted service to customers on the near north and near west side of the Loop. While major commercial customers were affected, all service was restored in this event on the same date. The combined effect of these events resulted in over 168,000 customers losing service for more than 4 hours. The class action complaints have been consolidated and seek to recover damages for personal injuries and property damage, as well as economic loss for these events. Further, ComEd initiated expedited claim settlements for those with primarily food spoilage claims and has paid over $4 million to date. Conditional class certification has been approved by the Court for the sole purpose of exploring settlement talks. For purposes of such discussions, the outage described above, as well as lesser events through August 31, 1999, will be considered. If talks are not productive, either side can withdraw unilaterally. The Company has repeatedly declared that it will pay no economic damages and will vigorously defend against such claims. The lawsuits are pending in the Circuit Court of Cook County. ComEd filed a motion challenging the legal sufficiency of the consolidated complaints. On July 21, 2000, the judge dismissed two of the counts with prejudice, and four others with leave to replead. The plaintiffs filed an amended complaint on August 29, 2000. ComEd has again filed a motion seeking dismissal of the pleadings. The plaintiffs have not yet responded. The next status before the Court is set for November 10, 2000. Argument on the motion to dismiss will likely occur in December 2000. A portion of any settlement or verdict may be covered by insurance and discussions with the carrier are ongoing. ComEd's management believes adequate reserves have been established in connection with these cases.

Following the summer 1999 service interruptions, the ICC opened a three-phase investigation of the design and reliability of ComEd's transmission and distribution system. At the conclusion of each phase of the investigation, the ICC will issue reports that will include specific recommendations for ComEd and a timetable for executing the recommendations. Although the recommendations are not legally binding on ComEd, the ICC may enforce the recommendations through litigation. The report on Phase I of the investigation was released the week of January 3, 2000, which focused on the outages of July and August 1999. The first and second of five reports on Phase II and Phase III, focusing on the transmission and distribution system, were released during the weeks of June 5 and June 17, respectively. The third report is anticipated later this year. The investigation is expected to conclude by early 2001. Since summer 1999, the Company has devoted significant resources to improving the reliability of its transmission and distribution system. The Company believes that the likelihood of a successful material claim resulting from this investigation is remote. The investigation is expected to conclude by early 2001.

In 1996, several 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 the federal and state constitutions, and against ComEd for a declaratory order that their rights under their contracts with ComEd were not affected by the amendment. On August 4, 1999, the Illinois Appellate Court held that the developers' claims against the State were premature, and the Illinois Supreme Court denied leave to appeal that ruling by Order dated December 1, 1999. On April 14, 2000, the developer of one such facility requested leave to amend its complaint to allege claims for damages against ComEd based on breach be ComEd of an alleged contractual obligation to pay for electricity purchased from that developer at the state-subsidized rate. ComEd has objected to the developer's request for leave to amend, and intends vigorously to contest any assertion by such developer that it is entitled to any payment in excess of ComEd's avoided costs.

ComEd is involved in administrative and legal proceedings concerning air quality, water quality and other matters. The outcome of these proceedings may require increases in future construction expenditures and operating expenses and changes in operating procedures. ComEd and its subsidiaries are or are likely to become parties to proceedings initiated by the U.S. EPA, state agencies and/or other responsible parties under CERCLA with respect to a number of sites, including MGP sites, or may voluntarily undertake to investigate and remediate sites for which they may be liable under CERCLA.

ComEd generally did not operate MGPs as a corporate entity but did, however, acquire MGP sites as part of the absorption of smaller utilities. Approximately half of these sites were transferred to then Northern Illinois Gas Company (Nicor Gas) as part of a general conveyance in 1954. ComEd also acquired former MGP sites as vacant real estate on which ComEd facilities have been constructed. To date, ComEd has identified 44 former MGP sites for which it may be liable for remediation. In the fourth quarter of 1999, ComEd re-evaluated its environmental remediation strategies. As a result of this re-evaluation, ComEd's estimate of its cost of former MGP site investigation and remediation was increased by $68 million in the fourth quarter of 1999. ComEd's current best estimate of its costs of former MGP site investigation and remediation is $89 million (2000) dollars (reflecting an estimated inflation rate of 3.0% and a discount rate of 6.5%). Such estimate, reflecting an estimated inflation rate of 3% and before the effects of discounting, is $176 million and is included in other liabilities on the Consolidated Balance Sheets as of September 30, 2000. It is expected that the costs associated with investigation and remediation of former MGP sites will be substantially incurred through 2012, however monitoring and certain other costs are expected to be incurred through 2042. The increase in ComEd's estimated costs of former MGP sites of $68 million in the fourth quarter of 1999 was included in O & M expenses on Unicom and ComEd's Statements of Consolidated Operations. In addition, as of September 30, 2000 and December 31, 1999, a reserve of $7 million and $8 million, respectively, has been included in other noncurrent liabilities on the Consolidated Balance Sheets, representing ComEd's estimate of the liability associated with cleanup costs of sites other than former MGP sites. These cost estimates are based on currently available information regarding the responsible parties likely to share in the costs of responding to site contamination, the extent of contamination at sites for which the investigation has not yet been completed and the cleanup levels to which sites are expected to have to be remediated. While ComEd may have rights of reimbursement under insurance policies, amounts that may be recoverable from other entities are not considered in establishing the estimated liability for the environmental remediation costs.

The IDR has issued Notices of Tax Liability to ComEd alleging deficiencies in Illinois invested capital tax payments for the years 1988 through 1997. The alleged deficiencies, including interest and penalties, totaled approximately $54 million as of September 30, 2000. ComEd has protested the notices, and the matter is currently pending before the IDR's Office of Administrative Hearings. Interest will continue to accumulate on the alleged tax deficiencies.

(22) Segment Reporting. Unicom's reportable operating segments as determined under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information include its regulated electric utility and its unregulated business operations. Unicom's reportable segments are managed separately because of their different regulatory and operating environments. Unicom evaluates their performance based on net income.

ComEd is an electric utility which is engaged in the generation, purchase, transmission, distribution and sale of electric energy in Northern Illinois. ComEd's rates and services are subject to federal and state regulations.

Unicom's unregulated business operations, including energy services and development of new business ventures, are not subject to utility regulation by federal or state agencies. As a result of the December 1999 fossil plant sale, as described in Note 4, the assets of unregulated businesses exceeded 10% of Unicom's total assets and, as such, constitute a reportable segment. The assets of the unregulated businesses include approximately $1.6 billion of investments in leases at September 30, 2000 as discussed in Note 1.

The accounting policies of the segments are the same as those described in Note 1. Unicom's financial data for business segments are as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2000	1999	2000	1999	2000	1999
	(Thousands of Dollars)					
Operating Revenue:						
Electric Utility.......	$2,039,961	$2,060,217	$5,274,100	$5,266,647	$6,764,910	$6,824,708
Unregulated Businesses.	180,328	24,237	411,571	41,325	460,736	46,932
Intersegment Revenue...	46,873	8,998	82,012	14,675	88,864	21,509
Elimination............	(46,873)	(8,998)	(82,012)	(14,675)	(88,864)	(21,509)
Consolidated Unicom.....	$2,220,289	$2,084,454	$5,685,671	$5,307,972	$7,255,646	$6,871,640
Depreciation, Amortization and Decommissioning:						
Electric Utility.......	$ 225,951	$ 200,284	$ 821,662	$ 695,387	$ 962,420	$ 923,216
Unregulated Businesses.	4,263	1,825	10,197	5,001	12,299	6,515
Consolidated Unicom.....	$ 230,214	$ 202,109	$ 831,859	$ 700,388	$ 974,719	$ 929,731
Interest and Dividend Income:						
Electric Utility.......	$ 54,632	$ 10,241	$ 176,859	$ 41,110	$ 195,980	$ 48,924
Unregulated Businesses.	35,055	1,000	114,325	2,827	121,019	3,716
Elimination............	(74,298)	(1,298)	(189,052)	(1,891)	(197,966)	(2,179)
Consolidated Unicom.....	$ 15,389	$ 9,943	$ 102,132	$ 42,046	$ 119,033	$ 50,461
Interest Expense--Net:						
Electric Utility.......	$ 124,661	$ 135,945	$ 381,156	$ 413,824	$ 512,684	$ 524,109
Unregulated Businesses.	91,012	5,257	219,663	14,202	234,478	17,973
Elimination............	(74,298)	(1,298)	(189,052)	(1,891)	(197,966)	(2,179)
Consolidated Unicom.....	$ 141,375	$ 139,904	$ 411,767	$ 426,135	$ 549,196	$ 539,903
Income Tax Expense/(Benefit):						
Electric Utility.......	$ 91,726	$ 184,992	$ 237,658	$ 322,868	$ 267,012	$ 400,325
Unregulated Businesses.	(22,759)	(5,418)	213,313	85,587	256,875	152,340
Consolidated Unicom.....	$ 68,967	$ 179,574	$ 450,971	$ 408,455	$ 523,887	$ 552,665
Net Income/(Loss):						
Electric Utility.......	$ 196,246	$ 287,049	$ 579,965	$ 511,435	$ 691,259	$ 643,283
Unregulated Businesses.	(32,582)	(7,297)	(77,823)	(42,648)	(88,238)	(63,308)
Consolidated Unicom.....	$ 163,664	$ 279,752	$ 502,142	$ 468,787	$ 603,021	$ 579,975
Capital Expenditures:						
Electric Utility.......	$ 324,746	$ 262,946	$ 899,072	$ 736,654	$1,245,816	$1,021,602
Unregulated Businesses.	(5,048)	8,975	15,353	15,960	39,486	21,133
Consolidated Unicom.....	$ 319,698	$ 271,921	$ 914,425	$ 752,614	$1,285,302	$1,042,735

	September 30, 2000	December 31, 1999
Total Assets:		
Electric Utility.................................	$21,877,441	$23,160,265
Unregulated Businesses...........................	8,310,774	3,720,376
Elimination......................................	(7,605,580)	(3,474,608)
Consolidated Unicom..............................	$22,582,635	$23,406,033

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UNICOM CORPORATION

FINANCIAL STATEMENTS

For the Three Years Ended Ended December 31, 1999

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Unicom Corporation:

We have audited the accompanying consolidated balance sheets and statements of consolidated capitalization of UNICOM CORPORATION (an Illinois corporation) and subsidiary companies as of December 31, 1999 and 1998, and the related statements of consolidated operations, retained earnings/(deficit), comprehensive income and cash flows for each of the three years in the period ended December 31, 1999. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unicom Corporation and subsidiary companies as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed under Item 14.(a) is presented for the purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Chicago, Illinois
January 31, 2000
(except with respect to
Notes 1 and 3 as to which
the date is May 12, 2000)

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
Financial Statements for the three years ended
December 31, 1999 STATEMENTS OF CONSOLIDATED OPERATIONS

The following Statements of Consolidated Operations for the years 1999, 1998 and 1997 reflect the results of past operations and are not intended as any representation as to results of operations for any future period. Future operations will necessarily be affected by various and diverse factors and developments, including changes in electric prices, regulation, population, business activity, asset dispositions, competition, taxes, environmental control, energy use, fuel, cost of labor, purchased power and other matters, the nature and effect of which cannot now be determined.

	1999	1998	1997
Operating Revenues	$6,847,947	$7,103,410	$ 7,083,022
Operating Expenses and Taxes:			
Fuel	$ 997,262	$1,057,527	$ 1,204,218
Purchased power	551,575	748,017	400,055
Operation and maintenance	2,427,599	2,285,034	2,438,944
Depreciation and amortization	843,248	943,288	1,005,089
Taxes (except income)	508,453	699,834	800,886
Income taxes	359,198	355,023	317,558
Investment tax credits deferred--net	(25,828)	(27,730)	(31,015)
	$5,661,507	$6,060,993	$ 6,135,735
Operating Income	$1,186,440	$1,042,417	$ 947,287
Other Income and (Deductions):			
Interest on long-term debt, net of interest capitalized	$ (544,962)	$ (444,322)	$ (488,033)
Interest on notes payable	(18,602)	(19,560)	(9,134)
Allowance for funds used during construction	21,812	16,464	42,325
Income taxes applicable to nonoperating activities	27,083	4,974	11,010
Provisions for dividends and redemption premiums--			
Preferred and preference stocks of ComEd	(23,756)	(56,884)	(60,486)
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities	(29,710)	(29,710)	(28,860)
Loss on nuclear plant closure	--	--	(885,611)
Income tax effects of nuclear plant closure	--	--	362,952
Miscellaneous--net	(21,060)	(3,195)	(130,665)
	$ (589,195)	$ (532,233)	$(1,186,502)
Net Income/(Loss) before Extraordinary Items and Cumulative Effect of Change in Accounting Principle	$ 597,245	$ 510,184	$ (239,215)
Extraordinary Losses, less Applicable Income Taxes	(27,579)	--	(810,335)
Cumulative Effect of Change in Accounting Principle	--	--	196,700
Net Income/(Loss)	$ 569,666	$ 510,184	$ (852,850)

Earnings/(loss) per common share before extraordinary items and cumulative effect of change in accounting principle--			
Basic	$ 2.75	$ 2.35	$ (1.10)
Diluted	$ 2.74	$ 2.34	$ (1.10)
Extraordinary losses, less applicable income taxes (basic and diluted)	$ (0.13)	$ --	$ (3.75)
Cumulative effect of change in accounting principle (basic and diluted)	$ --	$ --	$ 0.91
Earnings/(loss) per common share--			
Basic	$ 2.62	$ 2.35	$ (3.94)
Diluted	$ 2.61	$ 2.34	$ (3.94)
Cash Dividends Declared per Common Share	$ 1.60	$ 1.60	$ 1.60

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31 1999	December 31 1998
	(Thousands of Dollars)	
Utility Plant:		
Plant and equipment, at original cost (includes construction work in progress of $672 million and $858 million, respectively)	$25,007,637	$27,801,246
Less--Accumulated provision for depreciation	13,729,223	15,234,320
	$11,278,414	$12,566,926
Nuclear fuel, at amortized cost	843,724	874,979
	$12,122,138	$13,441,905
Investments and Other Property:		
Nuclear decommissioning funds	$ 2,546,540	$ 2,267,317
Subsidiary companies	50,417	41,150
Other, at cost	470,848	275,794
	$ 3,067,805	$ 2,584,261
Current Assets:		
Cash and temporary cash investments	$ 1,696,336	$ 55,828
Cash held for redemption of securities	285,056	3,062,816
Other cash investments	62	--
Special deposits	1,845,730	271
Receivables--		
Customers	1,224,678	1,369,701
Forward share repurchase contract	813,046	--
Other	181,532	136,701
Provisions for uncollectible accounts	(50,814)	(48,645)
Coal and fuel oil, at average cost	15,613	135,415
Materials and supplies, at average cost	221,157	232,246
Deferred income taxes related to current assets and liabilities	60,056	24,339
Prepayments and other	36,268	20,301
	$ 6,328,720	$ 4,988,973
Deferred Charges and Other Noncurrent Assets:		
Regulatory assets	$ 1,792,907	$ 4,578,427
Other	94,463	96,907
	$ 1,887,370	$ 4,675,334
	$23,406,033	$25,690,473

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES	December 31 1999	1998
	(Thousands of Dollars)	
Capitalization (see accompanying statements):		
Common stock equity	$ 5,332,611	$ 5,099,444
Preferred and preference stocks of ComEd--		
Without mandatory redemption requirements	1,790	74,488
Subject to mandatory redemption requirements	--	69,475
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities*	350,000	350,000
Long-term debt	7,129,906	7,792,502
	$12,814,307	$13,385,909
Current Liabilities:		
Notes payable	$ 4,750	$ 292,963
Current portion of long-term debt, redeemable preference stock and capitalized lease obligations of subsidiary companies	915,439	2,314,443
Accounts payable	582,920	604,936
Accrued interest	146,718	180,674
Accrued taxes	1,386,930	134,976
Dividends payable	94,090	105,133
Customer deposits	68,128	56,954
Accrued plant closing costs	--	78,430
Other	316,542	155,262
	$ 3,515,517	$ 3,923,771
Deferred Credits and Other Noncurrent Liabilities:		
Deferred income taxes	$ 2,484,883	$ 3,805,460
Nuclear decommissioning liability for retired plants.	1,259,700	1,215,400
Accumulated deferred investment tax credits	484,717	562,285
Accrued spent nuclear fuel disposal fee and related interest	763,427	728,413
Obligations under capital leases of subsidiary companies	161,611	333,653
Regulatory liabilities	596,157	595,005
Other	1,325,714	1,140,577
	$ 7,076,209	$ 8,380,793
Commitments and Contingent Liabilities (Note 22)		
	$23,406,033	$25,690,473

*As described in Note 11 of Notes to Financial Statements, the sole asset of ComEd Financing I, a subsidiary trust of ComEd, is $206.2 million principal amount of ComEd's 8.48% subordinated deferrable interest notes due September 30, 2035. The sole asset of ComEd Financing II, also a subsidiary trust of ComEd, is $154.6 million principal amount of ComEd's 8.50% subordinated deferrable interest debentures due January 15, 2027.

