

**Exelon Generation Company, LLC and Subsidiary Companies**  
**Notes to Consolidated Financial Statements—(Continued)**  
(Dollars in millions, unless otherwise noted)

**18. Related-Party Transactions**

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

	For the Years Ended December 31,		
	2004	2003	2002
Operating revenues from affiliates			
ComEd <sup>(a)</sup> .....	\$2,374	\$2,479	\$2,559
PECO <sup>(a)</sup> .....	1,465	1,433	1,438
Exelon Energy <sup>(b)</sup> .....	—	213	247
BSC .....	2	—	—
Purchased power from affiliates			
AmerGen <sup>(c)</sup> .....	—	382	273
ComEd <sup>(a)</sup> .....	9	38	37
PECO <sup>(a)</sup> .....	1	—	3
Exelon Energy <sup>(b)</sup> .....	—	9	18
Operating and Maintenance from affiliates			
Sithe <sup>(d)</sup> .....	—	—	13
ComEd <sup>(a)</sup> .....	8	12	14
PECO <sup>(a)</sup> .....	8	10	9
BSC <sup>(e)</sup> .....	223	127	116
Interest expense to affiliates			
Sithe <sup>(d)</sup> .....	—	9	2
Exelon <sup>(f)</sup> .....	1	2	5
Exelon intercompany money pool <sup>(f)</sup> .....	2	2	—
Interest income from affiliates			
AmerGen <sup>(c)</sup> .....	—	1	2
ComEd <sup>(g)</sup> .....	—	—	4
Services provided to affiliates			
AmerGen <sup>(c)</sup> .....	—	111	70
Sithe <sup>(d)</sup> .....	—	—	1
Cash distribution paid to member .....	662	189	27

**Exelon Generation Company, LLC and Subsidiary Companies**  
**Notes to Consolidated Financial Statements—(Continued)**  
**(Dollars in millions, unless otherwise noted)**

	December 31,	
	2004	2003
Receivables from affiliates (current)		
ComEd <sup>(a)</sup> .....	\$ 189	\$ 171
ComEd decommissioning <sup>(h)</sup> .....	11	11
PECO <sup>(a)</sup> .....	125	115
BSC <sup>(e)</sup> .....	7	3
Exelon Energy <sup>(b)</sup> .....	—	18
Sithe <sup>(d)</sup> .....	—	3
Other .....	—	8
Note receivable from affiliate (current)		
Note receivable from Sithe <sup>(d)</sup> .....	—	92
Note receivable from affiliate (noncurrent)		
ComEd decommissioning <sup>(h)</sup> .....	11	22
Payable to affiliate (current)		
Exelon <sup>(f)</sup> .....	42	1
Notes payable to affiliates (current)		
Exelon <sup>(f)</sup> .....	—	115
Exelon intercompany money pool <sup>(f)</sup> .....	283	301
Sithe <sup>(d)</sup> .....	—	90
Payables to affiliates (noncurrent)		
ComEd decommissioning <sup>(i)</sup> .....	1,433	1,183
PECO decommissioning <sup>(i)</sup> .....	46	12

- (a) Effective January 1, 2001, Generation entered into PPAs with ComEd and PECO, as amended, to provide the full energy requirements of ComEd and PECO. Effective April 1, 2004, Generation entered into a one-year gas supply agreement with PECO. Generation purchases electric and ancillary services from ComEd and buys energy from PECO for Generation's own use. In order to facilitate payment processing, ComEd processes certain invoice payments on behalf of Generation. Prior to joining PJM Interconnection, LLC (PJM) on May 1, 2004, ComEd also provided transmission services to Generation. Amounts charged by PECO and ComEd to Generation for transmission have been recorded as intercompany purchased power by Generation.
- (b) Prior to May 1, 2004, Generation sold power to Exelon Energy and purchased excess power from Exelon Energy. Prior to the transfer of Exelon Energy's assets to Generation from Enterprises effective January 1, 2004, Exelon Energy was an intercompany affiliate of Generation.
- (c) Prior to Generation's purchase of British Energy's 50% interest in AmerGen in December 2003, AmerGen was an unconsolidated affiliate of Generation and was considered to be a related party of Generation. Generation entered into PPAs dated June 26, 2003, December 18, 2001 and November 22, 1999 with AmerGen. Under the 2003 PPA, Generation agreed to purchase from AmerGen all the energy from Oyster Creek through April 9, 2009. Under the 2001 PPA, Generation agreed to purchase from AmerGen all the energy from Unit No. 1 at Three Mile Island Nuclear Station from January 1, 2002 through December 31, 2014. Under the 1999 PPA, Generation agreed to purchase from AmerGen all of the residual energy from Clinton Nuclear Power Station (Clinton), through December 31, 2002. Currently, the residual output is approximately 31% of the total output of Clinton. In February 2002, Generation entered into an agreement to loan AmerGen up to \$75 million at an interest rate equal to the 1-month London Interbank Offering Rate plus 2.25%. In July 2002, the limit of the loan agreement was increased to \$100 million and the maturity date was extended to July 1, 2003. The loan was paid in its entirety during 2003. Under a service agreement dated March 1, 1999, Generation provides AmerGen with certain operation and support services to the nuclear facilities owned by AmerGen. This service agreement has an indefinite term and may be terminated by Generation or AmerGen with 90 days notice. Generation is compensated for these services at cost.
- (d) Under a service agreement dated December 18, 2000, Sithe provides Generation certain fuel and project development services. Sithe is compensated for these services at cost. In December 2003, Sithe received letter of credit proceeds of \$3 million, which Generation was billed on behalf of Sithe. Under the terms of the agreement to acquire Exelon New England dated November 1, 2002, Generation issued a note to Sithe that was subsequently modified and increased to \$536 million. During 2003, Generation repaid \$446 million of this note. In the first quarter of 2004, Generation repaid \$27 million prior to

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consolidation of Sithe in accordance with the provisions of FIN 46-R. The balance of the note, which bore interest at the rate of LIBOR plus 0.875%, was paid upon the completion of a series of transactions that resulted in Generation's sale of Sithe on January 31, 2005. See Note 20—Subsequent Events regarding the sale of Generation's investment in Sithe. In connection with a series of transactions in November 2003 that restructured the ownership of Sithe (see Note 3—Sithe for additional information), Generation received a \$92 million note receivable from EXRES SHC, Inc., which holds the common stock of Sithe. Generation owns 50% of EXRES SHC, Inc. and consolidated its investment pursuant to FIN 46-R effective March 31, 2004. Prior to the consolidation of Sithe in connection with FIN 46-R, Sithe was an unconsolidated affiliate of Exelon and Generation and was considered to be a related party of Exelon and Generation. This note was cancelled in connection with the purchase of Sithe International. See Note 3—Sithe for additional information.

- (e) Generation receives a variety of corporate support services from Exelon Business Services Company (BSC), including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including application overhead. A portion of such services is capitalized. Some third-party reimbursements due Generation are recovered through BSC. Additionally, in 2004, due to the centralization of certain functions, certain employees were transferred from Generation to BSC including supply and information technology support and management of other support services.
- (f) Represents the outstanding balance of amounts borrowed under the intercompany money pool and other short-term obligations payable to Exelon. In order to facilitate payment processing, Exelon processes certain invoice payments on behalf of Generation.
- (g) Interest income for 2002 is related to unpaid ComEd PPA billings referred to in note (a).
- (h) Generation has a short-term and a long-term receivable from ComEd, primarily representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation resulting from the 2001 corporate restructuring.
- (i) Generation has long-term payables to ComEd and PECO as a result of the nuclear decommissioning contractual construct whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO, such amounts are due back to ComEd and PECO, as applicable, for payment to the ratepayers.

**19. Quarterly Data (Unaudited)**

The data shown below includes all adjustments that Generation considers necessary for a fair presentation of such amounts:

	Operating Revenues		Operating Income (Loss)		Income (Loss) Before Cumulative Effect of a Change in Accounting Principle		Net Income (Loss)	
	2004	2003	2004 <sup>(a)</sup>	2003 <sup>(b)</sup>	2004	2003	2004	2003
	Quarter ended:							
March 31 <sup>(c)</sup>	\$1,953	\$1,879	\$127	\$ 125	\$ 70	\$ (52)	\$102	\$ 56
June 30	1,948	1,886	211	223	178	142	178	142
September 30	2,253	2,537	562	(683)	319	(428)	319	(428)
December 31	1,784	1,833	130	220	74	97	74	97

- (a) Operating income (loss) has been adjusted to reflect a reclassification from operating and maintenance expense to other, net of \$30 million and \$28 million, for the three months ended March 31, 2004 and June 30, 2004, respectively, for comparison purposes related to decommissioning accounting presentation. These reclassifications had no impact on net income as reported.
- (b) Operating income (loss) has been adjusted to reflect a reclassification from operating and maintenance expense to other, net of \$31 million, \$22 million, \$23 million and \$3 million for the three months ended March 31, 2003, June 30, 2003, September 30, 2003 and December 31, 2003, respectively, for comparison purposes related to decommissioning accounting presentation. These reclassifications had no impact on net income as reported.
- (c) Operating income and net income for the three months ended March 31, 2004 has been adjusted to reflect a reduction in net periodic postretirement benefit cost of \$3 million due to the adoption of FSP FAS 106-2. See Note 1—Significant Accounting Policies for additional information.

**Exelon Generation Company, LLC and Subsidiary Companies**  
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**(Dollars in millions, unless otherwise noted)**

**20. Subsequent Events**

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's exit from its investment in Sithe. Specifically, subsidiaries of Generation closed on the acquisition of Reservoir's 50% interest in Sithe and the sale of 100% of Sithe to Dynegy. Prior to closing on the sale to Dynegy, subsidiaries of Generation received from Sithe approximately \$65 million in cash distributions. As a result of the sale, Generation will deconsolidate from its balance sheet approximately \$820 million of debt and will be released from approximately \$125 million of credit support associated with the Independence project. Additionally, Exelon issued certain guarantees to Dynegy that will be taken into account in the final determination of the gain or loss on the sale. See further information regarding Generation's investment in Sithe at Note 3—Sithe.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

**Exelon, ComEd, PECO and Generation**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Exelon, ComEd, PECO and Generation**

During the fourth quarter of 2004, each registrant's management, including its principal executive officer and principal financial officer, evaluated that registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in that registrant's periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each registrant to ensure that (a) material information relating to that registrant, including its consolidated subsidiaries, is made known to that registrant's management, including its principal executive officer and principal financial officer, by other employees of that registrant and its subsidiaries, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people. Each registrant's controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

Accordingly, as of December 31, 2004, the principal executive officer and principal financial officer of each registrant concluded that such registrant's disclosure controls and procedures were effective to accomplish their objectives. Each registrant continually strives to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant.

**Exelon**

Since Exelon is an accelerated filer, its management is required to assess and report on the effectiveness of its internal control over financial reporting as of December 31, 2004. As a result of that assessment, we determined that there were no material weaknesses as of December 31, 2004 and, therefore, concluded that Exelon's internal control over financial reporting was effective. Management's Report on Internal Control Over Financial Reporting is included in Item 8—Financial Statements and Supplementary Data.

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

#### Exelon

##### Executive Officers

The information required by Item 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at December 31, 2004.

##### Directors

*Nicholas DeBenedictis.* Age 59. Director of Exelon Corporation since April 23, 2002. Class I director. Chairman and Chief Executive Officer of Aqua America Inc. (water utility with operations in 12 states). Other directorships: Met-Pro Corporation and Glatfelter Co.

*Sue L. Gin.* Age 63. Director of Exelon Corporation since October 20, 2000. Class I director. Founder, Owner, Chairman and Chief Executive Officer of Flying Food Group, LLC. (in-flight catering company). Other directorships: Briazz, Inc.; Centerplate, Inc.; and Miavita, LLC.

*Edgar D. Jannotta.* Age 73. Director of Exelon Corporation since October 20, 2000. Class I director. Chairman of William Blair & Company, L.L.C. (investment banking and brokerage company). Other directorships: Aon Corporation, Bandag, Incorporated and Molex Incorporated.

*G. Fred DiBona, Jr.* Mr. DiBona was a director of Exelon Corporation from October 20, 2000 until his death on January 11, 2005. He was President and CEO of Independence Blue Cross (health insurance organization). Also Chairman, President and CEO of Keystone Health Plan East, a subsidiary of Independence Blue Cross. Other directorships: Tasty Baking Company, Aqua America Inc., Eclipsys Corporation, Geo Group Inc. and Crown Holdings, Inc.

*Edward A. Brennan.* Age 71. Director of Exelon Corporation since October 20, 2000. Class II director. Retired Chairman and CEO of Sears, Roebuck and Co. (retail merchandiser). Other directorships: Allstate Corporation, AMR Corporation, 3M Company, McDonald's Corporation and Morgan Stanley.

*Bruce DeMars.* Age 69. Director of Exelon Corporation since October 20, 2000. Class II director. Partner, RSD, LLC (introduces new products and services to industry and government). Retired Admiral, United States Navy, and former Director of the Naval Nuclear Propulsion Program. Other directorships: Duratek, Inc., McDermott International Inc. and Oceanworks International, Inc.

*Nelson A. Diaz.* Age 57. Director of Exelon Corporation since January 27, 2004. Class II director. Partner, Blank Rome LLP (legal services) since March 2004. Former City Solicitor, City of Philadelphia from November 2001 to January 2004; Judge, Court of Common Pleas, First Judicial District of Pennsylvania, 1981 to 1993. Former Partner, Blank Rome Comisky & McCauley (legal services), February 1997 to November 2001; Former General Counsel, United States Department of Housing and Urban Affairs 1993 to 1997.

*John W. Rowe.* Age 59. Chairman, President and Chief Executive Officer of Exelon Corporation since November 2004; Chairman and Chief Executive Officer since April 2002, serving as President through May 2003; President and co-Chief Executive Officer from October 20, 2000 through April 2002. Class II director. Former Chairman, President and Chief Executive Officer of Unicom Corporation and Commonwealth Edison Company. Former President and Chief Executive Officer of the New

England Electric System. Other directorships: UnumProvident Corporation, Sunoco, Inc. and The Northern Trust Company.

*Ronald Rubin.* Age 73. Director of Exelon Corporation since October 20, 2000. Class II director. Chairman and Chief Executive Officer of the Pennsylvania Real Estate Investment Trust (a real estate management and development company).

*M. Walter D'Alessio.* Age 71. Director of Exelon Corporation since October 20, 2000. Class III director. Vice Chairman of NorthMarq Capital (real estate investment banking) and President of NorthMarq Advisors (real estate consulting). Director and Non-executive Chairman of Legg Mason Real Estate Services Inc. (commercial mortgage, banking, and pension fund advisors). Other directorships: Legg Mason Real Estate Services, Inc., Independence Blue Cross; Brandywine Real Estate Investment Trust and Point Five Technologies.

*Rosemarie B. Greco.* Age 58. Director of Exelon Corporation since October 20, 2000. Class III director. Director of the Office of Health Care Reform, Commonwealth of Pennsylvania, since January 2003. Principal of GRECOventures Ltd. Former President of CoreStates Financial Corporation and former Director, President and CEO of CoreStates Bank, N.A. Other directorships: Sunoco, Inc., and Pennsylvania Real Estate Investment Trust. Trustee of SEI I Mutual Funds of SEI Investments.

*John M. Palms, Ph.D.* Age 69. Director of Exelon Corporation since October 20, 2000. Class III director. Distinguished President Emeritus of the University of South Carolina and Distinguished University Professor of Physics. Former President of Georgia State University; former Vice-President for Academic Affairs and the Charles Howard Chandler Professor of Physics at Emory University. Other directorships: Assurant Inc. (formerly Fortis, Inc. (United States)). SIMCOM International Holdings, Inc., and Computer Task Group, Inc. Also Chairman of the Board of Trustees of the Institute for Defense Analyses, and formerly a member of the National Nuclear Accreditation board and the Advisory Council for the Institute of Nuclear Power Operations.

*John W. Rogers, Jr.* Age 46. Director of Exelon Corporation since October 20, 2000. Class III director. Founder, Chairman and CEO of Ariel Capital Management, LLC (an institutional money management firm). Trustee of Ariel Investment Trust. Other directorships: Aon Corporation, McDonald's Corporation and Bally Total Fitness Holding Corporation.

*Richard L. Thomas.* Age 74. Director of Exelon Corporation since October 20, 2000. Class III director. Retired Chairman of First Chicago NBD Corporation (banking and financial services) and the First National Bank of Chicago. Other directorships: The PMI Group, Inc., Sabre Holdings Corporation, and Sara Lee Corporation.