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CAPITALIZATION

	December 31 1999	December 31 1998
	(Thousands of Dollars)	
Common Stock Equity:		
Common stock, without par value--Outstanding--217,835,570 shares and 217,094,560 shares, respectively	$ 4,971,618	$ 4,966,630
Preference stock expense of ComEd	(72)	(3,199)
Retained earnings	363,621	142,813
Accumulated other comprehensive income	7,539	--
Treasury stock--264,406 shares and 178,982 shares, respectively	(10,095)	(6,800)
	$ 5,332,611	$ 5,099,444
Preferred and Preference Stocks of ComEd--		
Without Mandatory Redemption Requirements:		
Preference stock, cumulative, without par value--Outstanding--No shares and 13,499,549 shares, respectively	$ --	$ 504,957
Current redemption requirements for preference stock included in current liabilities	--	(432,320)
$1.425 convertible preferred stock, cumulative, without par value--Outstanding--56,291 shares and 58,211 shares, respectively	1,790	1,851
Prior preferred stock, cumulative, $100 par value per share--No shares outstanding	--	--
	$ 1,790	$ 74,488
Subject to Mandatory Redemption Requirements:		
Preference stock, cumulative, without par value--Outstanding--700,000 shares and 1,720,345 shares, respectively	$ 69,475	$ 171,348
Current redemption requirements for preference stock included in current liabilities	(69,475)	(101,873)
	$ --	$ 69,475
ComEd-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely ComEd's Subordinated Debt Securities	$ 350,000	$ 350,000

Long-Term Debt:		
First mortgage bonds:		
Maturing 2000 through 2004--6 3/8% to 9 3/8%	$ 698,245	$ 1,080,000
Maturing 2005 through 2014--4.40% to 8 3/8%	1,299,400	1,485,400
Maturing 2015 through 2023--5.85% to 9 7/8%	1,589,443	1,981,000
	$ 3,587,088	$ 4,546,400
Transitional trust notes, due 2000 through 2008--5.29% to 5.74%	3,070,000	3,400,000
Sinking fund debentures, due 2001 through 2011--2 3/4% to 7 5/8%	30,866	94,159
Pollution control obligations, due 2007 through 2014--5.3% to 5 7/8%	139,200	140,700
Other long-term debt	1,089,347	1,259,204
Current maturities of long-term debt included in current liabilities	(737,615)	(1,585,281)
Unamortized net debt discount and premium	(48,980)	(62,680)
	$ 7,129,906	$ 7,792,502
	$12,814,307	$13,385,909

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED RETAINED EARNINGS/(DEFICIT)

	1999	1998	1997
	(Thousands of Dollars)		
Balance at Beginning of Period	$142,813	$(21,184)	$1,177,997
Add--Net income/(loss)	569,666	510,184	(852,850)
	$712,479	$489,000	$ 325,147
Deduct--			
Cash dividends declared on common stock	$347,783	$347,161	$ 346,225
Other capital stock transactions--net	1,075	(974)	106
	$348,858	$346,187	$ 346,331
Balance at End of Period (Includes $716 million, $494 million and $331 million of appropriated retained earnings at December 31, 1999, 1998 and 1997, respectively)	$363,621	$142,813	$ (21,184)

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

	1999	1998	1997
(Thousands of Dollars)			
Net Income/(Loss) on Common Stock	$569,666	$510,184	$ (852,850)
Other Comprehensive Income			
Unrealized gains on securities	$ 12,471	$ --	$ --
Income taxes on other comprehensive income	(4,932)	--	--
Other comprehensive income, net of tax	$ 7,539	$ --	$ --
Comprehensive Income/(Loss)	$577,205	$510,184	$ (852,850)

The accompanying Notes to Financial Statements are an integral part of the above statements.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

	1999	1998	1997
	(Thousands of Dollars)		
Cash Flow from Operating Activities:			
Net income/(loss)......................	$ 569,666	$ 510,184	$ (852,850)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation and amortization........	908,894	994,861	1,051,543
Deferred income taxes and investment tax credits--net....................	(1,448,363)	69,768	(345,042)
Contribution to environmental trust..	(250,000)	--	--
Recovery of coal reserve regulatory assets.............................	197,974	108,372	82,441
Increase in MGP liability............	68,078	--	--
Extraordinary loss related to write-off of certain net regulatory assets.............................	--	--	810,335
Cumulative effective of change in accounting principle................	--	--	(196,700)
Loss on nuclear plant closure........	--	--	885,611
Write-down of uranium-related properties.........................	--	--	64,387
Provisions/(payments) for revenue refunds--net.......................	(22,603)	(23,622)	45,470
Equity component of allowance for funds used during construction......	(7,789)	(6,959)	(23,770)
Provisions/(payments) for liability for separation costs--net...........	(62,396)	9,757	15,986
Net effect on cash flows of changes in:			
Receivables.......................	103,515	(486,838)	24,083
Coal and fuel oil.................	618	(14,751)	19,698
Materials and supplies............	(5,202)	19,805	41,659
Accounts payable excluding nuclear fuel lease principal payments and separation costs--net............	(19,251)	97,094	259,810
Accrued interest and taxes.........	1,246,007	(27,201)	(17,903)
Other changes in certain current assets and liabilities............	124,154	144,290	39,005
Other--net..........................	(43,257)	27,525	109,927
	$ 1,360,045	$ 1,422,285	$ 2,013,690
Cash Flow from Investing Activities:			
Construction expenditures..............	$(1,204,064)	$ (966,494)	$(1,043,311)
Nuclear fuel expenditures..............	(253,483)	(166,168)	(185,373)
Sales of generating plants.............	4,885,720	177,454	60,791
Equity component of allowance for funds used during construction........	7,789	6,959	23,770
Contributions to nuclear decommissioning funds.................	(89,945)	(136,771)	(114,825)
Other investments and special deposits.............................	(1,886,323)	(10,965)	(13,246)
Plant removals--net....................	(74,584)	(86,988)	(85,923)
	$ 1,385,110	$(1,182,973)	$(1,358,117)

Cash Flow from Financing Activities:			
Issuance of securities--			
Transitional trust notes..............	$ --	$ 3,382,629	$ --
Other long-term debt..................	201,764	382,270	362,663
Company-obligated mandatorily redeemable preferred securities if subsidiary trust holding solely the Company's subordinated debt securities..........................	--	--	150,000
Capital stock.........................	20,941	16,644	15,778
Retirement and redemption of securities--			
Transitional trust notes..............	(330,000)	--	--
Other long-term debt..................	(1,431,545)	(615,858)	(746,240)
Capital stock.........................	(639,342)	(34,066)	(44,111)
Repurchase of common stock.............	(813,046)	(6,800)	--
Cash dividends paid on common stock....	(347,564)	(346,954)	(345,936)
Proceeds from sale/leaseback of nuclear fuel.........................	--	101,038	149,955
Nuclear fuel lease principal payments..	(255,402)	(255,605)	(166,411)
Increase/(decrease) in short-term borrowings...........................	(288,213)	134,813	29,400
	$(3,882,407)	$ 2,758,111	$ (594,902)
Change in Net Cash Balance..............	$(1,137,252)	$ 2,997,423	$ 60,671
Cash, Temporary Cash Investments and Cash Held for Redemption of Securities:			
Balance at Beginning of Period.......	3,118,644	121,221	60,550
Balance at End of Period............	$ 1,981,392	$ 3,118,644	$ 121,221

The accompanying Notes to Financial Statements are an integral part of the above statements.

(1) Summary of Significant Accounting Policies.

Corporate Structure and Basis of Presentation. Unicom is the parent holding company of ComEd and Unicom Enterprises. ComEd, a regulated electric utility, is the principal subsidiary of Unicom. Unicom Enterprises is an unregulated subsidiary of Unicom and is engaged, through its subsidiaries, in energy service activities.

The consolidated financial statements include the accounts of Unicom, ComEd, Indiana Company, Edison Development, the Trusts, ComEd Funding, ComEd Funding Trust and Unicom's unregulated subsidiaries. All significant intercompany transactions have been eliminated. Although the accounts of ComEd Funding and ComEd Funding Trust, which are SPEs, are included in the consolidated financial statements, as required by GAAP, ComEd Funding and ComEd Funding Trust are legally separated from Unicom and ComEd. The assets of the SPEs are not available to creditors of Unicom or ComEd and the transitional property held by the SPEs are not assets of Unicom or ComEd.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Due to the transition to a new customer information and billing system, a larger portion of customer revenues and net receivables were based on estimates for the period July 1998 through November 1999 than in previous periods.

Regulation. ComEd is subject to regulation as to accounting and ratemaking policies and practices by the ICC and FERC. ComEd's accounting policies and the accompanying consolidated financial statements conform to GAAP applicable to rate-regulated enterprises for the non-generation portion of its business, including the effects of the ratemaking process in accordance with SFAS No. 71, Accounting for the Effects of Certain Types of Regulation. Such effects on the non-generation portion of its business concern mainly the time at which various items enter into the determination of operating results in order to follow the principle of matching costs with the applicable revenues collected from or returned to customers through future rates. See Note 3 for information regarding the write-off of generation-related regulatory assets and liabilities in December 1997.

ComEd's investment in generation-related net utility plant, not subject to cost-based rate regulation, including construction work in progress and nuclear fuel, and excluding the decommissioning costs included in the accumulated provision for depreciation was $7.8 billion and $9.2 billion as of December 31, 1999 and 1998, respectively. See "Regulatory Assets and Liabilities" below regarding the plant impairment recorded by ComEd in the second quarter of 1998.

Regulatory Assets and Liabilities. Regulatory assets are incurred costs which have been deferred and are amortized for ratemaking and accounting purposes. Regulatory liabilities represent amounts to be settled with customers through future rates. Regulatory assets and liabilities reflected on the Consolidated Balance Sheets at December 31, 1999 and 1998 were as follows:

	December 31	
	1999	1998
	(Thousands of Dollars)	
Regulatory assets:		
Impaired production plant	$ 366,221	$2,955,154
Deferred income taxes (1)	688,946	680,356
Nuclear decommissioning costs--Dresden Unit 1	202,308	255,031
Nuclear decommissioning costs--Zion Units 1 and 2	496,638	443,130
Coal reserves	--	197,975
Unamortized loss on reacquired debt (2)	38,794	46,781
	$1,792,907	$4,578,427
Regulatory liabilities:		
Deferred income taxes (1)	$ 596,157	$ 595,005

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(1) Recorded in compliance with SFAS No. 109, Accounting for Income Taxes, for non-generation related temporary differences.
(2) Amortized over the remaining lives of the non-generation related long-term debt issued to finance the reacquisition. See "Loss on Reacquired Debt" below for additional information.

ComEd performed a SFAS No. 121 impairment analysis in 1998 which concluded that future revenues, excluding the collection of the CTC expected to be recovered from electric supply services, would be insufficient to cover the costs of certain of its generating assets. Because future regulated cash flows, which include the CTC, tariff revenues and gains from the disposition of assets, are expected to provide recovery of the impaired plant assets, a regulatory asset was recorded for the same amount. This regulatory asset is currently being amortized as it is recovered through regulated cash flows over a transition period that extends through 2006. Consistent with the provisions of the 1997 Act, the (pre-tax) gain on the sale of $2.587 billion resulted in a regulatory liability, which was used to recover regulatory assets. Therefore, the gain on the sale, excluding $43 million of amortization of investment tax credits, was recorded as a regulatory liability in the amount of $2.544 billion and amortized in the fourth quarter of 1999. The amortization of the regulatory liability and additional regulatory asset amortization of $2.456 billion are reflected in depreciation and amortization expense on Unicom's Statements of Consolidated Operations and resulted in a net reduction to depreciation and amortization expense of $88 million. See Note 3 for additional information regarding amortization of regulatory assets with respect to limits on ComEd's earnings due to statutory sharing provisions. See Note 5 for additional information regarding the fossil plant sale.

The regulatory assets for Dresden Unit 1 and Zion Units 1 and 2 represent unrecovered nuclear decommissioning costs, which are expected to be recovered over the periods 2000-2011 and 2000-2013, respectively, through a separate rate recovery rider provided for by the 1997 Act. See "Depreciation, Amortization of Regulatory Assets and Liabilities and Decommissioning" below for additional information.

Depreciation, Amortization of Regulatory Assets and Liabilities, and Decommissioning. Depreciation, amortization of regulatory assets and liabilities, and decommissioning for the years 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Depreciation expense	$713,340	$788,057	$ 881,196
Amortization of regulatory assets and liabilities--net	46,088	65,211	15,272
	$759,428	$853,268	$ 896,468
Decommissioning expense	83,820	90,020	108,621
	$843,248	$943,288	$1,005,089

Provisions for depreciation, including nuclear plant, were at average annual rates of average depreciable utility plant and equipment for the years 1999, 1998 and 1997 as follows:

	1999	1998	1997
Average annual depreciation rates	2.66%	3.02%	3.36%

Depreciation is provided on a straight-line basis by amortizing the cost of depreciable plant and equipment over estimated service lives for each class of plant. The decrease in the average depreciation rates for the year 1999, compared to 1998, relates primarily to a reduction in nuclear depreciation rates due to the partial impairment of production plant, which was recorded as a component of accumulated depreciation, partially offset by shortened depreciable lives for certain nuclear stations. See "Regulatory Assets and Liabilities" above for additional information on the partial impairment of production plant.

Nuclear plant decommissioning costs generally are accrued over the current NRC license lives of the related nuclear generating units. The accrual is based on an annual levelized cost of the unrecovered portion of estimated decommissioning costs, which are escalated for expected inflation to the expected time of decommissioning and are net of expected earnings on the trust funds. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Results of Operations--Depreciation, Amortization and Decommissioning," for a discussion of questions raised by the staff of the SEC and a FASB review regarding the electric utility industry's method of accounting for decommissioning costs. Dismantling is expected to occur relatively soon after the end of the current NRC license life of each generating station currently operating. The accrual for decommissioning is based on the prompt removal method authorized by NRC guidelines. ComEd's ten operating units have remaining current NRC license lives ranging from 7 to 28 years. ComEd's Zion Station and its first nuclear unit, Dresden Unit 1, are retired and are expected to be dismantled beginning in the years 2014 and 2011, respectively, which is consistent with the regulatory treatment for recovery of the related decommissioning costs.

Based on ComEd's most recent study, decommissioning costs are estimated to be $5.7 billion in current-year (2000) dollars, including a contingency allowance. This estimate includes $617 million of non-radiological costs, which are included in ComEd's proposed rider for recovery, as discussed below. ComEd's decommissioning cost expenditures at the end of the units' operating lives are estimated to total approximately $13.8 billion. These expenditures are expected to occur primarily during the period from 2007 through 2034. All such costs are expected to be funded by the external decommissioning trusts, which ComEd established in compliance with Illinois law and into which ComEd has been making annual contributions. Future decommissioning cost estimates may be significantly affected by the adoption of or changes to NRC regulations, as well as changes in the assumptions used in making such estimates, including changes in technology, available alternatives for the disposal of nuclear waste and inflation.

Since 1995, ComEd has collected decommissioning costs from its ratepayers in conjunction with a rider to its tariffs. The rider allows annual adjustments to decommissioning cost collections outside the context of a traditional rate proceeding and will continue under the 1997 Act. The current estimated decommissioning costs include a contingency allowance, but, except at Dresden Unit 1, exclude amounts for alternative spent fuel storage installations, which may be necessary to store spent fuel during the period beginning at the end of the NRC license lives of the plants to the date when the DOE accepts the spent fuel for permanent storage. Contingency allowances used in decommissioning cost estimates provide for currently unspecifiable costs that are likely to occur after decommissioning begins and generally range from 20% to 25% of the currently specifiable costs. In February 1998, the ICC authorized a reduction in the annual decommissioning cost accrual from $109 million to $84 million. The reduction primarily reflected stronger than expected after-tax returns on the external trust funds and lower than expected escalation in low-level waste disposal costs, partially offset by the higher current-year cost estimates, including a contingency allowance.

Under its most recent annual rider, filed with the ICC on February 26, 1999, ComEd has proposed to increase its estimated annual decommissioning cost accrual from $84 million to $130 million. The proposed increase primarily reflects an increase in low-level waste disposal cost escalation, the inclusion of $219 million in current-year (2000) dollars for safety-related costs of maintaining Zion Station in a mothballed condition until dismantlement begins, and the inclusion of non-radiological costs in the decommissioning cost estimates for recovery under the rider.

The proposed annual decommissioning cost accrual of $130 million was determined using the following assumptions: the decommissioning cost estimate of $5.7 billion in current-year (2000) dollars, after-tax earnings on the tax-qualified and nontax-qualified decommissioning funds of 7.49% and 6.83%, respectively, and an escalation rate for future decommissioning costs of 4.84%. The proposed annual accrual provided over the current NRC license lives of the nuclear plants, coupled with the expected fund earnings and amounts previously recovered in rates, is expected to aggregate to approximately $13.8 billion.

For the ten operating nuclear units, decommissioning cost accruals are recorded as portions of depreciation expense and accumulated provision for depreciation on the Statements of Consolidated Operations and the Consolidated Balance Sheets, respectively, as such costs are recovered through rates. As of December 31, 1999, the total decommissioning costs included in the accumulated provision for depreciation were $2,100 million.

For ComEd's retired nuclear units, the total estimated liability for nuclear decommissioning in current-year (2000) dollars is recorded as a noncurrent liability. The unrecovered portion of the liability is recorded as a regulatory asset. The nuclear decommissioning liability for retired plants as of December 31, 1999 was as follows:

	Dresden Unit 1	Zion Units 1 and 2	Total
	(Thousands of Dollars)		
Amounts recovered through rates and investment fund earnings	$104,792	$455,962	$ 560,754
Unrecovered portion of the liability	202,308	496,638	698,946
Nuclear decommissioning liability for retired plants	$307,100	$952,600	$1,259,700

Under Illinois law, decommissioning cost collections are required to be deposited into external trusts. Consequently, such collections do not add to the cash flows available for general corporate purposes. The ICC has approved ComEd's funding plan, which provides for annual contributions of current accruals and ratable contributions of past accruals over the remaining current NRC license lives of the nuclear plants. The fair value of funds accumulated in the external trusts at December 31, 1999 was $2,547 million, which includes pre-tax unrealized appreciation of $721 million. The earnings on the external trusts for operating plants accumulate in the fund balance and accumulated provision for depreciation. Nuclear decommissioning funding as of December 31, 1999 was as follows:

	(Thousands of Dollars)
Amounts recovered through rates and investment fund earnings for operating plants (included in the accumulated provision for depreciation)	$2,099,796
Amounts recovered through rates and investment fund earnings for retired plants	560,754
Less past accruals not yet contributed to the trusts	114,010
Fair value of external trust funds	$2,546,540

Customer Receivables and Revenues. ComEd is engaged principally in the production, purchase, transmission, distribution and sale of electricity to a diverse base of residential, commercial, industrial and wholesale customers. ComEd's electric service territory has an area of approximately 11,300 square miles and an estimated population of approximately eight million as of December 31, 1999. It includes the City, an area of about 225 square miles with an estimated population of approximately three million from which ComEd derived approximately 30 percent of its ultimate consumer revenues in 1999. ComEd had approximately 3.5 million electric customers at December 31, 1999. Revenues are recognized as electric and delivery services are provided to customers.

As a result of the implementation of a new customer billing and information system in July 1998, billing and collection delays have temporarily increased accounts receivable from customers. Receivables from customers include $103 million and $331 million as of December 31, 1999 and 1998, respectively, in estimated unbilled revenue for service that has been provided to customers, but for which bill issuance was delayed beyond the normal date of issuance. ComEd has recorded increased provisions for uncollectible accounts to recognize the estimated portion of the receivables that are not expected to be recoverable. Such provisions increased O&M expenses by $35 million and $10 million in 1999 and 1998, respectively, compared to normally expected levels. Receivables from customers as of December 31, 1999 and 1998 also include $295 million and $266 million, respectively, for estimated unbilled revenues for electric service that has been provided to customers subsequent to the normal billing date and prior to the end of the reporting period.

See "Use of Estimates" above for additional information regarding ComEd's revenues and net receivables.

See Notes 3 and 19 for additional information.

Nuclear Fuel. The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced using the unit of production method. As authorized by the ICC, provisions for spent nuclear fuel disposal costs have been recorded at a level required to recover the fee payable on the current nuclear-generated and sold electricity and the current interest accrual on the one-time fee payable to the DOE for nuclear generation prior to April 7, 1983. The one-time fee and interest thereon have been recovered and the current fee and interest on the one-time fee are presently being recovered through base rates. See Note 14 for additional information concerning the disposal of spent nuclear fuel, one-time fee and interest accrual on the one-time fee. Nuclear fuel expenses, including leased fuel costs and provisions for spent nuclear fuel disposal costs, were $380 million, $325 million and $298 million for the years 1999, 1998 and 1997, respectively.

Income Taxes. Deferred income taxes are provided for income and expense items recognized for financial accounting purposes in periods that differ from those for income tax purposes. Income taxes deferred in prior years are charged or credited to income as the book/tax temporary differences reverse. Prior years' deferred investment tax credits are amortized through credits to income generally over the lives of the related property. Income tax credits resulting from interest charges applicable to nonoperating activities, principally construction, are classified as other income.

AFUDC and Interest Capitalized. In accordance with the uniform systems of accounts prescribed by regulatory authorities, ComEd capitalizes AFUDC, compounded semiannually, which represents the estimated cost of funds used to finance its construction program for the non-generation portion of its business. The equity component of AFUDC is recorded on an after-tax basis and the borrowed funds component of AFUDC is recorded on a pre-tax basis. The average annual capitalization rates were 7.81%, 8.34% and 9.39% for the years 1999, 1998 and 1997, respectively. ComEd discontinued SFAS No. 71 regulatory accounting practices in December 1997 for the generation portion of its business, and as a result began capitalizing interest in 1998. ComEd capitalized $22 million and $28 million for the years 1999 and 1998, respectively, in interest costs on its generation-related construction work in progress and nuclear fuel in process. AFUDC and interest capitalized do not contribute to the current cash flow of Unicom or ComEd.

Interest. Total interest costs incurred on debt, leases and other obligations were $642 million, $538 million and $598 million for the years 1999, 1998 and 1997, respectively.

Debt Discount, Premium and Expense. Discount, premium and expense on long-term debt of ComEd are being amortized over the lives of the respective issues.

Loss on Reacquired Debt. Consistent with regulatory treatment, the net loss from ComEd's reacquisition, in connection with the refinancing of first mortgage bonds, sinking fund debentures and pollution control obligations prior to their scheduled maturity dates, is deferred and amortized over the lives of the long-term debt issued to finance the reacquisition for non-generation related financings. See "Regulatory Assets and Liabilities" above and Note 3 for additional information.

Stock Option Awards/Employee Stock Purchase Plan. Unicom has elected to adopt SFAS No. 123, Accounting for Stock-Based Compensation, for disclosure purposes only. Unicom accounts for its stock option awards and ESPP under APB Opinion No. 25, Accounting for Stock Issued to Employees. See Note 8 for additional information.

Average Common Shares Outstanding. The number of average outstanding common shares used to compute basic and diluted EPS for the years, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Shares)		
Average Number of Common Shares Outstanding:			
Average Number of Common Shares--Basic.................	217,303	216,942	216,330
Potentially Dilutive Common Shares--Treasury Method:			
Stock Options.......................................	660	633	136
Other Convertible Securities.........................	88	85	98
Average Number of Common Shares--Diluted................	218,051	217,660	216,564

Energy Risk Management Contracts. In the normal course of business, ComEd utilizes contracts for the forward sale and purchase of energy to manage effectively the utilization of its available generating capability. ComEd also utilizes put and call option contracts and energy swap arrangements to limit the market price risk associated with the forward commodity contracts. As ComEd does not currently utilize financial or commodity instruments for trading or speculative purposes, any gains or losses on forward commodity contracts are recognized when the underlying ransactions affect earnings. Revenues and expenses associated with market price risk management contracts are amortized over the terms of such contracts.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the Consolidated Balance Sheets as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item on the Statements of Consolidated Operations, and requires Unicom and ComEd to formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The effective date of SFAS No. 133 has been delayed for one year, to fiscal years beginning after June 15, 2000. SFAS No. 133 may be implemented prior to June 15, 2000, but such implementation cannot be applied retroactively. SFAS No. 133 must be applied to (i) derivative instruments and (ii) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after January 1, 1998 or January 1, 1999 at the Company's election.

Unicom and ComEd are in the process of reviewing their various contracts to determine which contracts meet the requirements of SFAS No. 133 and would need to be reflected as derivatives under the standard and accounted for at fair value. Among the contracts that are being reviewed are purchase power agreements, contracts related to electricity purchases and sales, contracts related to gas purchases and sales, normal purchase orders, securities issued and insurance contracts. Unicom and ComEd have not yet quantified the effects on their financial statements of adopting SFAS No. 133. However, adoption of SFAS No. 133 could increase volatility in earnings and other comprehensive income.

Reclassifications. Certain prior year amounts have been reclassified to conform with current period presentation. These reclassifications had no effect on operating results.

Cash Held for Redemption of Securities. As of December 31, 1999, the cash held for redemption of securities reported on the Consolidated Balance Sheets includes $222 million in unused cash proceeds from the issuance of the transitional trust notes and $63 million of escrowed cash and pending instrument funding charges collected from ComEd customers to be applied to the principal and interest payment on the transitional trust notes. See Note 3 for additional information.

Special Deposits. As of December 31, 1999, special deposits included $1.8 billion for cash deposited by Unicom Investments in connection with a contemplated like-kind exchange transaction involving certain of the sold fossil plants.

Statements of Consolidated Cash Flows. For purposes of the Statements of Consolidated Cash Flows, temporary cash investments, generally investments maturing within three months at the time of purchase, and cash held for redemption of securities are considered to be cash equivalents. Supplemental cash flow information for the years 1999, 1998 and 1997 was as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Supplemental Cash Flow Information:			
Cash paid during the period for:			
Interest (net of amount capitalized)............	$597,984	$454,091	$512,050
Income taxes (net of refunds)...................	$455,180	$272,476	$264,802
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Capital lease obligations incurred by subsidiary companies..	$ 1,744	$106,370	$158,412

(2) Merger Agreement. In September 1999, the Boards of Directors of Unicom and PECO approved a merger of equals that will create a new holding company, Exelon. The merger is conditioned, among other things, upon the approvals of the shareholders of both companies and by various regulatory bodies. The merger is currently expected to be completed in the latter half of 2000.

Under the merger agreement, as amended and restated in January 2000, PECO and ComEd will become the principal utility subsidiaries of Exelon. This result will be achieved by a mandatory exchange of the outstanding common stock of PECO for common stock of Exelon, and a merger of Unicom with and into Exelon wherein holders of Unicom common stock will receive 0.875 shares of Exelon common stock plus $3.00 in cash for each of their shares of Unicom common stock. The merger transaction will be accounted for as a purchase of Unicom by PECO.

Prior to the consummation of the merger, Unicom expects to repurchase approximately $1.0 billion of its outstanding common shares. These share repurchases are in addition to 26.3 million shares of Unicom common stock that Unicom repurchased in January 2000 upon settlement of certain forward purchase contracts. The $1.0 billion additional share repurchases will be funded from available funds, including funds resulting from the fossil plant sale.

(3) Accounting Effects Related to the 1997 Act. In December 1997, the Governor of Illinois signed into law the 1997 Act, which established a phased process to introduce competition into the electric industry in Illinois under a less regulated structure. The 1997 Act was amended in June 1999.

As a result of the 1997 Act and FERC rules, prices for the supply of electric energy are expected to transition from cost-based, regulated rates to rates determined by competitive market forces. Accordingly, the 1997 Act provides for, among other things, gradual customer access to other electric suppliers or a power purchase option which allows the purchase of electric energy from ComEd at market based prices, and the collection of a CTC from customers who choose to purchase electric energy from a RES or elect the power purchase option during a transition period that extends through 2006. Effective October 1, 1999, the CTC was established in accordance with a formula defined in the 1997 Act. The CTC, which is applied on a cents per kilowatthour basis, considers the revenue which would have been collected from a customer under tariffed rates, reduced by the revenue the utility will receive for providing delivery services to the customer, the market price for electricity and a defined mitigation factor, which represents the utility's opportunity to develop new revenue sources and achieve cost savings. The CTC allows ComEd to recover some of its costs which might otherwise be unrecoverable under market-based rates. Nonetheless, ComEd will need to take steps to address the portion of such costs which are not recoverable through the CTC. Such steps may include cost control efforts, developing new sources of revenue and asset dispositions. See Note 5 for additional information.

On October 1, 1999, more than 41,000 non-residential customers became eligible to choose a new electric supplier or elect the purchase power option. The remainder of non-residential customers will become eligible to choose an electric supplier or the purchase power option between June 1 and December 31, 2000. As of December 31, 1999, over 4,700 non-residential customers, representing approximately ten percent of ComEd's 1998 retail kilowatthour sales, elected to receive their electric energy from a RES or chose the purchase power option. The impact of customer choice on results of operations will depend on various factors, including the extent to which customers elect to receive energy from a RES or the purchased power option, the development of a competitive market and the market price for energy, the extent to which ComEd develops new sources of revenue and the results of cost control efforts. Because of the inherent uncertainty in these factors, ComEd is unable to predict the long term impact of customer choice on results of operations. However, ComEd does not expect customer choice to have a material effect in the near term as a result of the collection of CTCs as provided by the 1997 Act.

Utilities are required to continue to offer delivery services, including the transmission and distribution of electric energy, such that customers who select a RES can receive electric energy from that supplier using existing transmission and distribution facilities. Such services will continue to be offered under cost-based, regulated rates. The ICC issued orders in August and September 1999 approving, with modifications, ComEd's delivery service tariffs.

The 1997 Act also provides for a 15% residential base rate reduction which became effective August 1, 1998 and an additional 5% residential base rate reduction in October 2001. ComEd's operating revenues were reduced by approximately $170 million in 1998 due to the 15% residential base rate reduction. The 15% rate reduction further reduced ComEd's operating revenues by approximately $226 million in 1999, compared to 1998 rate levels.

Notwithstanding the rate reductions and subject to certain earnings tests, a rate freeze will generally be in effect until at least January 1, 2005. During this period, utilities may reorganize, sell or assign assets, retire or remove plants from service, and accelerate depreciation or amortization of assets with limited ICC regulatory review. A utility may request a rate increase during the rate freeze period only when necessary to ensure the utility's financial viability, but not before January 1, 2000. Under the earnings provision of the 1997 Act, if the earned return on common equity of a utility during this period exceeds an established threshold, one-half of the excess earnings must be refunded to customers. The threshold rate of return on common equity is based on the 30-Year Treasury Bond rate, plus 5.5% in the years 1998 and 1999, and plus 8.5% in the years 2000 through 2004. The utility's earned return on common equity and the threshold return on common equity for ComEd are each calculated on a two-year average basis. The earnings sharing provision is applicable only to ComEd's earnings. Consistent with the provisions of the 1997 Act, increased amortization of regulatory assets may be recorded, thereby reducing the earned return on common equity, if earnings otherwise would have exceeded the maximum allowable rate of return. The potential for earnings sharing or increased amortization of regulatory assets could limit earnings in future periods.

The 1997 Act also allows a portion of ComEd's future revenues to be segregated and used to support the issuance of securities by ComEd or a SPE.

The proceeds, net of transaction costs, from such security issuances must be used to refinance outstanding debt or equity or for certain other limited purposes. The total amount of such securities that may be issued is approximately $6.8 billion. In December 1998, ComEd initiated the issuance of $3.4 billion of transitional trust notes through its SPEs, ComEd Funding and ComEd Funding Trust. The proceeds from the transitional trust notes, net of transaction costs, were, as required, used to redeem $1,101 million of long-term debt and $607 million of preference stock in 1999 and reduce by $500 million ComEd's outstanding short-term debt. During the year 1999, ComEd recorded an extraordinary loss related to the early redemptions of such long-term debt, which reduced net income on common stock by approximately $28 million (after-tax), or $0.13 per common share (diluted). ComEd also recorded $12 million (after-tax), or $0.05 per common share (diluted), for premiums paid in connection with the redemption of such preference stock. The preference stock premiums were included in the provision for dividends for preference stocks of ComEd on the Statements of Consolidated Operations. As more fully described in Note 7, Unicom has repurchased approximately 26.3 million shares of Unicom common stock using $924 million of proceeds it received from ComEd's repurchase of its common stock held by Unicom. The remaining proceeds from the issuance of the transitional trust notes will be used for the payment of fees and additional common stock repurchases. See Note 7 for additional information regarding Unicom's share repurchases.