#### **Audit Committee**

The Exelon audit committee consists of John M. Palms, Ph.D., its Chair, M. Walter D'Alessio, Sue L. Gin and Richard L. Thomas. The Exelon board of directors has determined that all members of the Exelon audit committee are independent directors, are financially literate, have accounting or related financial management expertise, and are "audit committee financial experts" under applicable SEC rules. Each member of the audit committee obtained these attributes through the business experience and directorships described above and through service on audit committees of various public companies, including the audit committees of Exelon's predecessor companies, PECO and Unicom Corporation.

## Code of Ethics

Exelon's Code of Business Conduct is the code of ethics that applies to Exelon's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Code of Business Conduct is filed as Exhibit 14 to this report and is available on Exelon's website at [www.exeloncorp.com](http://www.exeloncorp.com). The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Katherine K. Combs, Vice President and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

If any substantive amendments to the Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, Exelon will disclose the nature of such amendment or waiver on Exelon's website, [www.exeloncorp.com](http://www.exeloncorp.com), or in a report on Form 8-K.

## Section 16(a) Beneficial Ownership Reporting Compliance

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2004. However, in conducting a thorough review of the holdings of directors through brokers, Exelon discovered one filing that was not made on a timely basis. On June 1, 2004, Mr. G. Fred DiBona's broker liquidated Mr. DiBona's Keogh account to transfer the account to another broker. Mr. DiBona was unaware that the account was being liquidated or that the account included a small amount of Exelon stock. The broker apparently overlooked his prior agreement to obtain approval before trading Exelon stock on behalf of Mr. DiBona. When the failure to report was discovered, Exelon immediately reviewed the details of the transaction with the reporting individual and made the necessary filing.

## ComEd

### Executive Officers

The information required by Item 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at December 31, 2004.

### Directors

*John W. Rowe.* Age 59. Chairman, Chief Executive Officer and President of Exelon Corporation since November 2004; Chairman and Chief Executive Officer since April 2002, serving as President through May 2003; President and co-Chief Executive Officer from October 20, 2000 through April 2002. Director of ComEd since 1998. Former Chairman, President and CEO of Unicom Corporation and Commonwealth Edison Company. Former President and CEO of the New England Electric System. Other directorships: UnumProvident Corporation, The Northern Trust Company, and Sunoco, Inc.

*Frank M. Clark.* Age 59. Executive Vice President and Chief of Staff of Exelon Corporation since August 1, 2004. President of ComEd since October 2001. Previously Senior Vice President, distribution, customer and market services and external affairs of ComEd. Other directorship: Waste Management, Inc. and ShoreBank Corporation.

*Robert S. Shapard.* Age 49. Executive Vice President and Chief Financial Officer of Exelon Corporation since October 21, 2002. Previously Executive Vice President and CFO of Covanta Energy Corporation during 2002. For 2000 through 2001, Executive Vice President and CFO of Ultramar

Diamond Shamrock. Prior to that, Chief Executive Officer of TXU Australia, LTD, a wholly owned subsidiary of TXU Corporation.

*S. Gary Snodgrass*. Age 53. Executive Vice President and Chief Human Resources Officer, Exelon since August 1, 2004. Prior to his election to his listed position, Mr. Snodgrass was Chief Administrative Officer of Exelon; Senior Vice President of ComEd and Unicom; Vice President of ComEd and Unicom; and Vice President of USG Corporation.

*John L. Skolds* Age 52. Executive Vice President of Exelon Corporation since February 1, 2004. Senior Vice President of Exelon and Exelon Generation Company, LLC and Chief Nuclear Officer from October 2000 through February 2004. Vice President of Unicom Corporation and ComEd, Chief Operating Officer, Nuclear Generation Group of ComEd from August 2000 through October 2000. President and Chief Operating Officer of South Carolina Electric and Gas from 1995 through August 2000.

### **Audit Committee**

ComEd is a controlled subsidiary of Exelon and does not have a separate audit committee. Instead, that function is fulfilled by the audit committee of the Exelon board of directors. See discussion of Exelon's audit committee above.

### **Code of Ethics**

Exelon's Code of Business Conduct is the code of ethics that applies to ComEd's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Code of Business Conduct is filed as Exhibit 14 to this report and is available on Exelon's website at [www.exeloncorp.com](http://www.exeloncorp.com). The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Katherine K. Combs, Vice President and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

If any substantive amendments to the Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, ComEd will disclose the nature of such amendment or waiver on Exelon's website, [www.exeloncorp.com](http://www.exeloncorp.com), or in a report on Form 8-K.

### **PECO**

#### **Executive Officers**

The information required by Item 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at December 31, 2004.

#### **Directors**

*John W. Rowe*. Age 59. Chairman, Chief Executive Officer and President of Exelon Corporation since November 2004; Chairman and Chief Executive Officer since April 2002, serving as President through May 2003; President and co-Chief Executive Officer from October 20, 2000 through April 2002. Director of ComEd since 1998. Former Chairman, President and CEO of Unicom Corporation and Commonwealth Edison Company. Former President and CEO of the New England Electric System. Other directorships: UnumProvident Corporation, The Northern Trust Company, and Sunoco, Inc.

*Robert S. Shapard.* Age 49. Executive Vice President and Chief Financial Officer of Exelon Corporation since October 21, 2002. Previously Executive Vice President and CFO of Covanta Energy Corporation during 2002. For 2000 through 2001, Executive Vice President and CFO of Ultramar Diamond Shamrock. Prior to that, Chief Executive Officer of TXU Australia, LTD, a wholly owned subsidiary of TXU Corporation.

*Denis P. O'Brien.* Mr. O'Brien, age 43. Class III director since June 30, 2003. President of PECO since April 2003. Previously Executive Vice President, Vice President of Operations, Director of Operations for the BucksMont Region and Director of Transmission and Substations.

*John L. Skolds.* Mr. Skolds, age 52. Class II director with term expiring in 2005. Director since March 15, 2004. Executive Vice President of Exelon Corporation since February 1, 2004. Senior Vice President of Exelon and Exelon Generation Company, LLC and Chief Nuclear Officer from October 2000 through February 2004. Vice President of Unicom Corporation and ComEd, Chief Operating Officer, Nuclear Generation Group of ComEd from August 2000 through October 2000. President and Chief Operating Officer of South Carolina Electric and Gas from 1995 through August 2000.

### **Audit Committee**

PECO is a controlled subsidiary of Exelon and does not have a separate audit committee. Instead, that function is fulfilled by the audit committee of the Exelon board of directors. See discussion of Exelon's audit committee above.

### **Code of Ethics**

Exelon's Code of Business Conduct is the code of ethics that applies to PECO's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Code of Business Conduct is filed as Exhibit 14 to this report and is available on Exelon's website at [www.exeloncorp.com](http://www.exeloncorp.com). The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Katherine K. Combs, Vice President and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

If any substantive amendments to the Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, PECO will disclose the nature of such amendment or waiver on Exelon's website, [www.exeloncorp.com](http://www.exeloncorp.com), or in a report on Form 8-K.

## **Generation**

### **Executive Officers**

The information required by Item 10 relating to executive officers is set forth above in ITEM 1. Business—Executive Officers of the Registrants at December 31, 2004.

### **Directors**

Generation operates as a limited liability company and has no board of directors.

### **Audit Committee**

Generation is a controlled subsidiary of Exelon and does not have a separate audit committee. Instead, that function is fulfilled by the audit committee of the Exelon board of directors. See discussion of Exelon's audit committee above.

## **Code of Ethics**

Exelon's Code of Business Conduct is the code of ethics that applies to Generation's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Code of Business Conduct is filed as Exhibit 14 to this report and is available on Exelon's website at [www.exeloncorp.com](http://www.exeloncorp.com). The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Katherine K. Combs, Vice President and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

If any substantive amendments to the Code of Business Conduct are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, Generation will disclose the nature of such amendment or waiver on Exelon's website, [www.exeloncorp.com](http://www.exeloncorp.com), or in a report on Form 8-K.

## **ITEM 11. EXECUTIVE COMPENSATION**

### **Exelon**

#### **Board Compensation**

In December 2004, based upon a review conducted by a leading external compensation consultant, the Exelon board of directors approved an increase in directors' compensation, effective January 1, 2005, to bring Exelon's program in line with its peer group, which is composed of other utilities and general industrial companies. The increase also recognizes the increased time commitment required of the directors. With the approved increases, Exelon's total compensation program for directors is between the 50th percentile and the mean of its peer group. Directors are paid in cash and deferred stock units as set forth below and are reimbursed for expenses, if any, for attending meetings.

- \$35,000 Annual board retainer;
- \$1,500 Meeting fee or per diem fee;
- \$5,000 Annual retainer for committee chair;
- \$5,000 Annual retainer for members of the audit and Exelon generation oversight committees; and
- \$60,000 Annual grant of deferred stock units (dollar value).

Directors are required to own at least 6,000 shares of Exelon common stock or deferred stock units within three years after their election to the Exelon board of directors.

Directors can elect to defer receiving their cash compensation until age 65 or until retirement from the Exelon board of directors. Deferred compensation is put into an unfunded account and credited with interest, equal to the amount that would have been earned had the compensation been invested in a variety of mutual funds, including one fund composed exclusively of shares of Exelon common stock. The deferred amounts and accrued interest are unfunded obligations of Exelon.

## Executive Compensation

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (See Notes 2 and 6)
		Salary	Bonus	Other Annual Compensation (See Note 1)	Restricted Stock Award (See Notes 2 and 3)	Number of Options (See Note 4)	Payouts (See Notes 2 and 5)	
John W. Rowe . . . . .	2004	\$1,241,346	\$1,675,000	\$357,431	\$1,480,279	400,000	\$1,666,322	\$ 2,153,432
Chairman, President & Chief Executive Officer, Exelon Corp.	2003	1,185,289	1,400,000	342,341	2,733,360	350,000	—	191,851
	2002	1,104,000	1,550,000	185,121	1,909,985	400,000	—	184,189
Robert S. Shapard . . . . .	2004	531,538	501,830	2,268	404,218	80,000	426,400	513,859
Executive Vice President & Chief Financial Officer, Exelon Corp.	2003	512,404	411,362	2,727	634,530	72,000	—	64,319
	2002	96,154	83,609	72,344	837,742	40,000	—	5,148
John L. Skolds . . . . .	2004	571,154	462,239	3,472	739,118	80,000	426,400	514,883
Executive Vice President, Exelon Corp.	2003	530,673	393,837	2,762	634,530	80,000	—	64,276
	2002	492,423	499,800	121,510	416,724	90,000	—	62,363
Pamela B. Strobel . . . . .	2004	521,538	492,450	7,563	404,218	80,000	426,400	503,632
Executive Vice President, Exelon Corp.	2003	500,673	403,374	7,349	634,530	72,000	—	54,006
	2002	474,923	470,400	6,811	520,905	120,000	—	52,718
Randall E. Mehrberg . . . . .	2004	494,807	469,000	6,159	404,218	80,000	426,400	499,737
Executive Vice President & General Counsel, Exelon Corp.	2003	466,538	375,418	6,248	634,530	72,000	—	49,741
	2002	435,288	389,639	6,218	418,740	90,000	—	48,582
Oliver D. Kingsley, Jr. . . . .	2004	768,269	1,139,000	218,497	—	140,000	2,238,570	12,105,852 <sup>(6)</sup>
President & Chief Operating Officer, Exelon Corp.	2003	824,038	969,924	185,294	1,164,737	120,000	—	180,591
through 10/31/2004	2002	728,634	823,680	102,387	2,373,140	160,000	—	175,821

### Notes to Summary Compensation Table

- The amounts shown under the column labeled "Other Annual Compensation" include perquisites and other personal benefits if the aggregate amount exceeds \$50,000, and/or amounts reimbursed for the payment of taxes. For Mr. Rowe, the amount shown for 2004 includes \$266,877 for personal use of corporate jet aircraft, and \$26,040 for the reimbursement of taxes. For Mr. Kingsley, the amount shown for 2004 includes \$149,631 for personal use of corporate jet aircraft and \$15,408 for the reimbursement of taxes. For Messrs. Shapard, Skolds, Mehrberg and Ms. Strobel, the amount shown is for the reimbursement of taxes.
- Exelon has a performance share award program under its Long Term Incentive Plan. Awards made prior to January 2005 were made in restricted stock that vested one-third upon the grant date and one-third upon each of the first and second anniversaries of the grant date. Beginning with awards made in January 2005 and for amounts vesting in 2005, if the participant has achieved 125% of the participant's stock ownership requirement, the performance shares are settled approximately one-half in cash and one half in stock, with the same vesting schedule as before. For the 3 year performance period ended December 31, 2004, Mr. Rowe was granted 116,662 shares, Messrs. Shapard, Skolds, and Mehrberg and Ms. Strobel were each granted 29,853 shares, and Mr. Kingsley was granted 52,242 shares. These shares were valued at \$42.85 per share. The amount of these grants that vested immediately is shown in the column headed "Long Term Compensation—Payouts", while the amount that will be settled in stock and will vest on the first and second anniversaries of the award is shown in the column headed "Restricted Stock Award" and the amount that may be settled in stock or cash (depending on the participant's stock ownership on the first and second anniversaries of the grant) is shown in the column headed "All Other Compensation."
- This column reports the value of the restricted stock portion of performance share awards as well as other restricted awards granted to individuals during the preceding year by the Compensation Committee and the Board of Directors in recognition

of specific accomplishments and/or significant increases in job responsibilities. Mr. Skolds received a grant of 20,000 shares on February 1, 2004, valued at \$33.49 per share, which will all vest on February 1, 2009. During that time Mr. Skolds will receive the dividends payable on these shares. The number of shares and the share price has been adjusted to reflect the 2 for 1 stock split on May 5, 2004.

The named executive officers held the amounts of restricted shares, including unvested performance shares granted with respect to the 3-year performance periods ending December 31, 2003 and December 31, 2002, as shown in the following table. Unvested restricted and performance shares continue to receive dividends. The value of restricted shares and unvested performance shares shown below in columns [A] and [B] is based on the December 31, 2004 closing price of Exelon stock, \$44.07 except for Mr. Kingsley's shares which are valued at \$39.62 as of October 31, 2004, the last day of his employment.

Columns [C], [D] and [E] in the following table include the amounts and value of restricted and unvested performance shares after the grant and vesting of performance shares on January 24, 2005. Column [C] shows the number of restricted shares and unvested performance shares that will be settled in stock, column [D] shows the number of performance shares that may be settled in cash or stock, depending on the participant's stock ownership at the date of vesting, and column [E] shows the total value of the restricted shares and performance shares shown in columns [C] and [D] as of January 24, 2005, when the closing price of Exelon stock was \$42.85.

	[A] Number of Restricted and Unvested Performance Shares as of 12/31/2004	[B] Value of Restricted and Unvested Performance Shares as of 12/31/2004	Restricted & Unvested Performance Shares Remaining After Vesting on 01/24/2005		
			[C] Number of Shares That Will Be Settled in Stock	[D] Number of Shares That May Be Settled in Cash or Stock	[E] Total Value of Shares in Columns [C] + [D] as of 01/24/2005
John W. Rowe .....	85,380	\$3,762,699	49,029	57,712	\$4,573,852
Robert S. Shapard .....	44,925	1,979,840	42,795	13,831	2,426,424
John L. Skolds .....	47,947	2,113,031	41,305	13,831	2,362,578
Pamela B. Strobel .....	20,934	922,577	12,795	13,831	1,140,924
Randall E. Mehrberg .....	19,437	856,595	12,795	13,831	1,140,924
Oliver D. Kingsley, Jr. ....	76,339	3,024,571	—	—	—

- Options granted prior to May 5, 2004 reflect the effect of a 2 for 1 stock split as of that date.
- The amounts shown under the column labeled "Long Term Compensation—Payouts" represent the value of the one third of the total performance share award granted with respect to the three year performance period ending December 31, 2004, which vested immediately on the date of grant. Officers who had reached 125% of their stock ownership requirement received a portion of their vested shares in cash. Mr. Kingsley's entire award vested upon grant because of his retirement. The amount of cash and the value of the vested shares of stock are as follows:

	Cash Payout	Value of Vested Shares
John W. Rowe .....	\$ 927,060	\$ 739,262
Robert S. Shapard .....	—	426,400
John L. Skolds .....	224,277	202,123
Pamela B. Strobel .....	224,277	202,123
Randall E. Mehrberg .....	—	426,400
Oliver D. Kingsley, Jr. ....	1,177,518	1,061,052

- The amounts shown under the column labeled "All Other Compensation" include company paid matching contributions to qualified and non-qualified savings plans, the amounts paid as premiums for term life insurance policies for certain executives (for Mr. Rowe, a term life policy and a whole life policy), and the value of the unvested two-thirds of the performance share award granted with respect to the three-year performance period ending December 31, 2004 which will be paid out in cash or stock at the time of vesting in 2006 and 2007, depending upon the participants' stock ownership at that time.