Because the 1997 Act is expected ultimately to lead to market-based pricing of electric generation services, ComEd discontinued SFAS No. 71 regulatory accounting practices for the generation portion of its business in December 1997. ComEd evaluated the regulatory assets and liabilities related to the generation portion of its business and determined that it was not probable that such costs would be recovered through the cash flows from the regulated portion of its business. Accordingly, the generation-related regulatory assets and liabilities were written off in the fourth quarter of 1997, resulting in an extraordinary charge of $810 million (after-tax), or $3.75 per common share (diluted). The fourth quarter of 1997 also reflected charges totaling $44 million (after-tax), or $0.20 per common share (diluted), as a result of ComEd's elimination of its FAC pursuant to an option in the 1997 Act, and a charge of $60 million (after-tax), or $0.28 per common share (diluted), for a write down of ComEd's investment in uranium-related properties to realizable value. Projections of the market price for uranium indicated that the expected incremental costs of mining and milling uranium at the properties would exceed the expected market price for uranium and such costs are not expected to be recoverable in a competitive market. The market value of such uranium-related properties was determined based on estimated future cash flows and independent appraisals.

The 1997 Act also requires utilities to establish or join an ISO that will independently manage and control utility transmission systems. Additionally, the 1997 Act includes the leveling of certain regulatory requirements to permit operational flexibility, the leveling of certain regulatory and tax provisions as applied to various electric suppliers and a new, more stringent, liability standard applicable to ComEd in the event of a major outage.

(4) Cumulative Effect of a Change in Accounting Principle. In the fourth quarter of 1997, ComEd changed its accounting method for revenue recognition to record revenues associated with service which has been provided to customers but has not yet been billed at the end of each accounting period, retroactive to January 1, 1997. This change in accounting method increased operating results for the year 1997 to reflect the one-time cumulative effect of the change for years prior to 1997 by $197 million (after-tax), or $0.91 per common share.

(5) Sale of Plants and Closure. In December 1999, ComEd completed the sale of its fossil generating assets to EME for a cash purchase price of $4.8 billion. The fossil generating assets represent an aggregate generating capacity of approximately 9,772 megawatts.

Just prior to the consummation of the fossil plant sale, ComEd transferred these assets to an affiliate, Unicom Investment. In consideration for the transferred assets, Unicom Investment paid ComEd consideration totaling approximately $4.8 billion in the form of a demand note in the amount of approximately $2.4 billion and an interest-bearing Note with a maturity of twelve years. Unicom Investment immediately sold the fossil plant assets to EME, in consideration of which Unicom Investment received approximately $4.8 billion in cash from EME. Immediately after its receipt of the cash payment from EME, Unicom Investment paid the $2.4 billion aggregate principal due to ComEd under the demand note. Unicom Investment will use the remainder of the cash received from EME to fund other business opportunities, including the share repurchases. Of the cash received by ComEd, $1.8 billion is expected to be used to pay the costs and taxes associated with the fossil plant sale, including ComEd's contribution of $250 million of the proceeds to an environmental trust as required by the 1997 Act. The remainder of the demand note proceeds will be available to ComEd to fund, among other things, transmission and distribution projects, nuclear generation station projects, and environmental and other initiatives.

The sale produced an after-tax gain of approximately $1.6 billion, after recognizing commitments associated with certain coal contracts ($350 million), recognizing employee-related costs ($112 million) and contributing to the environmental trust. The coal contract costs include the amortization of the remaining balance of ComEd's regulatory asset for unrecovered coal reserves of $178 million and the recognition of $172 million of settlement payments related to the above-market portion of coal purchase commitments ComEd assigned to EME at market value upon completion of the fossil plant sale. The severance costs included pension and post-retirement welfare benefit curtailment and special termination benefit costs of $51 million and transition, separation and retention payments of $61 million. A total of 1,730 fossil station employee positions were eliminated upon completion of the fossil plant sale on December 15, 1999. As of December 31, 1999, 1,590 of the employees whose positions were eliminated had been terminated and 140 affected employees were in a transition program which generally extends 60 days from the date of the fossil plant sale. Consistent with the provisions of the 1997 Act, the (pre-tax) gain on the sale of $2.587 billion resulted in a regulatory liability, which was used to recover regulatory assets. Therefore, the gain on the sale, excluding $43 million of amortization of investment tax credits, was recorded as a regulatory liability in the amount of $2.544 billion and amortized in the fourth quarter of 1999. The amortization of the regulatory liability and additional regulatory asset amortization of $2.456 billion are reflected in depreciation and amortization expense on Unicom's Statement of Consolidated Operations and resulted in a net reduction to depreciation and amortization expense of $88 million. See Note 1, under "Regulatory Assets and Liabilities," for additional information.

In January 1998, the Boards of Directors of Unicom and ComEd authorized the permanent cessation of nuclear generation operations and retirement of facilities at ComEd's 2,080 megawatt Zion nuclear generating station. Such retirement resulted in a charge in the fourth quarter of 1997 of $523 million (after-tax), or $2.42 per common share (diluted). The charge included a liability for estimated future closing costs associated with the retirement of the station, excluding severance costs, resulting in a charge of $117 million (after-tax). ComEd has recorded reductions to the expected liability for future closing costs of $16 million (after-tax), or $0.07 per common share (diluted), and $15 million (after-tax), or $0.07 per common share (diluted), in 1999 and 1998, respectively, to reflect employees being reassigned or removed from the payroll sooner than anticipated, and lower support costs and use of contractors. See Note 17 for information regarding costs of voluntary employee separation plans.

ComEd completed the sale of its State Line and Kincaid coal-fired generating stations (representing 1,598 megawatts of generating capacity) in December 1997 and February 1998, respectively. The net proceeds of the sales, after income tax effects and closing costs, were approximately $190 million. The proceeds were used to retire or redeem existing debt in the first quarter of 1998. ComEd has entered into 15-year purchased power agreements for the output of the stations.

(6) Authorized Shares, Voting Rights and Stock Rights of Capital Stock. At December 31, 1999, Unicom's authorized shares consisted of 400,000,000 shares of common tock. The authorized shares of ComEd preferred and preference stocks at December 31, 1999 were: preference stock--7,510,451 shares; $1.425 convertible preferred stock--56,291 shares; and prior preferred stock--850,000 shares. The preference and prior preferred stocks are issuable in series and may be issued with or without mandatory redemption requirements. Holders of outstanding Unicom shares are entitled to one vote for each share held on each matter submitted to a vote of such shareholders; and holders of outstanding ComEd shares are entitled to one vote for each share held on each matter submitted to a vote of such shareholders. All such shares have the right to cumulate votes in elections for the directors of the corporation which issued the shares.

Pursuant to a plan adopted by the Unicom Board of Directors on February 2, 1998, each share of Unicom's common stock carries the right (referred to herein as a "Right") to purchase one-thousandth of one share of Unicom's common stock at a purchase price of $100 per whole share of common stock, subject to adjustment. The plan was amended on September 22, 1999 to render the Rights inapplicable to the transactions contemplated by the Merger Agreement. The Rights are tradable only with Unicom's common stock until they become exercisable. The Rights become exercisable upon the earlier of ten days following a public announcement that a person (an "Acquiring Person") has acquired 15% or more of Unicom's outstanding common stock or ten business days (or such later date as may be determined by action of the Board of Directors) following the commencement of a tender or exchange offer which, if consummated, would result in a person or group becoming an Acquiring Person. The Rights are subject to redemption by Unicom at a price of $0.01 per Right, subject to certain limitations, and will expire on February 2, 2008. If a person or group becomes an Acquiring Person, each holder of a Right will thereafter have the right to receive, upon exercise, Unicom common stock at a 50% discount from the then current market price. If Unicom is acquired in a merger or other business combination transaction in which Unicom is not the survivor, or 50% or more of Unicom's assets or earning power is sold or transferred, each holder of a Right shall then have the right to receive, upon exercise, common stock of the acquiring company at a 50% discount from the then current market price of such common stock. Rights held by an Acquiring Person become void upon the occurrence of such events.

(7) Common Equity. In the fourth quarter of 1998, Unicom entered into a forward purchase arrangement for the repurchase of $200 million of its common stock. This contract, which was accounted for as an equity instrument as of December 31, 1998, was settled on a net cash basis in February 1999, resulting in a $16 million reduction to common stock equity on the Consolidated Balance Sheets.

During 1999, Unicom also entered into forward purchase arrangements with financial institutions for the repurchase of approximately 26.3 million shares of Unicom common stock. The repurchase arrangements were settled in January 2000 on a physical basis. Effective January 2000, the share repurchases will reduce outstanding shares and reduce common stock equity. Prior to the settlement, the repurchase arrangements were recorded as a receivable on the Consolidated Balance Sheets based on the aggregate market value of the shares deliverable under the arrangements. In 1999, net unrealized losses of $44 million (after-tax), or $0.20 per common share, were recorded related to the arrangements. The settlement of the arrangements in January 2000 resulted in a gain of $113 million (after-tax).

At December 31, 1999, shares of Unicom common stock were reserved for the following purposes:

Long-Term Incentive Plan	2,231,763
Employee Stock Purchase Plan	323,797
Shareholder Rights Plan	400,000
Exchange for ComEd common stock not held by Unicom	87,650
1996 Directors' Fee Plan	162,459
	3,205,669

Common stock issued for the years 1999, 1998 and 1997 was as follows:

	1999	1998	1997
Shares of Common Stock Issued:			
Long-Term Incentive Plan	451,501	494,302	208,104
Employee Stock Purchase Plan	89,500	94,270	196,003
Employee Savings and Investment Plan	--	--	274,203
Exchange for ComEd common stock not held by Unicom	(2,454)	12,757	12,370
1996 Directors' Fee Plan	5,521	12,733	14,175
Treasury Stock	(85,424)	(178,982)	--
	458,644	435,080	704,855
	(Thousands of Dollars)		
Changes in Common Stock Accounts:			
Total shares issued	$21,290	$ 16,847	$ 15,768
Net cash settlement of forward share repurchase contract	(16,454)		
Shares held by trustee for Unicom Stock Bonus Deferral Plan	--	6,775	(2,476)
Other	151	(203)	10
	$ 4,987	$ 23,419	$ 13,302

As of December 31, 1999 and 1998, 264,406 and 178,982 shares, respectively, of Unicom common stock were reacquired and held as treasury stock at a cost of $10 million and $7 million, respectively.

At December 31, 1999 and 1998, 75,692 and 76,079, respectively, of ComEd common stock purchase warrants were outstanding. The warrants entitle the holders to convert such warrants into common stock of ComEd at a conversion rate of one share of common stock for three warrants.

As of December 31, 1999 and 1998, $716 million and $494 million, respectively, of retained earnings had been appropriated for future dividend payments.

(8) Stock Option Awards/Employee Stock Purchase Plan. Unicom has a nonqualified stock option awards program under its Long-Term Incentive Plan. The stock option awards program was adopted by Unicom in July 1996 to reward valued employees responsible for, or contributing to, the management, growth and profitability of Unicom and its subsidiaries. The stock options granted expire ten years from their grant date. One-third of the shares subject to the options vest on each of the first three anniversaries of the option grant date. In addition, the stock options will become fully vested immediately if the holder dies, retires, is terminated by the Company, other than for cause, or qualifies for long-term disability. Options granted before July 22, 1998 also vest in full upon a change in control, while options granted on or after July 22, 1998 vest in full if the option holder is terminated within 24 months after a change of control.

Stock option transactions for the years 1999, 1998 and 1997 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as of January 1, 1997	1,188,000	$25.500
Granted during the year	1,339,350	22.313
Exercised during the year	(23,423)	25.500
Expired/cancelled during the year	(212,549)	23.632
Outstanding as of December 31, 1997	2,291,378	23.810
Granted during the year	1,379,525	35.234
Exercised during the year	(404,082)	24.244
Expired/cancelled during the year	(123,928)	25.715
Outstanding as of December 31, 1998	3,142,893	28.694
Granted during the year	1,848,050	35.750
Exercised during the year	(313,231)	24.102
Expired/cancelled during year	(179,076)	33.551
Outstanding as of December 31, 1999	4,498,636	31.719

Of the stock options outstanding at December 31, 1999, 1,676,854 had vested with a weighted average exercise price of $27.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Stock Option Grant Date		
	1999	1998	1997
Expected option life	7 years	7 years	7 years
Dividend yield	4.50%	4.54%	7.20%
Expected volatility	23.02%	21.95%	22.29%
Risk-free interest rate	4.83%	5.58%	6.25%

The estimated weighted average fair value for each stock option granted in 1999, 1998 and 1997 was $6.48, $6.62 and $2.79, respectively.

The ESPP allows employees to purchase Unicom common stock at a ten percent discount from market value. Substantially all of the employees of Unicom, ComEd and their subsidiaries are eligible to participate in the ESPP. Unicom issued 89,500, 94,270 and 196,003 shares of common stock during the year 1999, 1998 and 1997, respectively, under the ESPP at a weighted average annual purchase price of $33.58, $33.11 and $19.15, respectively.

Unicom has adopted the disclosure-only provisions of SFAS No. 123. For financial reporting purposes, Unicom has adopted APB No. 25, and thus no compensation cost has been recognized for the stock option awards program or ESPP. If Unicom had recorded compensation expense for the stock options granted and the shares of common stock issued under the ESPP in accordance with SFAS No. 123 using the fair value based method of accounting, the additional charge to operations would have been $4 million (after-tax), or $0.02 per common share (diluted), $2 million (after-tax), or $0.01 per common share (diluted), and $2 million (after tax), or $0.01 per common share (diluted), for the years 1999, 1998 and 1997, respectively.

(9) ComEd Preferred and Preference Stocks Without Mandatory Redemption Requirements. During the year 1999, 13,499,549 shares of preferred or preference stock without mandatory redemption requirements were redeemed and no shares were issued. No shares of ComEd preferred or preference stocks without mandatory redemption requirements were issued or redeemed during 1998 and 1997. All series other than Series $1.425 have been redeemed.

The outstanding shares of ComEd's $1.425 convertible preferred stock are convertible at the option of the holders thereof, at any time, into common stock of ComEd at the rate of 1.02 shares of common stock for each share of convertible preferred stock, subject to future adjustment. The convertible preferred stock may be redeemed by ComEd at $42 per share, plus accrued and unpaid dividends, if any. The involuntary liquidation price of the $1.425 convertible preferred stock is $31.80 per share, plus accrued and unpaid dividends, if any.

(10) ComEd Preference Stock Subject to Mandatory Redemption Requirements. During 1999, 1998 and 1997, no shares of ComEd preference stock subject to mandatory redemption requirements were issued. During 1999, 1998 and 1997, 1,020,345, 338,215 and 438,215 shares, respectively, of ComEd preference stock subject to mandatory redemption requirements were reacquired to meet sinking fund requirements or were part of the early redemption in 1999. There were 700,000 shares of Series $6.875 preference stock outstanding at December 31, 1999, at an aggregate stated value of $69 million. This series is non-callable and is required to be redeemed on May 1, 2000. The sinking fund price is $100 and the involuntary liquidation price is $99.25 per share, plus accrued and unpaid dividends, if any. The $69 million is included in current liabilities.

(11) ComEd-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely ComEd's Subordinated Debt Securities. In September 1995, ComEd Financing I, a wholly-owned subsidiary trust of ComEd, issued 8,000,000 of its 8.48% ComEd-obligated mandatorily redeemable preferred securities. The sole asset of ComEd Financing I is $206.2 million principal amount of ComEd's 8.48% subordinated deferrable interest notes due September 30, 2035. In January 1997, ComEd Financing II, a wholly-owned subsidiary trust of ComEd, issued 150,000 of its 8.50% ComEd-obligated mandatorily redeemable capital securities. The sole asset of ComEd Financing II is $154.6 million principal amount of ComEd's 8.50% subordinated deferrable interest debentures due January 15, 2027. There is a full and unconditional guarantee by ComEd of the Trusts' obligations under the securities issued by the Trusts. However, ComEd's obligations are subordinate and junior in right of payment to certain other indebtedness of ComEd. ComEd has the right to defer payments of interest on the subordinated deferrable interest notes by extending the interest payment period, at any time, for up to 20 consecutive quarters. Similarly, ComEd has the right to defer payments of interest on the subordinated deferrable interest debentures by extending the interest payment period, at any time, for up to ten consecutive semi-annual periods. If interest payments on the subordinated deferrable interest notes or debentures are so deferred, distributions on the preferred securities will also be deferred. During any deferral, distributions will continue to accrue with interest thereon. In addition, during any such deferral, ComEd may not declare or pay any dividend or other distribution on, or redeem or purchase, any of its capital stock.