	Value of Company Contributions to Savings Plans	Value of Unvested Performance Shares From Current Grant	Company Paid Term Life Insurance Premiums	Other Items
John W. Rowe .....	\$62,067	\$1,852,366	\$238,999	\$ —
Robert S. Shapard .....	26,577	448,583	38,699	—
John L. Skolds .....	28,558	448,583	37,742	—
Pamela B. Strobel .....	26,077	448,583	28,972	—
Randall E. Mehrberg .....	24,740	448,583	26,414	—
Oliver D. Kingsley, Jr. ....	35,962	—	139,389	11,930,501

Pursuant to Mr. Kingsley's employment agreement, he is entitled to an enhanced supplemental retirement benefit calculated as if he had 32 years of service. He elected to receive a lump sum of \$10,430,500 which was paid to him as of his retirement date, in accordance with his previous payment election.

Also, Exelon will reimburse Mr. Kingsley up to \$100,000 in any year for his daughter's medical care expenses not otherwise covered by insurance for a 15 year period which commenced on the date of his retirement. The estimated value of this benefit is \$1,500,000.

Pursuant to Mr. Kingsley's employment agreement, his outstanding restricted shares and outstanding performance shares vested upon his retirement. Mr. Kingsley and Exelon entered into a share repurchase agreement through which Exelon purchased from Mr. Kingsley a total of 360,000 shares in two transactions at the weighted average market price over a ten-day period prior to the repurchase date. Exelon paid Mr. Kingsley \$7,032,387 for 172,765 shares repurchased on November 17, 2004. Exelon also paid Mr. Kingsley \$8,297,933 for 187,235 shares of Exelon common stock repurchased on February 9, 2005. The amounts paid to Mr. Kingsley for repurchase of his shares of Exelon common stock are not included in the above table.

### Option Grants for 2004

	Individual Grants				
	Number of Securities Underlying Options Granted (See Note 1)	Percentage of Total Options Granted to Employees in 2004	Exercise or Base Price (See Note 1) (\$/Share)	Options Expiration Date	Grant Date Present Value (See Note 2)
John W. Rowe	400,000	5.72%	\$32.54	01/15/2014	\$2,228,000
Robert S. Shapard	80,000	1.14%	32.54	01/15/2014	445,600
John L. Skolds	80,000	1.14%	32.54	01/15/2014	445,600
Pamela B. Strobel	80,000	1.14%	32.54	01/15/2014	445,600
Randall E. Mehrberg	80,000	1.14%	32.54	01/15/2014	445,600
Oliver D. Kingsley, Jr.	140,000	2.00%	32.54	01/15/2014	779,800

1. The number of options granted and the exercise or base price have been adjusted to reflect the 2 for 1 stock split which was effective on May 5, 2004.
2. The "grant date present values" indicated in the Option Grants Table are estimates based on the Black-Scholes option pricing model. Although executives risk forfeiting these options in some circumstances, these risks are not factored into the calculated values. The actual value of these options will be determined by the excess of the stock price over the exercise price of the option on the date that the options are exercised. There is no certainty that the value realized will be at or near the value estimated by the Black-Scholes option pricing model.

The assumptions used for the Black-Scholes model are as of the date of grants, January 26, 2004, and are as follows: Risk free interest rate: 3.26%; Volatility: 22.84%; Dividend Yield: 3.30%; and time of exercise: 5 years.

### Option Exercises & Year End Value

As of December 31, 2004 (See Note 1)

	Number of Shares Acquired by Exercise	Dollar Value Realized From Exercise	Number of Securities Underlying Remaining Options		Dollar Value of In-the-Money Options	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John W. Rowe	206,256	\$3,853,893	1,894,111	795,833	\$33,102,690	\$12,417,056
(See Note 2)						
Robert S. Shapard	—	—	44,668	147,332	868,663	2,223,617
John L. Skolds	—	—	240,000	170,000	3,913,100	2,696,600
Pamela B. Strobel	40,000	501,460	302,500	174,000	5,195,370	2,787,110
Randall E. Mehrberg	78,000	755,010	126,000	164,000	1,489,320	2,581,010
Oliver D. Kingsley, Jr.	218,500	3,066,112	724,000	—	11,576,280	—
(See Note 3)						

1. This table shows the number and value of exercisable and unexercisable stock options for the named executive officers during 2004. The value is determined using the closing market price of Exelon common stock on December 31, 2004, which was \$44.07, less the exercise price of the options. All options whose exercise price exceeded the market price at the day of determination are valued at zero. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.
2. All options exercised by Mr. Rowe during 2004 were done in accordance with a Rule 10b5-1 Trading Plan, which was entered into on February 3, 2004 when Mr. Rowe was unaware of any material adverse information in regard to current and

prospective operations of Exelon which had not been publicly disclosed. The dates of the sales were set at the time the Trading Plan was established.

- All of Mr. Kingsley's options vested upon his retirement.

### Long-Term Incentive Plans—Awards in Last Fiscal Year

	Number of Shares, Units or Other Rights (See Note 1) (#)	Performance Period until Maturation or Payout	Estimated future payouts under non-stock price-based plans (See Note 2)		
			Threshold (#)	Target (#)	Maximum (#)
John W. Rowe .....	N/A	3 years	33,000	66,000	132,000
Robert S. Shapard .....	N/A	3 years	8,000	16,000	32,000
John L. Skolds .....	N/A	3 years	8,000	16,000	32,000
Pamela B. Strobel .....	N/A	3 years	8,000	16,000	32,000
Randall E. Mehrberg .....	N/A	3 years	8,000	16,000	32,000
Oliver D. Kingsley, Jr. ....	N/A	3 years	14,000	28,000	56,000

- Exelon's Long Term Performance Share Award program under the Long-Term Incentive Plan provides incentives to key executives in the form of restricted stock and cash. Awards are determined upon the successful completion of strategic goals designed to achieve long term business success and increased shareholder value. These goals include Exelon's Total Shareholder Return (TSR) over the previous three years relative to established benchmarks including a peer group of companies listed on the Dow Jones Utility Index and the Standard & Poor's 500 Index (weighted 70%) and a quantifiable cash savings goal aligned with The Exelon Way initiative (weighted 30%). Grants under the Long Term Performance Share Award Program for 2004 are reflected in the Summary Compensation Table. See note 2 to that table.
- A target number of performance shares is established for each participant which is commensurate with the participant's base salary. Based on measured performance as described above, participants may earn up to 200% of their target and may earn nothing if thresholds are not met. Shares listed under the Threshold, Target and Maximum columns have been adjusted to reflect the 2 for 1 stock split effective on May 5, 2004.

## ComEd, PECO and Generation

### Board Compensation

Since the Merger Date, the boards of directors of ComEd and PECO have been comprised solely of employees of ComEd, PECO, Exelon or its subsidiaries. These individuals receive no additional compensation for serving as directors of ComEd or PECO.

Generation operates a limited liability company and has no board of directors.

## Executive Compensation

### ComEd

#### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary	Bonus	Other Annual Compensation (See Note 1)	Restricted Stock Award (See Notes 2 and 3)	Number of Options (See Note 4)	Payouts (See Notes 2 and 5)	All Other Compensation (See Notes 2 and 6)
Michael B. Bemis . . . . . Former President, Exelon Energy Delivery, and CEO, ComEd (See Note 7)	2004	\$ 93,480	\$ —	\$ 5,771	\$ —	\$ —	\$ —	\$ 333,526
	2003	414,687	292,346	177,294	423,020	—	—	1,616,569
	2002	121,195	121,347	—	—	—	—	31,813
John L. Skolds . . . . . Executive Vice President, Exelon Corp.	2004	571,154	462,239	3,472	739,118	80,000	426,400	514,883
	2003	530,673	393,837	2,762	634,530	80,000	—	64,276
	2002	492,423	499,800	121,510	416,724	90,000	—	62,363
John W. Rowe . . . . . Chairman, President & Chief Executive Officer, Exelon Corp.	2004	1,241,346	1,675,000	357,431	1,480,279	400,000	1,666,322	2,153,432
	2003	1,185,289	1,400,000	342,341	2,733,360	350,000	—	191,851
	2002	1,104,000	1,550,000	185,121	1,909,985	400,000	—	184,189
Robert S. Shapard . . . . . Executive Vice President & Chief Financial Officer, Exelon Corp.	2004	531,538	501,830	2,268	404,218	80,000	426,400	513,859
	2003	512,404	411,362	2,727	634,530	72,000	—	64,319
	2002	96,154	83,609	72,344	837,742	40,000	—	5,148
Ruth Ann M. Gillis . . . . . Senior Vice President, Exelon Corp.; Executive Vice President, ComEd	2004	388,029	321,158	6,612	277,927	54,000	293,151	344,872
	2003	364,471	263,123	7,230	444,171	54,000	—	35,319
	2002	346,615	265,360	4,298	347,270	70,000	—	34,426
Frank M. Clark . . . . . Executive Vice President, Exelon Corp.; President, ComEd	2004	402,596	275,367	8,355	626,927	54,000	293,151	377,067
	2003	377,404	227,880	9,427	444,171	54,000	—	67,432
	2002	352,500	274,827	5,981	604,470	70,000	—	66,187
Oliver D. Kingsley, Jr. . . . . President & Chief Operating Officer, Exelon Corp. through 10/31/2004	2004	768,269	1,139,000	218,497	—	140,000	2,238,570	12,105,852(6)
	2003	824,038	969,924	185,294	1,164,737	120,000	—	180,591
	2002	728,634	823,680	102,387	2,373,140	160,000	—	175,821

#### Notes to Summary Compensation Table

- The amounts shown under the column labeled "Other Annual Compensation" include perquisites and other personal benefits if the aggregate amount exceeds \$50,000, and/or amounts reimbursed for the payment of taxes. For Mr. Rowe, the amount shown for 2004 includes \$266,877 for personal use of corporate jet aircraft, and \$26,040 for the reimbursement of taxes. For Mr. Kingsley, the amount shown for 2004 includes \$149,631 for personal use of corporate jet aircraft and \$15,408 for the reimbursement of taxes. For Messrs. Bemis, Skolds, Shapard, Clark and Ms. Gillis, the amount shown is for the reimbursement of taxes.
- Exelon has a performance share award program under its Long Term Incentive Plan. Awards made prior to January 2005 were made in restricted stock that vested one-third upon the grant date and one-third upon each of the first and second anniversaries of the grant date. Beginning with awards made in January 2005 and for amounts vesting in 2005, if the participant has achieved 125% of the participant's stock ownership requirement, the performance shares are settled approximately one-half in cash and one half in stock, with the same vesting schedule as before. For the 3 year performance

period ended December 31, 2004, Mr. Rowe was granted 116,662 shares, Messrs. Shapard and Skolds were each granted 29,853 shares, Ms. Gillis and Mr. Clark were each granted 20,524 shares Mr. Kingsley was granted 52,242 shares. These shares were valued at \$42.85 per share. The amount of these grants that vested immediately is shown in the column headed "Long Term Compensation—Payouts", while the amount that will be settled in stock and will vest on the first and second anniversaries of the award is shown in the column headed "Restricted Stock Awards" and the amount that may be settled in stock or cash (depending on the participant's stock ownership on the first and second anniversaries of the grant) is shown in the column headed "All Other Compensation."

3. This column reports the value of the restricted stock portion of performance share awards as well as other restricted awards granted to individuals during the preceding year by the Compensation Committee and the Board of Directors in recognition of specific accomplishments and/or significant increases in job responsibilities. Mr. Skolds received a grant of 20,000 shares on February 1, 2004, valued at \$33.49 per share, which will all vest on February 1, 2009. Mr. Clark received a grant of 10,000 shares on July 26, 2004. 5,000 shares will vest on July 26, 2007 and 5,000 will vest on July 26, 2009. Dividends will be paid on these shares. The number of shares and the share price has been adjusted to reflect the 2 for 1 stock split on May 5, 2004.

The named executive officers held the amounts of restricted shares, including unvested performance shares granted with respect to the 3-year performance periods ending December 31, 2003 and December 31, 2002, as shown in the following table. Unvested restricted and performance shares continue to receive dividends. The value of restricted shares and unvested performance shares shown below in columns [A] and [B] is based on the December 31, 2004 closing price of Exelon stock, \$44.07 except for Mr. Kingsley's shares which are valued at \$39.62 as of October 31, 2004 and Mr. Bemis's shares which are valued at \$33.49 as of January 31, 2004 respectively, the last day of employment for each officer. Mr. Bemis's share total and value have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.

Columns [C], [D] and [E] in the following table include the amounts and value of restricted and unvested performance shares after the grant and vesting of performance shares on January 24, 2005. Column [C] shows the number of restricted shares and unvested performance shares that will be settled in stock, column [D] shows the number of performance shares that may be settled in cash or stock, depending on the participant's stock ownership at the date of vesting, and column [E] shows the total value of the restricted shares and performance shares shown in columns [C] and [D] as of January 24, 2005, when the closing price of Exelon stock was \$42.85.

	<b>Restricted &amp; Unvested Performance Shares Remaining After Vesting on 01/24/2005</b>				
	<b>[A] Number of Restricted and Unvested Performance Shares as of 12/31/2004</b>	<b>[B] Value of Restricted and Unvested Performance Shares as of 12/31/2004</b>	<b>[C] Number of Shares That Will Be Settled in Stock</b>	<b>[D] Number of Shares That May Be Settled in Cash or Stock</b>	<b>[E] Total Value of Shares in Columns [C] + [D] as of 01/24/2005</b>
Michael B. Bemis .....	8,666	\$ 290,224	—	—	\$ —
John L. Skolds .....	47,947	2,113,031	41,305	13,831	2,362,578
John W. Rowe .....	85,380	3,762,699	49,029	57,712	4,573,852
Robert S. Shapard .....	44,925	1,979,840	42,795	13,831	2,426,424
Ruth Ann M. Gillis .....	14,405	634,807	8,840	9,550	788,012
Frank M. Clark .....	34,405	1,516,207	28,840	9,550	1,645,012
Oliver D. Kingsley, Jr. ....	76,339	3,024,571	—	—	—

4. Options granted prior to May 5, 2004 reflect the effect of a 2 for 1 stock split as of that date.

5. The amounts shown under the column labeled "Long Term Compensation—Payouts" represent the value of the one third of the total performance share award granted with respect to the three year performance period ending December 31, 2004, which vested immediately on the date of grant. Officers who had reached 125% of their stock ownership requirement received a portion of their vested shares in cash. Mr. Kingsley's entire award vested upon grant because of his retirement. The amount of cash and the value of the vested shares of stock are as follows:

	<u>Cash Payout</u>	<u>Value of Vested Shares</u>
Michael B. Bemis .....	\$ —	\$ —
John L. Skolds .....	224,277	202,123
John W. Rowe .....	927,060	739,262
Robert S. Shapard .....	—	426,400
Ruth Ann M. Gillis .....	154,217	138,934
Frank M. Clark .....	154,217	138,934
Oliver D. Kingsley, Jr. ....	1,177,518	1,061,052

6. The amounts shown under the column labeled "All Other Compensation" include company paid matching contributions to qualified and non-qualified savings plans, the amounts paid as premiums for term life insurance policies for certain executives (for Mr. Rowe, a term life policy and a whole life policy), and the value of the unvested two-thirds of the performance share award granted with respect to the three-year performance period ending December 31, 2004 which will be paid out in cash or stock at the time of vesting in 2006 and 2007, depending upon the participants' stock ownership at that time.

	<u>Value of Company Contributions to Savings Plans</u>	<u>Value of Unvested Performance Shares From Current Grant</u>	<u>Company Paid Term Life Insurance Premiums</u>	<u>Other Items</u>
Michael B. Bemis .....	\$ 3,029	\$ —	\$ 44,152	\$ 286,345
John L. Skolds .....	28,558	448,583	37,742	—
John W. Rowe .....	62,067	1,852,366	238,999	—
Robert S. Shapard .....	26,577	448,583	38,699	—
Ruth Ann M. Gillis .....	19,402	308,375	17,095	—
Frank M. Clark .....	20,130	308,375	48,562	—
Oliver D. Kingsley, Jr. ....	35,962	—	139,389	11,930,501

Pursuant to Mr. Kingsley's employment agreement, he is entitled to an enhanced supplemental retirement benefit calculated as if he had 32 years of service. He elected to receive a lump sum of \$10,430,500 which was paid to him as of his retirement date, in accordance with his previous payment election.

Also, Exelon will reimburse Mr. Kingsley up to \$100,000 in any year for his daughter's medical care expenses not otherwise covered by insurance for a 15 year period which commenced on the date of his retirement. The estimated value of this benefit is \$1,500,000.