The subordinated deferrable interest notes are redeemable by ComEd, in whole or in part, from time to time, on or after September 30, 2000, and with respect to the subordinated deferrable interest debentures, on or after January 15, 2007, or at any time in the event of certain income tax circumstances. If the subordinated deferrable interest notes or debentures are redeemed, the Trusts must redeem preferred securities having an aggregate liquidation amount equal to the aggregate principal amount of the subordinated deferrable interest notes or debentures so redeemed. In the event of the dissolution, winding up or termination of the Trusts, the holders of the preferred securities will be entitled to receive, for each preferred security, a liquidation amount of $25 for the securities of ComEd Financing I and $1,000 for the securities of ComEd Financing II, plus accrued and unpaid distributions thereon, including interest thereon, to the date of payment, unless in connection with the dissolution, the subordinated deferrable interest notes or debentures are distributed to the holders of the preferred securities.

(12) Long-Term Debt. ComEd initiated the issuance of $3.4 billion of transitional trust notes through its SPEs, ComEd Funding and ComEd Funding Trust, in the fourth quarter of 1998. The current amount outstanding is as follows:

Series	Principal Amount (Thousands of Dollars)
5.38% due March 25, 2000	$ 94,967
5.29% due June 25, 2001	425,033
5.34% due March 25, 2002	258,861
5.39% due June 25, 2003	421,139
5.44% due March 25, 2005	598,511
5.63% due June 25, 2007	761,489
5.74% due December 25, 2008	510,000
	$3,070,000

For accounting purposes, the liabilities of ComEd Funding Trust for the transitional trust notes are reflected as long-term debt on the Consolidated Balance Sheets of Unicom and ComEd.

The proceeds, net of transaction costs, from the transitional trust notes have been used, as required, to redeem debt and equity. During 1999, ComEd redeemed or reacquired $1,101 million of long-term debt.

Sinking fund requirements and scheduled maturities remaining through 2004 for ComEd's first mortgage bonds, transitional trust notes, sinking fund debentures and other long-term debt outstanding at December 31, 1999, after deducting deposits made for the retirement of sinking fund debentures, are summarized as follows: 2000--$732 million; 2001--$345 million; 2002--$645 million; 2003--$445 million; and 2004--$577 million.

At December 31, 1999, ComEd's outstanding first mortgage bonds maturing through 2004 were as follows:

Series	Principal Amount (Thousands of Dollars)
9 3/8% due February 15, 2000	$ 42,245
6 1/2% due April 15, 2000	230,000
6 3/8% due July 15, 2000	100,000
7 3/8% due September 15, 2002	200,000
6 5/8% due July 15, 2003	100,000
5 3/10% due January 15, 2004	26,000
	$698,245

Other long-term debt outstanding at December 31, 1999 is summarized as follows:

Debt Security	Principal Amount (Thousands of Dollars)	Interest Rate
Unicom--		
Loans Payable:		
Loan due January 1, 2003	$ 5,519	Interest rate of 8.31%
Loan due January 1, 2004	6,371	Interest rate of 8.44%
Loan due January 15, 2009	6,025	Interest rate of 8.30%
Loan due January 15, 2009	7,567	Interest rate of 8.55%
Loan due January 15, 2010	6,803	Interest rate of 8.88%
Loan due July 15, 2010	9,225	Interest rate of 7.98%
	$ 41,510	
ComEd--		
Notes:		
Medium Term Notes, Series 3N due various dates through October 15, 2004	$ 156,000	Interest rates ranging from 9.17% to 9.20%
Notes due January 15, 2004	150,000	Interest rate of 7.375%
Notes due October 15, 2005	235,000	Interest rate of 6.40%
Notes due January 15, 2007	150,000	Interest rate of 7.625%
Notes due July 15, 2018	225,000	Interest rate of 6.95%
	$ 916,000	
Purchase Contract Obligation due April 30, 2005	$ 301	Interest rate of 3.00%
Total ComEd	$ 916,301	
Unicom Enterprises--		
Notes:		
Unicom Thermal Guaranteed Senior Note due May 30, 2012	$ 120,000	Interest rate of 7.38%
Northwind Midway Guaranteed Senior Note due June 30, 2023	11,523	Interest rate of 7.68%
Unicom Mechanical Services Note due January 1, 2001	13	Interest rate of 8.50%
Total Unicom Enterprises	$ 131,536	
Total Unicom	$1,089,347	

Long-term debt maturing within one year has been included in current liabilities.

ComEd's outstanding first mortgage bonds are secured by a lien on substantially all property and franchises, other than expressly excepted property, owned by ComEd.

In July 1998, Unicom Thermal issued a $120 million 7.38% unsecured guaranteed senior Note due May 2012, the proceeds of which were used to refinance existing debt. The Note is guaranteed by Unicom and includes certain covenants with respect to Unicom and Unicom Thermal's operations. Such covenants include, among other things, (i) a requirement that Unicom and its consolidated subsidiaries maintain a tangible net worth at least $10 million greater than that of ComEd and its consolidated subsidiaries, (ii) a requirement that Unicom's consolidated debt to consolidated capitalization not exceed 0.65 to 1, (iii) restrictions on the indebtedness for borrowed money that Unicom Thermal may incur, and (iv) a requirement that Unicom own, directly or indirectly, 51% of the outstanding stock of Unicom Thermal and at least 80% of the outstanding stock of ComEd.

In June 1999, Northwind Midway issued $12 million of 7.68% guaranteed senior Notes due June 2023, the proceeds of which will be used primarily to finance certain project construction costs. The Notes are guaranteed by Unicom and include certain covenants with respect to Unicom and Northwind Midway's operations. Such covenants include, among other things, a requirement that Unicom and its consolidated subsidiaries own no less than 65% of the voting membership interest of Northwind Midway.

(13) Lines of Credit. ComEd had total unused bank lines of credit of $800 million at December 31, 1999. Of that amount, $500 million expires on December 15, 2000 and $300 million expires on December 17, 2002. The interest rate is set at the time of a borrowing and is based on several floating rate bank indices plus a spread which is dependent upon the credit rating of ComEd's outstanding first mortgage bonds or on a prime interest rate. ComEd is obligated to pay commitment and facility fees with respect to the line of credit.

Unicom Enterprises has an unused $400 million credit facility which will expire December 15, 2000. The credit facility can be used by Unicom Enterprises to finance investments in unregulated businesses and projects, including UT Holdings and Unicom Energy Services, and for general corporate purposes. The credit facility is guaranteed by Unicom and includes certain covenants with respect to Unicom and Unicom Enterprises' operations. Such covenants include, among other things, (i) a requirement that Unicom and its consolidated subsidiaries maintain a tangible net worth at least $3.5 million over that of ComEd and its consolidated subsidiaries, (ii) a requirement that Unicom's consolidated debt to consolidated capitalization not exceed 0.65 to 1, (iii) restrictions on the indebtedness for borrowed money that Unicom (excluding ComEd) and Unicom Enterprises may incur, and (iv) a requirement that Unicom own 100% of the outstanding stock of Unicom Enterprises and at least 80% of the outstanding stock of ComEd; and provide that Unicom may not declare or pay dividends during the continuance of an event of default. Interest rates for borrowings under the credit facility are set at the time of a borrowing and are based on either a prime interest rate or a floating rate bank index plus a spread which varies with the credit rating of ComEd's outstanding first mortgage bonds. Unicom Enterprises is obligated to pay commitment fees with respect to the unused portion of such lines of credit.

(14) Disposal of Spent Nuclear Fuel. Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. ComEd, as required by that Act, has entered into a contract with the DOE to provide for the disposal of spent nuclear fuel and high-level radioactive waste from ComEd's nuclear generating stations. The contract with the DOE requires ComEd to pay the DOE a one-time fee applicable to nuclear generation through April 6, 1983 of $277 million, with interest to date of payment, and a fee payable quarterly equal to one mill per kilowatthour of nuclear-generated and sold electricity after April 6, 1983. Pursuant to the contract, ComEd has elected to pay the one-time fee, with interest, just prior to the first delivery of spent nuclear fuel to the DOE. The liability for the one-time fee and the related interest is reflected on the Consolidated Balance Sheets. The contract also provided for acceptance by the DOE of such materials to begin in January 1998; however, that date was not met by the DOE and is expected to be delayed significantly. The DOE's current estimate for opening a facility to accept such waste is 2010. This extended delay in spent nuclear fuel acceptance by the DOE has led to ComEd's consideration of additional dry storage alternatives. On July 30, 1998, ComEd filed a complaint against the United States in the United States Court of Federal Claims seeking to recover damages caused by the DOE's failure to honor its contractual obligation to begin disposing of spent nuclear fuel in January 1998. On November 5, 1999, ComEd's case was stayed pending the decision of the United States Court of Appeals for the Federal Circuit in several similar cases brought by other utilities.

(15) Fair Value of Financial Instruments. The following methods and assumptions were used to estimate the fair value of financial instruments either held, or issued and outstanding. The disclosure of such information does not purport to be a market valuation of Unicom and subsidiary companies as a whole. The impact of any realized or unrealized gains or losses related to such financial instruments on the financial position or results of operations of Unicom and subsidiary companies is primarily dependent on the treatment authorized under future ComEd ratemaking proceedings.

Investments. Securities included in the nuclear decommissioning funds have been classified and accounted for as "available for sale" securities. The estimated fair value of the nuclear decommissioning funds, as determined by the trustee and based on published market data, as of December 31, 1999 and 1998 was as follows:

	December 31, 1999			December 31, 1998		
	Cost Basis	Unrealized Gains/ (Losses)	Fair Value	Cost Basis	Unrealized Gains	Fair Value
	(Thousands of Dollars)					
Short-term investments..	$ 41,362	$ 95	$ 41,457	$ 40,907	$ 42	$ 40,949
U.S. Government and Agency issues..........	245,399	(1,993)	243,406	197,240	20,213	217,453
Municipal bonds.........	383,816	(940)	382,876	416,121	24,124	440,245
Corporate bonds.........	196,942	(5,699)	191,243	241,111	8,790	249,901
Common stock............	832,802	732,893	1,565,695	740,956	565,630	1,306,586
Other...................	125,072	(3,209)	121,863	11,345	838	12,183
	$1,825,393	$721,147	$2,546,540	$1,647,680	$619,637	$2,267,317

At December 31, 1999, the debt securities held by the nuclear decommissioning funds had the following maturities:

	Cost Basis	Fair Value
	(Thousands of Dollars)	
Within 1 year......................................	$ 47,853	$ 48,421
1 through 5 years..................................	263,588	263,117
5 through 10 years.................................	227,927	225,860
Over 10 years......................................	409,823	400,358

The net earnings of the nuclear decommissioning funds, which are recorded in the accumulated provision for depreciation, for the years 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Gross proceeds from sales of securities.......	$1,765,000	$1,795,484	$2,163,522
Less cost based on specific identification....	1,718,151	1,728,092	2,088,300
Realized gains on sales of securities.........	$ 46,849	$ 67,392	$ 75,222
Other realized fund earnings, net of expenses.	62,927	40,374	39,123
Total realized net earnings of the funds......	$ 109,776	$ 107,766	$ 114,345
Unrealized gains..............................	101,510	190,503	198,741
Total net earnings of the funds.............	$ 211,286	$ 298,269	$ 313,086

Securities held by certain trusts, which were established to provide for supplemental retirement benefits and executive medical claims, have been classified and accounted for as "available for sale." The estimated fair value of these securities, as determined by the trustee and based on published market data, as of December 31, 1999 was as follows:

	Cost Basis	Unrealized Gain	Fair Value
	(Thousands of Dollars)		
Short-term investments	$ 162	$ --	$ 162
Registered investment companies	21,641	12,471	34,112
	$21,803	$12,471	$34,274

Current Assets. Cash, temporary cash investments, cash held for redemption of securities and other cash investments, which include U.S. Government obligations and other short-term marketable securities, and special deposits, are stated at cost, which approximates their fair value because of the short maturity of these instruments. The securities included in these categories have been classified as "available for sale" securities.

Capitalization. The estimated fair values of ComEd preferred and preference stocks, ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities, transitional trust notes and long-term debt were obtained from an independent consultant. The estimated fair values, which include the current portions of redeemable preference stock and long-term debt but exclude accrued interest and dividends, as of December 31, 1999 and 1998 were as follows:

	December 31, 1999			December 31, 1998		
	Carrying Value	Unrealized Losses/ (Gains)	Fair Value	Carrying Value	Unrealized Losses	Fair Value
	(Thousands of Dollars)					
ComEd preferred and preference stocks	$ 71,265	$ 58	$ 71,323	$ 678,156	$ 11,500	$ 689,656
ComEd-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely ComEd's subordinated debt securities	$ 350,000	$ (10,595)	$ 339,405	$ 350,000	$ 20,678	$ 370,678
Transitional trust notes	$3,057,112	$(163,600)	$2,893,512	$3,382,821	$ 67,168	$3,449,989
Long-term debt	$4,757,062	$ (23,987)	$4,733,075	$5,911,757	$451,240	$6,362,997

Long-term notes payable, which are not included in the above table, amounted to $53 million and $100 million as of December 31, 1999 and 1998, respectively. Such notes, for which interest is paid at fixed and prevailing rates, are included in the consolidated financial statements at cost, which approximates their fair value.

Current Liabilities. The carrying value of notes payable, which consists of commercial paper and bank loans maturing within one year, approximates the fair value because of the short maturity of these instruments. See "Capitalization" above for a discussion of the fair value of the current portion of long-term debt and redeemable preference stock.

Other Noncurrent Liabilities. The carrying value of accrued spent nuclear fuel disposal fee and related interest represents the settlement value as of December 31, 1999 and 1998; therefore, the carrying value is equal to the fair value.

(16) Pension and Postretirement Benefits. As of December 31, 1999, ComEd had a qualified non-contributory defined benefit pension plan which covers all regular employees of ComEd and certain of Unicom's subsidiaries. Benefits under this plan reflect each employee's compensation, years of service and age at retirement. Funding is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974, as amended. The December 31, 1999 and 1998 pension liabilities and related data were determined using the January 1, 1999 actuarial valuation. Additionally, ComEd maintains a nonqualified supplemental retirement plan which covers any excess pension benefits that would be payable to management employees under the qualified plan but which are limited by the Internal Revenue Code. In 1998, Indiana Company's qualified defined benefit pension plan was merged into ComEd's pension plan as a result of the sale of Indiana Company's State Line Station and the transfer of its remaining employees to ComEd.

ComEd and certain of Unicom's subsidiaries provide certain postretirement medical, dental and vision care, and life insurance for retirees and their dependents and for the surviving dependents of eligible employees and retirees. Generally, the employees become eligible for postretirement benefits if they retire no earlier than age 55 with ten years of service. The liability for postretirement benefits is funded through trust funds based upon actuarially determined contributions that take into account the amount deductible for income tax purposes. The health care plans are contributory, funded jointly by the companies and the participating retirees. The December 31, 1999 and 1998 postretirement benefit liabilities and related data were determined using the January 1, 1999 actuarial valuations.

Reconciliations of the beginning and ending balances of the projected pension benefit obligation and the accumulated postretirement benefit obligation, and the funded status of these plans for the years 1999 and 1998 were as follows:

	Twelve Months Ended December 31, 1999		Twelve Months Ended December 31, 1998	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(Thousands of Dollars)			
Change in benefit obligation				
Benefit obligation at beginning of period....	$4,326,000	$1,236,000	$4,010,000	$1,139,000
Service cost...........	120,000	41,000	115,000	38,000
Interest cost...........	285,000	82,000	273,000	78,000
Plan participants' contributions............	--	4,000	--	3,000
Actuarial loss/(gain)...	(458,000)	(188,000)	165,000	25,000
Benefits paid..........	(241,000)	(51,000)	(237,000)	(47,000)
Special termination benefits.................	62,000	27,000	--	--
Benefit obligation at end of period........	$4,094,000	$1,151,000	$4,326,000	$1,236,000

Change in plan assets				
Fair value of plan assets at beginning of period	$4,015,000	$ 865,000	$3,706,000	$ 767,000
Actual return on plan assets	492,000	105,000	535,000	122,000
Employer contribution	3,000	24,000	11,000	20,000
Plan participants' contributions	--	4,000	--	3,000
Benefits paid	(241,000)	(51,000)	(237,000)	(47,000)
Fair value of plan assets at end of period	$4,269,000	$ 947,000	$4,015,000	$ 865,000
Plan assets greater/(less) than benefit obligation	$ 175,000	$ (204,000)	$ (311,000)	$ (371,000)
Unrecognized net actuarial loss/(gain)	(523,000)	(555,000)	36,000	(371,000)
Unrecognized prior service cost/(asset)	(51,000)	41,000	(60,000)	48,000
Unrecognized transition obligation/(asset)	(79,000)	276,000	(101,000)	323,000
Accrued liability for benefits	$ (478,000)	$ (442,000)	$ (436,000)	$ (371,000)

The assumed discount rate used to determine the benefit obligation as of December 31, 1999 and 1998 was 7.75% and 6.75%, respectively. The fair value of plan assets excludes $25 million and $21 million held in grantor trust as of December 31, 1999 and 1998, respectively, for the payment of benefits under the supplemental plan and $9 million and $7 million held in a grantor trust as of December 31, 1999 and 1998, respectively, for the payment of postretirement medical benefits.