Pursuant to Mr. Kingsley's employment agreement, his outstanding restricted shares and outstanding performance shares vested upon his retirement. Mr. Kingsley and Exelon entered into a share repurchase agreement through which Exelon purchased from Mr. Kingsley a total of 360,000 shares in two transactions at the weighted average market price over a ten-day period prior to the repurchase date. Exelon paid Mr. Kingsley \$7,032,387 for 172,765 shares repurchased on November 17, 2004. Exelon also paid Mr. Kingsley \$8,297,933 for 187,235 shares of Exelon common repurchased on February 9, 2005. The amounts paid to Mr. Kingsley for repurchase of his shares of Exelon common stock are not included in the above table.

7. Mr. Bemis received a sign-on bonus when hired in August 2002, payable in January 2003. As reported in the 2004 Form 10-K, in connection with his resignation as of February 1, 2004, Mr. Bemis received a lump sum severance payment of \$450,000 and a fully vested award of 15,000 shares, worth \$1,004,700, representing final payment of his special incentive award program with respect to the Sithe Transaction, and \$9,936 to terminate an apartment lease. In 2004, Mr. Bemis was entitled to coverage under the term life insurance policy for certain executives for the full year and also received a distribution from his deferred compensation account in accordance with his previous payment election.

## Option Grants for 2004

### Individual Grants

	Number of Securities Underlying Options Granted (See Note 1)	Percentage of Total Options Granted to Employees in 2004	Exercise or Base Price (See Note 1)	Options Expiration Date	Grant Date Present Value (See Note 2)
Michael B. Bemis .....	—	—	\$ —	—	\$ —
John L. Skolds .....	80,000	1.14%	32.54	01/15/2014	445,600
John W. Rowe .....	400,000	5.72%	32.54	01/15/2014	2,228,000
Robert S. Shapard .....	80,000	1.14%	32.54	01/15/2014	445,600
Ruth Ann M. Gillis .....	54,000	0.77%	32.54	01/15/2014	300,780
Frank M. Clark .....	54,000	0.77%	32.54	01/15/2014	300,780
Oliver D. Kingsley, Jr. ....	140,000	2.00%	32.54	01/15/2014	779,800

- The number of options granted and the exercise or base price have been adjusted to reflect the 2 for 1 stock split which was effective on May 5, 2004.
- The "grant date present values" indicated in the Option Grants Table are estimates based on the Black-Scholes option pricing model. Although executives risk forfeiting these options in some circumstances, these risks are not factored into the calculated values. The actual value of these options will be determined by the excess of the stock price over the exercise price of the option on the date that the options are exercised. There is no certainty that the value realized will be at or near the value estimated by the Black-Scholes option pricing model.

The assumptions used for the Black-Scholes model are as of the date of grants, January 26, 2004, and are as follows: Risk free interest rate: 3.26%; Volatility: 22.84%; Dividend Yield: 3.30%; and time of exercise: 5 years.

## Option Exercises & Year End Value

As of December 31, 2004 (See Note 1)

	Number of Shares Acquired by Exercise	Dollar Value Realized From Exercise	Number of Securities Underlying Remaining Options		Dollar Value of In-the-Money Options	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael B. Bemis .....	—	\$ —	—	—	\$ —	\$ —
John L. Skolds .....	—	—	240,000	170,000	3,913,100	2,696,600
John W. Rowe .....	206,256	3,853,893	1,894,111	795,833	33,102,690	12,417,056
(See Note 2)						
Robert S. Shapard .....	—	—	44,668	147,332	868,663	2,223,617
Ruth Ann M. Gillis .....	28,500	405,319	281,167	117,833	5,392,180	1,883,746
Frank M. Clark .....	—	—	162,833	117,833	2,545,291	1,883,746
Oliver D. Kingsley, Jr. ...	218,500	3,066,112	724,000	—	11,576,280	—
(See Note 3)						

- This table shows the number and value of exercisable and unexercisable stock options for the named executive officers during 2004. The value is determined using the closing market price of Exelon common stock on December 31, 2004, which was \$44.07, less the exercise price of the options. All options whose exercise price exceeded the market price at the day of determination are valued at zero. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.
- All options exercised by Mr. Rowe during 2004 were done in accordance with a Rule 10b5-1 Trading Plan, which was entered into on February 3, 2004 when Mr. Rowe was unaware of any material adverse information in regard to current and prospective operations of Exelon which had not been publicly disclosed. The dates of the sales were set at the time the Trading Plan was established.
- All of Mr. Kingsley's options vested upon his retirement.

### Long-Term Incentive Plans—Awards in Last Fiscal Year

	Number of Shares, Units or Other Rights (See Note 1)	Performance Period until Maturation or Payout	Estimated future payouts under non-stock price-based plans (See Note 2)		
			Threshold	Target	Maximum
Michael B. Bemis .....	N/A	3 years	—	—	—
John L. Skolds .....	N/A	3 years	8,000	16,000	32,000
John W. Rowe .....	N/A	3 years	33,000	66,000	132,000
Robert S. Shapard .....	N/A	3 years	8,000	16,000	32,000
Ruth Ann M. Gillis .....	N/A	3 years	5,500	11,000	22,000
Frank M. Clark .....	N/A	3 years	5,500	11,000	22,000
Oliver D. Kingsley, Jr. ....	N/A	3 years	14,000	28,000	56,000

1. Exelon's Long Term Performance Share Award program under the Long-Term Incentive Plan provides incentives to key executives in the form of restricted stock and cash. Awards are determined upon the successful completion of strategic goals designed to achieve long term business success and increased shareholder value. These goals include Exelon's Total Shareholder Return (TSR) over the previous three years relative to established benchmarks including a peer group of companies listed on the Dow Jones Utility Index and the Standard & Poor's 500 Index (weighted 70%) and a quantifiable cash savings goal aligned with The Exelon Way initiative (weighted 30%). Grants under the Long Term Performance Share Award Program for 2004 are reflected in the Summary Compensation Table. See note 2 to that table.
2. A target number of performance shares is established for each participant which is commensurate with the participant's base salary. Based on measured performance as described above, participants may earn up to 200% of their target and may earn nothing if thresholds are not met. Shares listed under the Threshold, Target and Maximum columns have been adjusted to reflect the 2 for 1 stock split effective on May 5, 2004.

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Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary	Bonus	Other Annual Compensation (See Note 1)	Restricted Stock Award (See Notes 2 and 3)	Number of Options (See Note 4)	Payouts (See Notes 2 and 5)	All Other Compensation (See Notes 2 and 6)
Michael B. Bemis	2004	\$ 93,480	\$ —	\$ 5,771	\$ —	—	\$ —	\$ 333,526
Former President, Exelon Energy Delivery, and CEO, PECO Energy (See Note 7)	2003	414,687	292,346	177,294	423,020	—	—	1,616,569
	2002	121,195	121,347	—	—	—	—	31,813
John L. Skolds	2004	571,154	462,239	3,472	739,118	80,000	426,400	514,883
Executive Vice President, Exelon Corp.	2003	530,673	393,837	2,762	634,530	80,000	—	64,276
	2002	492,423	499,800	121,510	416,724	90,000	—	62,363
John W. Rowe	2004	1,241,346	1,675,000	357,431	1,480,279	400,000	1,666,322	2,153,432
Chairman, President & Chief Executive Officer, Exelon Corp.	2003	1,185,289	1,400,000	342,341	2,733,360	350,000	—	191,851
	2002	1,104,000	1,550,000	185,121	1,909,985	400,000	—	184,189
Robert S. Shapard	2004	531,538	501,830	2,268	404,218	80,000	426,400	513,859
Executive Vice President & Chief Financial Officer, Exelon Corp.	2003	512,404	411,362	2,727	634,530	72,000	—	64,319
	2002	96,154	83,609	72,344	837,742	40,000	—	5,148
Denis P. O'Brien	2004	344,498	238,873	5,570	202,106	40,000	213,193	260,141
President, PECO Energy Co.	2003	296,154	194,897	450	285,896	30,000	—	33,462
	2002	208,896	186,491	3	129,681	27,000	—	29,099
J. Barry Mitchell	2004	343,058	223,110	3,269	176,853	30,000	186,555	250,532
Senior Vice President, Exelon Corp.; CFO & Treasurer, PECO	2003	305,288	164,317	2,884	222,053	30,000	—	52,386
	2002	263,635	164,847	1,028	520,417	30,000	—	43,429
Oliver D. Kingsley, Jr.	2004	768,269	1,139,000	218,497	—	140,000	2,238,570	12,105,852 <sup>(6)</sup>
President & Chief Operating Officer, Exelon Corp.	2003	824,038	969,924	185,294	1,164,737	120,000	—	180,591
through 10/31/2004	2002	728,634	823,680	102,387	2,373,140	160,000	—	175,821