The components of pension and other postretirement benefit costs, portions of which were recorded as components of construction costs, for the years, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Pension Benefit Costs			
Service cost	$120,000	$ 115,000	$ 100,000
Interest cost on projected benefit obligation	285,000	273,000	261,000
Expected return on plan assets	(362,000)	(342,000)	(310,000)
Amortization of transition asset	(13,000)	(12,000)	(13,000)
Amortization of prior service asset	(4,000)	(4,000)	(4,000)
Recognized loss	3,000	2,000	2,000
Curtailment (gain)/loss	16,000	--	(5,000)
Net periodic benefit cost	$ 45,000	$ 32,000	$ 31,000

Other Postretirement Benefit Costs

Service cost	$ 41,000	$ 38,000	$ 34,000
Interest cost on accumulated benefit obligation	82,000	78,000	76,000
Expected return on plan assets	(76,000)	(69,000)	(61,000)
Amortization of transition obligation	22,000	22,000	22,000
Amortization of prior service cost	4,000	4,000	4,000
Recognized gain	(14,000)	(14,000)	(13,000)
Severance plan cost	1,000	6,000	8,000
Curtailment loss	35,000	--	--
Net periodic benefit cost	$ 95,000	$ 65,000	$ 70,000

In accounting for the pension costs and other postretirement benefit costs under the plans, the following weighted average actuarial assumptions were used for the periods during 1999, 1998 and 1997:

	Pension Benefits			Other Postretirement Benefits		
	1999	1998	1997	1999	1998	1997
Annual discount rate	6.75%	7.00%	7.50%	6.75%	7.00%	7.50%
Annual long-term rate of return on plan assets	9.25%	9.50%	9.75%	8.97%	9.20%	9.40%
Annual rate of increase in future compensation levels	4.00%	4.00%	4.00%	--	--	--

The pension curtailment gain in December 1997 represents the recognition of prior service costs, the transition asset and the decrease in the projected benefit obligation related to the reduction in the number of employees due to Indiana Company's sale of State Line Station. The pension and other postretirement benefit curtailment losses in December 1999 represent the recognition of prior service costs and transition obligations, and an increase in the benefit obligations resulting from special termination benefits, related to the reduction in the number of employees due to ComEd's sale of the fossil stations.

The health care cost trend rates used to measure the expected cost of the postretirement medical benefits are assumed to be 8.0% for pre-Medicare recipients and 6.0% for Medicare recipients for 1999. Those rates are assumed to decrease in 0.5% annual increments to 5% for the years 2005 and 2001, respectively, and to remain level thereafter. The health care cost trend rates, used to measure the expected cost of postretirement dental and vision benefits, are a level 3.5% and 2.0% per year, respectively. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(Thousands of Dollars)	
Effect on total 1999 service and interest cost components	$ 26,000	$ (20,000)
Effect on postretirement benefit obligation as of December 31, 1999	190,000	(151,000)

In addition, an employee savings and investment plan is available to eligible employees of ComEd and certain of its and Unicom's subsidiaries. Under the plan, each participating employee may contribute up to 20% of such employee's base pay and the participating companies match the first 6% of such contribution equal to 100% of the first 2% of contributed base salary, 70% of the next 3% of contributed base salary and 25% of the next 1% of contributed base salary. The participating companies' contributions were $32 million, $32 million and $33 million for the years 1999, 1998 and 1997, respectively.

(17) Separation Plan Costs. O&M expenses included $10 million, $48 million and $39 million for the years 1999, 1998 and 1997, respectively, for costs related to voluntary separation offers to certain employees of ComEd and Indiana Company, as well as certain other employee-related costs. Such costs resulted in charges of $6 million (after-tax), or $0.03 per common share (diluted), $29 million (after-tax), or $0.13 per common share (dilutive) and $24 million (after-tax), or $0.11 per common share (diluted), for the years 1999, 1998 and 1997, respectively. See Note 5 regarding employee separation costs related to the fossil plant sale.

(18) Income Taxes. The components of the net deferred income tax liability at December 31, 1999 and 1998 were as follows:

	December 31	
	1999	1998
	(Thousands of Dollars)	
Deferred income tax liabilities:		
Accelerated cost recovery and liberalized depreciation, net of removal costs..........................	$2,815,972	$4,028,351
Overheads capitalized................................	159,836	140,922
Repair allowance.....................................	221,502	233,861
Regulatory assets recoverable through future rates....	688,946	680,356
Deferred income tax assets:		
Postretirement benefits..............................	(376,538)	(331,651)
Unamortized investment tax credits...................	(161,756)	(191,135)
Regulatory liabilities to be settled through future rates...	(596,157)	(595,005)
Nuclear plant closure................................	(5,456)	(38,354)
Other--net...	(321,522)	(146,224)
Net deferred income tax liability.....................	$2,424,827	$3,781,121

The $1,356 million decrease in the net deferred income tax liability from December 31, 1998 to December 31, 1999 is comprised of a $1,377 million credit to net deferred income tax expense pertaining primarily to the fossil plant sale, a $7 million increase in regulatory assets net of regulatory liabilities pertaining to income taxes for the period, and $14 million related to other items. The amount of accelerated cost recovery and liberalized depreciation included in deferred income tax liabilities for both periods includes amounts related to the regulatory asset for impaired production plant. The amount of regulatory assets included in deferred income tax liabilities primarily relates to the equity component of AFUDC which is recorded on an after-tax basis, the borrowed funds component of AFUDC which was previously recorded net of tax and other temporary differences for which the related tax effects were not previously recorded. The amount of other regulatory liabilities included in deferred income tax assets primarily relates to deferred income taxes provided at rates in excess of the current statutory rate.

The components of net income tax expense charged/(credited) to continuing operations for the years 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Operating income:			
Current income taxes	$1,762,281	$304,889	$ 255,057
Deferred income taxes	(1,403,083)	50,134	62,501
Investment tax credits deferred--net	(25,828)	(27,730)	(31,015)
Other (income) and deductions:			
Current income taxes	457	(51,816)	1,116
Deferred income taxes	25,739	59,458	(385,994)
Investment tax credits	(51,740)	(12,107)	(22,526)
Net income taxes charged/(credited) to continuing operations	$ 307,826	$322,828	$(120,861)

Provisions for current and deferred federal and state income taxes and amortization of investment tax credits resulted in the following effective income tax rates for the years 1999, 1998 and 1997:

	1999	1998	1997
	(Thousands of Dollars)		
Net income/(loss) before extraordinary items	$597,245	$510,184	$(239,215)
Net income taxes charged/(credited) to continuing operations	307,826	322,828	(120,861)
Provision for dividends on ComEd preferred and preference stocks	23,756	56,884	60,486
Pre-tax income/(loss) before extraordinary items and provision for dividends	$928,827	$889,896	$(299,590)
Effective income tax rate	33.1%	36.3%	40.3%

The principal differences between net income taxes charged/(credited) to continuing operations and the amounts computed at the federal statutory rate of 35% for the years 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Federal income taxes computed at statutory rate	$325,089	$311,464	$(104,857)
Equity component of AFUDC which was excluded from taxable income	(436)	(390)	(8,320)
Amortization of investment tax credits, net of deferred income taxes	(48,216)	(25,503)	(53,541)
State income taxes, net of federal income taxes	45,882	40,899	(682)
Unrealized loss/(gain) on forward share repurchase contract	15,390	--	--
Earnings on nontax-qualified decommissioning fund	(8,915)	--	--
Differences between book and tax accounting, primarily property-related deductions	(20,968)	(3,642)	46,539
Net income taxes charged/(credited) to continuing operations	$307,826	$322,828	$(120,861)

(19) Taxes, Except Income Taxes. Provisions for taxes, except income taxes, for the years 1999, 1998 and 1997 were as follows:

	1999	1998	1997
	(Thousands of Dollars)		
Illinois public utility revenue	$ 981	$114,981	$228,350
Illinois invested capital	--	--	99,503
Illinois electricity distribution tax	114,241	110,026	--
Municipal utility gross receipts	99,701	152,501	168,094
Real estate	115,208	125,521	151,508
Municipal compensation	73,349	89,210	78,286
Energy assistance and renewable energy charge	34,423	32,736	--
Other--net	70,550	74,859	75,145
	$508,453	$699,834	$800,886

Effective January 1, 1998, the Illinois invested capital tax was repealed and the Illinois electricity distribution tax was enacted as a replacement. The new tax is based on the kilowatthours delivered to ultimate consumers.

The 1997 Act changed the nature of several state and municipal taxes that are collected through customer billings. Before August 1998, the utility taxes were assessed against the utility. Effective August 1998, the utility taxes are assessed on the electric consumer rather than the utility. Accordingly, ComEd records the collections as liabilities and no longer records the taxes collected through billings as revenues and tax expense. The reduction in operating revenues and taxes, except income taxes, due to the change in presentation for such taxes was approximately $174 million in 1999, compared to 1998, and $110 million in 1998, compared to 1997. This change in presentation for such taxes did not have an effect on operations.

See Note 22 for additional information regarding Illinois invested capital taxes.

(20) Lease Obligations of Subsidiary Companies. Under its nuclear fuel lease arrangement, ComEd may sell and lease back nuclear fuel from a lessor who may borrow an aggregate of $267 million, consisting of intermediate term notes, to finance the transactions. A commercial paper/bank borrowing portion expired on November 23, 1999. With respect to the intermediate term notes, $75 million expires on November 23, 2000, $40 million expires on November 23, 2001, $77 million expires on November 23, 2002 and $75 million expires on November 23, 2003. At December 31, 1999, ComEd's obligation to the lessor for leased nuclear fuel amounted to approximately $270 million. ComEd has agreed to make lease payments which cover the amortization of the nuclear fuel used in ComEd's reactors plus the lessor's related financing costs. ComEd has an obligation for spent nuclear fuel disposal costs of leased nuclear fuel.

As of December 31, 1999, future minimum rental payments, net of executory costs, for capital leases are estimated to aggregate to $298 million, including $121 million in 2000, $96 million in 2001, $48 million in 2002 and $33 million in 2003. The estimated interest component of such rental payments aggregates $27 million. The estimated portions of obligations due within one year under capital leases of $108 million and $195 million at December 31, 1999 and 1998, respectively, were included in current liabilities on the Consolidated Balance Sheets.

Future minimum rental payments at December 31, 1999 for operating leases are estimated to aggregate to $305 million, including $33 million in 2000, $27 million in 2001, $27 million in 2002, $24 million in 2003, $23 million in 2004 and $171 million in 2005-2043.

(21) Joint Plant Ownership. ComEd has a 75% undivided ownership interest in the Quad Cities nuclear generating station. Further, ComEd is responsible for 75% of all costs which are charged to appropriate investment and O&M accounts, and provides its own financing. ComEd's net plant investment, including construction work in progress, in Quad Cities Station on the Consolidated Balance Sheets was $22 million at December 31, 1999, after reflecting the accounting impairment recorded in the second quarter of 1998. See Note 1, under "Regulatory Assets and Liabilities," for additional information.

(22) Commitments and Contingent Liabilities. Purchase commitments, principally related to construction, nuclear fuel, and coal in support of certain power purchase agreements approximated $799 million at December 31, 1999, comprised of $670 million for ComEd, $27 million for UT Holdings, $24 million for Unicom Energy Services and $78 million for Unicom Power Holdings. In addition, ComEd has substantial commitments for expected capacity payments and fixed charges related to power purchase agreements. Upon completion of the fossil plant sale with EME, ComEd entered into arrangements to assign or settle a substantial portion of its coal purchase commitments and entered into purchase power agreements with EME. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources--UTILITY OPERATIONS--Construction Program," for additional information regarding ComEd's purchase commitments.

ComEd is a member of NEIL which provides insurance coverage against property damage and associated replacement power costs occurring at members' nuclear generating facilities. All companies insured with NEIL are subject to retrospective premium adjustments if losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds such that ComEd would not be liable for any single incident. However, ComEd could be subject to assessments in any policy year for each of three types of coverage provided. The maximum assessments are approximately $53 million for primary property damage, $73 million for excess property damage and $22 million for replacement power.

The NRC's indemnity for public liability coverage under the Price-Anderson Act is supported by a mandatory industry-wide program under which owners of nuclear generating facilities could be assessed in the event of nuclear incidents. Based on the number of nuclear reactors with operating licenses, ComEd would currently be subject to a maximum assessment of $1,145 million in the event of an incident, limited to a maximum of $130 million in any calendar year.

In addition, ComEd participates in the American Nuclear Insurers Master Worker Program, which provides coverage for worker tort claims filed for bodily injury caused by the nuclear energy hazard. This program was modified, effective January 1, 1998, to provide coverage to all workers whose "nuclear-related employment" began on or after the commencement date of reactor operations. ComEd will not be liable for a retrospective assessment under this new policy. However, ComEd is still subject to a maximum retroactive assessment of up to $36 million in the event losses incurred under the small number of policies in the old program exceed accumulated reserves.

Three of ComEd's wholesale municipal customers filed a complaint and request for refund with the FERC alleging that ComEd failed to properly adjust their rates, as provided for under the terms of their electric service contracts, to track certain refunds made to ComEd's retail customers in the years 1992 through 1994. In the third quarter of 1998, the FERC granted the complaint and directed that refunds be made, with interest. ComEd filed and was granted a request for rehearing for purposes of reconsideration with the FERC. If the order is upheld, ComEd must make refunds within 15 days of the resolution for rehearing. ComEd's management believes an adequate reserve has been established in connection with this case.

During 1989 and 1991, actions were brought in federal and state courts in Colorado against ComEd and Cotter seeking unspecified damages and injunctive relief based on allegations that Cotter has 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. With respect to Cotter, in 1994 a federal jury returned nominal dollar verdicts against Cotter on eight plaintiffs' claims in the 1989 cases, which verdicts were upheld on appeal. The remaining claims in the 1989 actions have been settled and dismissed. On July 15, 1998, a jury verdict was rendered in Dodge v. Cotter (United States District Court for the District of Colorado, Civil Action No. 91-Z-1861), a case relating to 14 of the plaintiffs in the 1991 cases. The verdict against Cotter and in favor of the plaintiff, after an amended judgement was issued March 11, 1999, totaled approximately $6 million, including compensatory and punitive damages, interest, and medical monitoring. On February 11, 2000, the Tenth Circuit Court of Appeals agreed with Cotter, found that the trial judge had erred in critical rulings and reversed the jury verdict, remanding the case for new trial. A case involving the next group of plaintiffs is set for trial in federal district court in Denver on October 2, 2000. Although ComEd sold its investment in Cotter in February 2000, ComEd will continue to be liable for any court verdicts in favor of the plaintiffs. The other 1991 cases will necessarily involve the resolution of numerous contested issues of law and fact. It is Unicom and ComEd's assessment that these actions will not have a material impact on their financial position or results of operations.

In August 1999, three class action lawsuits were filed against ComEd related to a series of service interruptions during the summer of 1999. The combined effect of these events resulted in over 100,000 customers losing service. On August 12, 1999, service was interrupted to ComEd customers on the near north and near west side of the City's central business district. While major commercial customers were affected, all service was restored on the same date. The class action complaints have been consolidated and seek to recover damages for personal injuries and property damage, as well as economic loss for these events. Further, ComEd initiated expedited claim settlements for those with primarily food spoilage claims. Conditional class certification has been approved by the Court for the sole purpose of exploring settlement talks. The lawsuits are pending in the Circuit Court of Cook County. ComEd has filed a motion challenging the legal sufficiency of the consolidated complaints. The plaintiff's response is due April 14, 2000 and any reply by ComEd is due May 12, 2000. The motion to dismiss is currently scheduled to be argued on May 23, 2000. ComEd's management believes adequate reserves have been established in connection with these cases.

Following the above-referenced series of service interruptions, the ICC opened a three-phase investigation of the design and reliability of ComEd's transmission and distribution system. At the conclusion of each phase of the investigation, the ICC will issue a report that will include specific recommendations for ComEd and a timetable for executing the recommendations. Hearings on Phase I of the investigation were held the week of January 3, 2000, which focused on the outages of July and August 1999. Reports on Phase II and Phase III, focusing on the transmission and distribution system generally, are anticipated in the second quarter of 2000. The final phase of the investigation is expected to conclude in early 2001.

ComEd is involved in administrative and legal proceedings concerning air quality, water quality and other matters. The outcome of these proceedings may require increases in future construction expenditures and operating expenses and changes in operating procedures. ComEd and its subsidiaries are or are likely to become parties to proceedings initiated by the U.S. EPA, state agencies and/or other responsible parties under CERCLA with respect to a number of sites, including MGP sites, or may voluntarily undertake to investigate and remediate sites for which they may be liable under CERCLA.

ComEd generally did not operate MGPs as a corporate entity but did, however, acquire MGP sites as part of the absorption of smaller utilities. Approximately half of these sites were transferred to then Northern Illinois Gas Company (Nicor Gas) as part of a general conveyance in 1954. ComEd also acquired former MGP sites as vacant real estate on which ComEd facilities have been constructed. To date, ComEd has identified 44 former MGP sites for which it may be liable for remediation. In the fourth quarter of 1999, ComEd re-evaluated its environmental remediation strategies. As a result of this re-evaluation, ComEd's current best estimate of its cost of former MGP site investigation and remediation is $93 million in current-year (2000) dollars (reflecting a discount rate of 6.5%). Such estimate, reflecting an estimated inflation rate of 3% and before the effects of discounting, is $182 million. It is expected that the costs associated with investigation and remediation of former MGP sites will be substantially incurred through 2012, however monitoring and certain other costs are expected to be incurred through 2042. ComEd's current estimate of its costs of former MGP site investigation and remediation of $93 million has been included in other noncurrent liabilities on the Consolidated Balance Sheets as of December 31, 1999. The increase in ComEd's estimated costs of former MGP sites of $68 million in 1999 over 1998 was included in operation and maintenance expenses on Unicom and ComEd's Statements of Consolidated Operations. In addition, as of December 31, 1999 and 1998, a reserve of $8 million has been included in other noncurrent liabilities on the Consolidated Balance Sheets, representing ComEd's estimate of the liability associated with cleanup costs of sites other than former MGP sites. These cost estimates are based on currently available information regarding the responsible parties likely to share in the costs of responding to site contamination, the extent of contamination at sites for which the investigation has not yet been completed and the cleanup levels to which sites are expected to have to be remediated. While ComEd may have rights of reimbursement under insurance policies, amounts that may be recoverable from other entities are not considered in establishing the estimated liability for the environment remediation costs.

The IDR has issued Notices of Tax Liability to ComEd alleging deficiencies in Illinois invested capital tax payments for the years 1988 through 1997. The alleged deficiencies, including interest and penalties, totaled approximately $52 million as of December 31, 1999. ComEd has protested the notices, and the matter is currently pending before the IDR's Office of Administrative Hearings. Interest will continue to accumulate on the alleged tax deficiencies.

On March 22, 1999, ComEd reached a settlement agreement with the City to end the arbitration proceeding between ComEd and the City regarding the January 1, 1992 franchise agreement and a supplemental agreement between them. Under the terms of the settlement agreement, the pending arbitration is to be dismissed with prejudice and the City is to release ComEd from all claims the City may have under the supplemental agreement. The settlement agreement was approved by the City Council on May 12, 1999.

As part of the settlement agreement, ComEd and the City have agreed to a revised combination of ongoing work under the franchise agreement and new initiatives that will result in defined transmission and distribution expenditures by ComEd to improve electric service in the City. The settlement agreement provides that ComEd will be subject to liquidated damages if the projects are not completed by various dates, unless it is prevented from doing so by events beyond its reasonable control. ComEd's current construction budget considers these projects. In addition, ComEd and the City established an Energy Reliability and Capacity Account, into which ComEd deposited $25 million following the effectiveness of the settlement agreement and ComEd has conditionally agreed to deposit up to $25 million at the end of each of the years 2000, 2001 and 2002, to help ensure an adequate and reliable electric supply for the City.

The 1997 Act also committed ComEd to spend at least $2 billion from 1999 through 2004 on transmission and distribution facilities outside of the City.

(23) Segment Reporting. Unicom's reportable operating segments as determined under SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" include its regulated electric utility and its unregulated business operations. Unicom's reportable segments are managed separately because of their different regulatory and operating environments. Unicom evaluates their performance based on net income.

ComEd is an electric utility which is engaged in the generation, purchase, transmission, distribution and sale of electric energy in Northern Illinois. ComEd's rates and services are subject to federal and state regulations.

Unicom's unregulated business operations, including energy services and development of new business ventures, are not subject to utility regulation by federal or state agencies. Prior to 1999, unregulated business operations were predominately in a developmental stage and did not meet the revenue, asset or net income criteria for a reportable segment under SFAS 131. However, as a result of the December 1999 fossil plant sale, as described in Note 5, the assets of unregulated businesses exceeded 10% of Unicom's total assets and, as such, constitute a reportable segment. The assets of the unregulated businesses include $2.2 billion at December 31, 1999 representing special deposits and unused cash proceeds resulting from the fossil plant sale. The assets of the unregulated businesses also include receivables of $813 million recorded in connection with forward share repurchase arrangements as discussed in Note 7.

The accounting policies of the segments are the same as those described in Note 1. Unicom's financial data for business segments are as follows:

	Electric Utility	Unregulated Businesses	Reconciliation & Elimination	Total
1999	(Thousands of Dollars)			
Operating Revenue.........	$ 6,766,892	$ 107,729	$ (26,674)	$ 6,847,947
Intersegment Revenue......	$ 9,434	$ 17,240	$ (26,674)	$ --
Depreciation, Amortization and Decommissioning......	$ 836,145	$ 7,103	$ --	$ 843,248
Interest and Dividend Income...................	$ 60,231	$ 8,957	$ (10,646)	$ 58,542
Interest Expense--Net.....	$ 545,352	$ 28,858	$ (10,646)	$ 563,564
Income Tax Expense/(Benefit)........	$ 352,222	$ (20,107)	$ --	$ 332,115
Net Income/(Loss).........	$ 622,729	$ (29,307)	$ (23,756)	$ 569,666
Total Assets.............	$23,160,265	$3,720,376	$(3,474,608)	$23,406,033
Capital Expenditures......	$ 1,083,398	$ 120,666	$ --	$ 1,204,064
1998				
Operating Revenue.........	$ 7,088,542	$ 20,967	$ (6,099)	$ 7,103,410
Intersegment Revenue......	$ 6,099	$ --	$ (6,099)	$ --
Depreciation, Amortization and Decommissioning......	$ 937,604	$ 5,684	$ --	$ 943,288
Interest and Dividend Income...................	$ 15,450	$ 4,755	$ (1,573)	$ 18,632
Interest Expense--Net.....	$ 450,162	$ 15,293	$ (1,573)	$ 463,882
Income Tax Expense/(Benefit)........	$ 378,423	$ (28,374)	$ --	$ 350,049
Net Income/(Loss).........	$ 594,206	$ (27,138)	$ (56,884)	$ 510,184
Total Assets.............	$25,450,577	$ 389,792	$ (149,896)	$25,690,473
Capital Expenditures......	$ 945,342	$ 21,152	$ --	$ 966,494

1997

Operating Revenue.........	$ 7,073,088	$ 14,331	$ (4,397)	$ 7,083,022
Intersegment Revenue......	$ 4,397	$ --	$ (4,397)	$ --
Depreciation, Amortization and Decommissioning......	$ 1,001,149	$ 3,940	$ --	$ 1,005,089
Interest and Dividend Income...................	$ 4,911	$ 3,590	$ (1,002)	$ 7,399
Interest Expense--Net.....	$ 487,664	$ 10,505	$ (1,002)	$ 497,167
Income Tax Expense/(Benefit)........	$ 327,061	$ (20,513)	$ --	$ 306,548
Net Income/(Loss).........	$ (773,773)	$ (18,591)	$ (60,486)	$ (852,850)
Total Assets..............	$22,458,403	$ 352,161	$ (110,814)	$22,699,750
Capital Expenditures......	$ 969,626	$ 73,685	$ --	$ 1,043,311

(24) Subsequent Event. In January 2000, Unicom physically settled the forward share repurchase arrangements it had with financial institutions for the repurchase of 26.3 million Unicom common shares. Prior to settlement, the repurchase arrangements were recorded as a receivable on Unicom's Consolidated Balance Sheets based on the aggregate market value of the shares under the arrangements. In 1999, net unrealized losses of $44 million (after-tax), or $0.20 per common share were recorded related to the arrangements. The settlement of the arrangements in January 2000 resulted in a gain of $113 million (after-tax), which will be recorded in the first quarter of 2000. The settlement of the arrangements will also result in a reduction in Unicom's outstanding common shares and common stock equity, effective January 2000.

UNICOM CORPORATION AND SUBSIDIARY COMPANIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(Thousands of Dollars)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
For the Year Ended December 31, 1997					
Reserve Deducted From Assets in Consolidated Balance Sheet:					
Provision for uncollectible accounts..................	$ 12,893	$ 53,756	$ --	$ (49,105)	$ 17,544
Estimated obsolete materials.......................	$ 12,302	$ 62,000	$ --	$ (32,559)	$ 41,743
Other Reserves:					
Estimated closing costs for Zion Station (c)..........	$ --	$194,000	$ --	$ --	$194,000
Estimated liabilities associated with remediation costs and former manufactured gas plant sites.....	$ 32,522	$ 2,410	$ --	$ (2,910)(a)	$ 32,022
Accumulated provision for injuries and damages......	$ 53,972	$ 8,565	$4,939	$ (18,213)(b)	$ 49,263
For the Year Ended December 31, 1998					
Reserve Deducted From Assets in Consolidated Balance Sheet:					
Provision for uncollectible accounts..................	$ 17,544	$ 62,059	$ --	$ (30,958)	$ 48,645
Estimated obsolete materials.......................	$ 41,743	$ 23,945	$ --	$ (41,928)	$ 23,760
Other Reserves:					
Estimated closing costs for Zion Station (c)..........	$194,000	$ --	$ --	$(114,970)	$ 79,030
Estimated liabilities associated with remediation costs and former manufactured gas plant sites.....	$ 32,022	$ 6,950	$ --	$ (6,950)(a)	$ 32,022

Accumulated provision for injuries and damages......	$ 49,263	$ 10,114	$8,875	$ (20,796)(b)	$ 47,456
For the Year Ended December 31, 1999					
Reserve Deducted From Assets in Consolidated Balance Sheet:					
Provision for uncollectible accounts..................	$ 48,645	$ 90,254	$ --	$ (88,085)	$ 50,814
Estimated obsolete materials........................	$ 23,760	$ 19,263	$ --	$ (15,968)	$ 27,055
Other Reserves:					
Estimated closing costs for Zion Station (c)..........	$ 79,030	$ --	$ --	$ (79,030)	$ --
Estimated liabilities associated with remediation costs and former manufactured gas plant sites.....	$ 32,022	$ 73,729	$ --	$ (5,651)(a)	$100,100
Accumulated provision for injuries and damages......	$ 47,456	$ 27,868	$6,477	$ (27,204)(b)	$ 54,597

Notes:
(a) Expenditures for site investigation and remediation costs.
(b) Payments of claims and related costs.
(c) Estimated closing costs related to the permanent cessation of nuclear generation operations and retirement of facilities at ComEd's Zion Station.

(b) Pro Forma Financial Information

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The historical consolidated financial statements of Unicom have been adjusted to give effect to the annualized continuing impacts of the sale of ComEd's fossil generating plants and the annualized effects of Unicom's issuance of securitization notes and related use of proceeds. ComEd completed the sale of its fossil generating plants on December 15, 1999. The historical consolidated financial statements of PECO Energy have been adjusted to give effect to its use of the proceeds from its securitization of stranded costs. The unaudited pro forma financial statements do not give effect to the estimated cost savings and revenue enhancements as a result of the merger or the costs to achieve these savings and revenue enhancements or one-time merger-related costs. The Unicom and PECO Energy pro forma adjustments and the merger are reflected in the unaudited combined condensed pro forma balance sheet as if they occurred on September 30, 2000. The unaudited pro forma combined condensed statements of income for the nine months ended September 30, 2000 and for the year ended December 31, 1999 assume that these transactions were completed on January 1, 1999.

The following unaudited pro forma combined condensed financial statements have been prepared to reflect the acquisition of Unicom by PECO Energy under the purchase method of accounting. Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their current fair values. The excess of the purchase price, including estimated fees and costs related to the merger, over the net assets acquired is classified as goodwill on the accompanying unaudited pro forma combined condensed balance sheet. The pro forma combined condensed financial statements reflect the estimated fair values of the assets acquired and liabilities assumed. Such estimates are subject to final valuation adjustments.

The following unaudited pro forma combined condensed financial statements should be read in conjunction with the consolidated historical financial statements and related notes of PECO Energy and Unicom, which are included in Exelon's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 and the PECO Energy and Unicom Annual Reports on Form 10-K for the year ended December 31, 1999.

The following unaudited pro forma combined condensed financial statements are for illustrative purposes only. They are not necessarily indicative of the financial position or operating results that would have occurred had these transactions been completed on January 1, 1999 or September 30, 2000, as assumed above; nor is the information necessarily indicative of future financial position or operating results. Results of operations and financial position in the first year after consummation could differ significantly from the unaudited pro forma combined condensed financial statements, which are based on past operations. Future operations will be affected by various factors including operating performance, energy market developments and other matters.

The historical financial statements of PECO Energy included in the accompanying pro forma combined condensed financial statements for the nine months ended September 30, 2000 are unaudited. The December 31, 1999 historical financial statements of PECO Energy and Unicom and the September 30, 2000 historical financial statements of Unicom were derived from audited financial statements but do not include all disclosures required by GAAP.

Unaudited Pro Forma Condensed Statement of Income

(Millions Except Per Share Data)

For the Nine Month Period Ended September 30, 2000

	PECO Energy As Filed	PECO Energy Transition Bond Pro Forma Adjustments(1)	PECO Energy Prior to Merger Pro Forma
Operating Revenues	$4,366	$--	$4,366
Operating Expenses			
Fuel and Energy Interchange	1,515	--	1,515
Operation and Maintenance	1,305	--	1,305
Depreciation and Amortization	244	--	244
Taxes Other Than Income Taxes	197	--	197
Total Operating Expenses	3,261	--	3,261
Operating Income	1,105	--	1,105
Other Income and Deductions			
Interest Expense	(333)	31	(302)
Other, net	71	4	75
Total Other Income and Deductions	(262)	35	(227)
Income Before Income Taxes and Extraordinary Item	843	35	878
Income Tax Expense	316	14	330
Income Before Extraordinary Item	$ 527	$ 21	$ 548
Preferred Stock Dividends	$ 8	$ (1)	$ 7
Income Before Extraordinary Item per Share	$ 2.96		
Income Before Extraordinary Item per Share--Diluted	$ 2.94		
Average Basic Shares Outstanding	175.0		
Average Diluted Shares Outstanding	176.0		

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements

Unaudited Pro Forma Combined Condensed Statement of Income

(Millions Except Per Share Data)

For the Nine Month Period Ended September 30, 2000

	PECO Energy Prior to Merger Pro Forma	Unicom as Filed	Merger Pro Forma Adjustments	Exelon Pro Forma
Operating Revenues	$4,366	$5,686	$(42)(7)	$10,010
Operating Expenses				
Fuel and Energy Interchange	1,515	1,705	(42)(7)	3,178
Operation and Maintenance	1,305	1,749	25 (6)	3,079
Depreciation and Amortization	244	832	(161)(6)	915
Goodwill Amortization	--	--	86 (6)	86
Taxes Other Than Income Taxes	197	406	--	603
Total Operating Expenses	3,261	4,692	(92)	7,861
Operating Income	1,105	994	50	2,149
Other Income and Deductions				
Interest Expense	(302)	(412)	--	(714)
Preferred and Preference Stock Dividends	--	(25)	(10)(8)	(35)
Other, net	75	119	(15)(6) 3 (8)	182
Total Other Income and Deductions	(227)	(318)	(22)	(567)
Income Before Income Taxes and Extraordinary Item	878	676	28	1,582
Income Tax Expense	330	167	60 (10)	557
Income Before Extraordinary Item	$ 548	$ 509	$ (32)	$ 1,025
Preferred Stock Dividends	$ 7		$ (7)(8)	$ --
Income Before Extraordinary Item per Share		$ 2.82		$ 3.22
Income Before Extraordinary Item per Share--Diluted		$ 2.80		$ 3.20
Average Basic Shares Outstanding		180.7		318.5 (5)
Average Diluted Shares Outstanding		181.9		320.6

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements

Unaudited Pro Forma Condensed Statement of Income

(Millions Except Per Share Data)

For the Year Ended December 31, 1999

	PECO Energy As Filed	PECO Energy Securitization Pro Forma Adjustments(1)	PECO Energy Prior to Merger Pro Forma
Operating Revenues	$5,437	$--	$5,437
Operating Expenses			
Fuel and Energy Interchange	2,145	--	2,145
Operation and Maintenance	1,384	--	1,384
Depreciation and Amortization	237	--	237
Taxes Other Than Income Taxes	262	--	262
Total Operating Expenses	4,028	--	4,028
Operating Income	1,409	--	1,409
Other Income and Deductions			
Interest Expense	(396)	(50)	(446)
Other, net	(36)	12	(24)
Total Other Income and Deductions	(432)	(38)	(470)
Income Before Income Taxes and Extraordinary Item	977	(38)	939
Income Tax Expense	358	(15)	343
Income Before Extraordinary Item	$ 619	$(23)	$ 596
Preferred Stock Dividends	$ 12	$ (1)	$ 11
Income Before Extraordinary Item per Share	$ 3.10		
Income Before Extraordinary Item per Share--Diluted	$ 3.08		
Average Basic Shares Outstanding	196.3		
Average Diluted Shares Outstanding	197.6		

See accompanying Notes to Unaudited Pro Forma
Combined Condensed Financial Statements

Unaudited Pro Forma Condensed Statement of Income

(Millions Except Per Share Data)

For the Year Ended December 31, 1999

	Unicom As Filed	Unicom Fossil Sale Pro Forma Adjustments(2)	Unicom Securitization Pro Forma Adjustments(3)	Unicom Prior to Merger Pro Forma
Operating Revenues	$6,848	$ --	$ --	$6,848
Operating Expenses				
Fuel and Energy Interchange.............	1,549	257	--	1,806
Operation and Maintenance.............	2,428	(271)	--	2,157
Depreciation and Amortization............	843	26	113	982
Taxes Other Than Income Taxes...................	508	(16)	--	492
Total Operating Expenses.............	5,328	(4)	113	5,437
Operating Income...........	1,520	4	(113)	1,411
Other Income and Deductions				
Interest Expense.........	(564)	--	20	(544)
Preferred and Preference Stock Dividends.........	(53)	--	10	(43)
Other, net..............	1	--	--	1
Total Other Income and Deductions............	(616)	--	30	(586)
Income Before Income Taxes and Extraordinary Item....	904	4	(83)	825
Income Tax Expense.........	307	4	(37)	274
Income Before Extraordinary Item......................	$ 597	$ --	$ (46)	$ 551
Income Before Extraordinary Item per Share............	$ 2.75			
Income Before Extraordinary Item per Share--Diluted...	$ 2.74			
Average Basic Shares Outstanding..............	217.3			
Average Diluted Shares Outstanding..............	218.1			

See accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements

Unaudited Pro Forma Combined Condensed Statement of Income

(Millions Except Per Share Data)

For the Year Ended December 31, 1999

	PECO Energy Prior to Merger Pro Forma	Unicom Prior to Merger Pro Forma	Merger Pro Forma Adjustments	Exelon Pro Forma
Operating Revenues..........	$5,437	$6,848	$(60)(7)	$12,225
Operating Expenses				
Fuel and Energy Interchange..............	2,145	1,806	(60)(7)	3,891
Operation and Maintenance..............	1,384	2,157	36 (6)	3,577
Depreciation and Amortization.............	237	982	(427)(6)	792
Goodwill Amortization.....	--	--	115 (6)	115
Taxes Other Than Income Taxes....................	262	492	--	754
Total Operating Expenses...............	4,028	5,437	(336)	9,129
Operating Income............	1,409	1,411	276	3,096
Other Income and Deductions				
Interest Expense..........	(446)	(544)		(990)
Preferred and Preference Stock Dividends..........	--	(43)	(20)(8)	(63)
Other, net................	(24)	1	(20)(6) 9 (8)	(34)
Total Other Income and Deductions.............	(470)	(586)	(31)	(1,087)
Income Before Income Taxes and Extraordinary Item.....	939	825	245	2,009
Income Tax Expense..........	343	274	163(10)	780
Income Before Extraordinary Item.......................	$ 596	$ 551	$ 82	$ 1,229
Preferred Stock Dividends...	$ 11	$ --	$(11)(8)	$ --
Income Before Extraordinary Item per Share.............				$ 3.86
Income Before Extraordinary Item per Share--Diluted....				$ 3.83
Average Basic Shares Outstanding................				318.5 (5)
Average Diluted Shares Outstanding................				320.6

See accompanying Notes to Unaudited Pro Forma
Combined Condensed Financial Statements

Unaudited Pro Forma Combined Condensed Balance Sheet

(In millions)

As of September 30, 2000

	PECO Energy As Filed	Unicom As Filed	Merger Pro Forma Adjustments	Exelon Pro Forma Balance
ASSETS				
Utility Plant, net	$ 5,196	$12,436	$ (4,817)(6)	$12,815
Current Assets				
Cash and Temporary Cash Investments................	169	1,056	(40)(9)	1,185
Accounts Receivable, net....	776	1,445	--	2,221
Inventories, at average cost.......................	232	258	--	490
Other Current Assets........	180	2,189	84(6)	2,453
	1,357	4,948	44	6,349
Deferred Debits and Other Assets				
Regulatory Assets...........	6,016	1,527	--	7,543
Goodwill....................	192	78	4,586 (6)	4,856
Investments and Other Property, net.............	722	3,524	--	4,246
Other.......................	184	70	38 (6)	292
	7,114	5,199	4,624	16,937
Total....................	$13,667	$22,583	$ (149)	$36,101
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common Stock Equity.........	$ 1,727	$ 3,701	$ (510)(4) (2,300)(6) 4,586 (6) (40)(9)	$ 7,164
Preferred and Preference Stock......................	174	--	--	174
Company Obligated Mandatorily Redeemable Preferred Securities.................	128	350	(21)(6)	457
Long-Term Debt..............	6,252	7,134	(70)(6) 510 (4)	13,826
	8,281	11,185	2,155	21,621
Current Liabilities				
Notes Payable, Bank.........	284	1,478	--	1,762
Accounts Payable............	308	929	--	1,237
Other Current Liabilities...	938	979	--	1,917
	1,530	3,386	--	4,916

Deferred Credits and Other Liabilities				
Deferred Income Taxes.......	2,444	3,452	(1,533)(6)	4,363
Unamortized Investment Tax Credits....................	275	462	(402)(6)	335
Nuclear Decommissioning Liability For Retired Plants.....................	--	1,288	--	1,288
Other.......................	1,137	2,810	(369)(6)	3,578
	3,856	8,012	(2,304)	9,564
Total.....................	$13,667	$22,583	$ (149)	$36,101

See accompanying Notes to Unaudited Pro Forma
Combined Condensed Financial Statements

Notes to Unaudited Pro Forma Combined Condensed Financial Statements

1. PECO Energy used a portion of the proceeds from the securitization of its stranded costs to repurchase common stock in order to achieve the number of shares outstanding that were contemplated in the merger agreement. All share repurchases are reflected in the historical balance sheet presented herein. The effects of the use of proceeds from the securitization of stranded costs by PECO Energy on the pro forma combined condensed statements of income were as follows (in million):

	Year Ended December 31, 1999	Nine Months Ended September 30, 2000
Transition Bond Interest Expense...	$318	$240
Interest Savings Associated with Higher Cost Debt that was Repurchased......................	(159)	(120)
Transition Bond Interest Expense Included In Historical Interest Expense..........................	(192)	(216)
Interest Savings Included in Historical Interest Expense.......	83	65
	$ 50	$(31)
PECO Energy Obligated Mandatorily Redeemable Preferred Securities ($221 million @ 9%)...............	$(20)	$(15)
Interest Savings Included in Historical Financial Statements...	8	11
	$(12)	$ (4)
PECO Preferred Stock Dividends ($37 million @ 6.12%).............	$ (2)	$ (2)
PECO Preferred Stock Dividend Savings Included in Historical Financial Statements.............	1	1
	$ (1)	$ (1)

2. The Unicom fossil sale Pro Forma Adjustments for the combined condensed statement of income for the Year Ended December 31, 1999 reflect the continuing impact of the sale of ComEd's fossil generating plants which was completed in December 1999.

- Fuel and Energy Interchange: Reflects the elimination of fossil fuel expense and the replacement impact of purchasing power under the power purchase agreements entered into with the purchaser of the fossil assets at the time of the fossil sale, as provided below (in millions):

Fossil Fuel Expense.........................	$(616)
Energy Interchange Expense..................	873
Total.......................................	$ 257

- Operation and Maintenance: Reflects the elimination of the fossil generating plants operation and maintenance expenses.

. Depreciation and Amortization: Reflects the following (in millions):

Elimination of Fossil Plant Depreciation............	$ (73)
Additional Amortization of Regulatory Assets........	99

Total...	$ 26
	=====

The Unicom pro forma adjustments reflecting the sale of ComEd's fossil generating plants include increased regulatory asset amortization because those adjustments on a prior-to-merger, pro forma basis would result in ComEd's earnings exceeding the earnings cap provision of the Illinois Public Utilities Act.

. Taxes Other Than Income Taxes: Reflects the elimination of real estate and payroll taxes related to the ownership of the fossil plants.

The pro forma adjustments do not reflect the income effects of the reinvestment of cash proceeds received from the fossil sale.

3. Reflects Unicom's purchase, at prevailing market prices, of approximately 26.3 million shares of Unicom common stock that were subject to certain forward purchase contracts at December 31, 1999. During 1999, Unicom entered into forward purchase arrangements with financial institutions for the repurchase of approximately 26.3 million shares of Unicom common stock. The repurchase arrangements were settled in January 2000 on a physical (i.e. shares) basis. Effective January 2000, the share repurchases have reduced outstanding shares and common stock equity. Prior to the settlement, the repurchase arrangements were recorded as a receivable on the Consolidated Balance Sheet of Unicom based on the aggregate market value of the shares deliverable under the arrangements.

   In addition, reflects adjustments to net interest expense and preferred and preference stock dividends related to the use of securitization proceeds as follows (in millions):

Pro forma adjustment to eliminate historical interest expense associated with higher cost debt that was repurchased......................	$(20)
Pro forma adjustment to eliminate historical dividend provisions associated with higher cost preferred and preference stock that was repurchased.............	$(10)

   The Unicom Securitization pro forma adjustments include increased regulatory asset amortization of $113 million because those adjustments on a prior-to-merger, pro forma basis would result in ComEd's earnings exceeding the earnings cap provision of the Illinois Public Utilities Act.

4. Reflects the payment of the cash portion of the merger consideration to Unicom common shareholders.

5. Reflects issuance of Exelon shares in exchange for PECO Energy and Unicom common stock net of shares which were repurchased by PECO Energy and Unicom as follows:

	PECO Energy	Unicom	Pro Forma Exelon
	(Shares in 000's)		
Actual shares outstanding at September 30, 2000	170,523	169,367	
Shares repurchased-Note (9)	--	(730)	
Shares issued pursuant to stock option exercises	--	463	
Remaining shares to be exchanged	170,523	169,100	
Exchange factor	1.0	.875	
Remaining shares to be exchanged	170,523	147,963	318,486

6. Reflects the recognition of goodwill equal to the excess of the purchase price including estimated transaction costs and stock-based compensation costs resulting from the merger over the estimated net fair value of the assets acquired and liabilities assumed of Unicom. The adjustment assumes total purchase consideration equal to cash of approximately $510 million, approximately 148 million shares of Exelon Common Stock at a price of $35.89 based on the average closing price of PECO Energy Common Stock between January 3 and 12, 2000 and stock-based compensation cost for certain Unicom employees. PECO Energy's transaction costs of approximately $33 million represent the estimated costs to be incurred for the merger that meet the requirements for inclusion in the purchase price. Goodwill for the balance sheet presented is based on the following calculation (dollars in millions, except per share data):

Cash Consideration (Note 4)	$510		
Common Share Consideration:			
Unicom shares converted	169,100		
Conversion rate	.875		
Exelon Shares Issued	147,963		
Exchange price	$ 35.89		
Total Common Share Consideration			5,310
Transaction Costs			33
Stock-based Compensation Costs for Certain Unicom Employees			94
Purchase Price			5,947
Less: Book value of Unicom's Pro Forma net assets as of September 30, 2000			3,661
Subtotal			2,286
Increase (decrease) to goodwill for estimated fair value adjustments to the following assets acquired and liabilities assumed:			
Utility Plant		$ 4,817	
Deferred Income Taxes		(1,533)	
Unamortized Investment Tax Credits		(402)	
Deferred Credits		(369)	
Long-Term Debt (including COMPRS)		(91)	
Other		(122)	
Net Fair Value adjustment			2,300
Goodwill			$4,586

Utility Plant: Primarily reflects the estimated fair value analyses of ComEd's nuclear stations based on discounted cash flows and independent appraisals. The $4.8 billion reduction to utility plant is estimated to reduce nuclear depreciation expense by approximately $215 million annually.

Deferred Income Taxes: Represents the tax effect of purchase accounting adjustments described above, except for goodwill.

Unamortized Investment Tax Credits: Represents the adjustment of ComEd's nuclear plant investment tax credits to fair value. This adjustment is estimated to reduce the amortization of the investment tax credits by approximately $26 million annually.

Deferred Credits: Primarily reflects elimination of unrecognized net actuarial gains, prior service costs and transition obligations related to pension benefits and post-retirement obligations at September 30, 2000. Final allocation amounts may differ primarily as a result of discount rates at the time of closing and the final determination of severed employees. The adjustments are estimated to increase pension benefits and post-retirement benefit expense by approximately $16 million, annually.

Long-Term Debt: Represents the adjustment of long-term debt including transitional trust notes and Company Obligated Mandatorily Redeemable Preferred Securities to fair value at September 30, 2000. The final fair value determination will be based on prevailing market interest rates at the time of closing. The adjustment is estimated to increase expense by approximately of $20 million in the first year, declining in subsequent years.

Other: Represents miscellaneous estimated fair value adjustments including stock-based compensation costs for certain Unicom employees not included in the purchase price and emission allowances. These adjustments are estimated to increase operating expenses by approximately $20 million in each of the first two years.

Goodwill: Represents additional goodwill resulting from the estimated adjustments reflected above, to be amortized over 40 years.

The Merger Pro Forma Adjustments for the combined condensed statement of income for the year ended December 31, 1999, as a result of the increased merger pro forma common stock equity balance, include a reversal of the increased regulatory asset amortization related to the Unicom pro forma adjustments discussed in Notes 2 and 3, of $99 million and $113 million, respectively.

7. Reflects the elimination of purchased power and off-system sales transactions between PECO Energy and Unicom.

8. Reflects the reclassification of PECO Energy preferred stock dividends and interest on PECO Energy obligated mandatorily redeemable preferred securities for consistent presentation.

9. Reflects the repurchase of approximately $40 million of Unicom's outstanding common shares prior to closing. Through September 30, 2000, Unicom repurchased approximately $960 million of the $1.0 billion common share repurchase required by the merger agreement.

10. Reflects investment tax credit amortization and the tax effect of purchase accounting adjustments described above, except for goodwill amortization and preferred stock dividends.

EXHIBIT INDEX

The following exhibits are filed herewith:

EXHIBIT NO.	DESCRIPTION
99.1	Press Release issued by Exelon Corporation on October 20, 2000. (Incorporated herein by reference to Exelon Corporation Form 8-K filed October 20, 2000.)
99.2	Term Loan Agreement dated as of October 13, 2000 among Exelon, the banks listed on the signature pages thereof, Bank One, N.A., as Administrative Agent, Credit Suisse First Boston, as Documentation Agent, and Citibank, N.A., as Syndication Agent. (Incorporated herein by reference to Exelon Corporation Form 8-K filed October 20, 2000.)

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/ Ruth Ann M. Gillis

RUTH ANN M. GILLIS
Senior Vice President and
Chief Financial Officer
(Chief Accounting Officer)

Date: November 15, 2000