## Notes to Summary Compensation Table

- The amounts shown under the column labeled "Other Annual Compensation" include perquisites and other personal benefits if the aggregate amount exceeds \$50,000, and/or amounts reimbursed for the payment of taxes. For Mr. Rowe, the amount shown for 2004 includes \$266,877 for personal use of corporate jet aircraft, and \$26,040 for the reimbursement of taxes. For Mr. Kingsley, the amount shown for 2004 includes \$149,631 for personal use of corporate jet aircraft and \$15,408 for the reimbursement of taxes. For Messrs. Bemis, Skolds, Shapard, O'Brien and Mitchell the amount shown is for the reimbursement of taxes.
- Exelon has a performance share award program under its Long Term Incentive Plan. Awards made prior to January 2005 were made in restricted stock that vested one-third upon the grant date and one-third upon each of the first and second anniversaries of the grant date. Beginning with awards made in January 2005 and for amounts vesting in 2005, if the participant has achieved 125% of the participant's stock ownership requirement, the performance shares are settled approximately one-half in cash and one half in stock, with the same vesting schedule as before. For the 3 year performance period ended December 31, 2004, Mr. Rowe was granted 116,662 shares, Messrs. Shapard and Skolds were each granted 29,853 shares, Mr. O'Brien was granted 14,926 shares, Mr. Mitchell was granted 13,061 shares and Mr. Kingsley was granted 52,242 shares. These shares were valued at \$42.85 per share. The amount of these grants that vested immediately is shown in the column headed "Long Term Compensation—Payouts", while the amount that will be settled in stock and will vest on the first and second anniversaries of the award is shown in the column headed "Restricted Stock Awards" and the amount that may be settled in stock or cash (depending on the participant's stock ownership on the first and second anniversaries of the grant) is shown in the column headed "All Other Compensation."
- This column reports the value of the restricted stock portion of performance share awards as well as other restricted awards granted to individuals during the preceding year by the Compensation Committee and the Board of Directors in recognition of specific accomplishments and/or significant increases in job responsibilities. Mr. Skolds received a grant of 20,000 shares on February 1, 2004, valued at \$33.49 per share, which will all vest on February 1, 2009. Dividends will be paid on these shares. The number of shares and the share price has been adjusted to reflect the 2 for 1 stock split on May 5, 2004.

The named executive officers held the amounts of restricted shares, including unvested performance shares granted with respect to the 3-year performance periods ending December 31, 2003 and December 31, 2002, as shown in the following table. Unvested restricted and performance shares continue to receive dividends. The value of restricted shares and unvested performance shares shown below in columns [A] and [B] is based on the December 31, 2004 closing price of Exelon stock, \$44.07 except for Mr. Kingsley's shares which are valued at \$39.62 as of October 31, 2004 and Mr. Bemis's shares which are valued at \$33.49 as of January 31, 2004 respectively, the last day of employment for each officer. Mr. Bemis's share total and value have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.

Columns [C], [D] and [E] in the following table include the amounts and value of restricted and unvested performance shares after the grant and vesting of performance shares on January 24, 2005. Column [C] shows the number of restricted shares and unvested performance shares that will be settled in stock, column [D] shows the number of performance shares that may be settled in cash or stock, depending on the participant's stock ownership at the date of vesting, and column [E] shows the total value of the restricted shares and performance shares shown in columns [C] and [D] as of January 24, 2005, when the closing price of Exelon stock was \$42.85.

	[A] Number of Restricted and Unvested Performance Shares as of 12/31/2004	[B] Value of Restricted and Unvested Performance Shares as of 12/31/2004	Restricted & Unvested Performance Shares Remaining After Vesting on 01/24/2005		
			[C] Number of Shares That Will Be Settled in Stock	[D] Number of Shares That May Be Settled in Cash or Stock	[E] Total Value of Shares in Columns [C] + [D] as of 01/24/2005
Michael B. Bemis .....	8,666	\$ 290,224	—	—	\$ —
John L. Skolds .....	47,947	2,113,031	41,305	13,831	2,362,578
John W. Rowe .....	85,380	3,762,699	49,029	57,712	4,573,852
Robert S. Shapard .....	44,925	1,979,840	42,795	13,831	2,426,424
Denis P. O'Brien .....	7,923	349,167	6,231	6,749	556,193
J. Barry Mitchell .....	21,503	947,632	20,304	5,757	1,116,714
Oliver D. Kingsley, Jr. ....	76,339	3,024,571	—	—	—

- Options granted prior to May 5, 2004 reflect the effect of a 2 for 1 stock split as of that date.
- The amounts shown under the column labeled "Long Term Compensation—Payouts" represent the value of the one third of the total performance share award granted with respect to the three year performance period ending December 31, 2004, which vested immediately on the date of grant. Officers who had reached 125% of their stock ownership requirement received a portion of their vested shares in cash. Mr. Kingsley's entire award vested upon grant because of his retirement. The amount of cash and the value of the vested shares of stock are as follows:

	Cash Payout	Value of Vested Shares
Michael B. Bemis .....	\$ —	\$ —
John L. Skolds .....	224,277	202,123
John W. Rowe .....	927,060	739,262
Robert S. Shapard .....	—	426,400
Denis P. O'Brien .....	—	213,193
J. Barry Mitchell .....	98,127	88,428
Oliver D. Kingsley, Jr. ....	1,177,518	1,061,052

6. The amounts shown under the column labeled "All Other Compensation" include company paid matching contributions to qualified and non-qualified savings plans along with the value of the unvested two-thirds of the performance share award granted with respect to the three-year performance period ending December 31, 2004 which will be paid out in cash or stock at the time of vesting in 2006 and 2007, depending upon the participants' stock ownership at that time.

	Value of Company Contributions to Savings Plans	Value of Unvested Performance Shares From Current Grant	Company Paid Term Life Insurance Premiums	Other Items
Michael B. Bemis .....	\$ 3,029	\$ —	\$ 44,152	\$ 286,345
John L. Skolds .....	28,558	448,583	37,742	—
John W. Rowe .....	62,067	1,852,366	238,999	—
Robert S. Shapard .....	26,577	448,583	38,699	—
Denis P. O'Brien .....	17,207	224,280	18,654	—
J. Barry Mitchell .....	17,153	196,257	37,122	—
Oliver D. Kingsley, Jr. ....	35,962	—	139,389	11,930,501

Pursuant to Mr. Kingsley's employment agreement, he is entitled to an enhanced supplemental retirement benefit calculated as if he had 32 years of service. He elected to receive a lump sum of \$10,430,501 which was paid to him as of his retirement date, in accordance with his previous payment election.

Also, Exelon will reimburse Mr. Kingsley up to \$100,000 in any year for his daughter's medical care expenses not otherwise covered by insurance for a 15 year period which commenced on the date of his retirement. The estimated value of this benefit is \$1,500,000.

Pursuant to Mr. Kingsley's employment agreement, his outstanding restricted shares and outstanding performance shares vested upon his retirement. Mr. Kingsley and Exelon entered into a share repurchase agreement through which Exelon purchased from Mr. Kingsley a total of 360,000 shares in two transactions at the weighted average market price over a ten-day period prior to the repurchase date. Exelon paid Mr. Kingsley \$7,032,387 for 172,765 shares repurchased on November 17, 2004. Exelon also paid Mr. Kingsley \$8,297,933 for 187,235 shares of Exelon common stock repurchased on February 9, 2005. The amounts paid to Mr. Kingsley for repurchase of his shares of Exelon common stock are not included in the above table.

7. Mr. Bemis received a sign-on bonus when hired in August 2002, payable in January 2003. As reported in the 2004 Information Statement, in connection with his resignation as of February 1, 2004, Mr. Bemis received a lump sum severance payment of \$450,000 and a fully vested award of 15,000 shares, worth \$1,004,700, representing final payment of his special incentive award program with respect to the Sithe Transaction, and \$9,936 to terminate an apartment lease. In 2004, Mr. Bemis was entitled to coverage under the term life insurance policy for certain executives for the full year and also received a distribution from his deferred compensation account in accordance with his previous payment election.

## Option Grants for 2004

### Individual Grants

	Number of Securities Underlying Options Granted (See Note 1)	Percentage of Total Options Granted to Employees in 2004	Exercise or Base Price (See Note 1) (\$ / Share)	Options Expiration Date	Grant Date Present Value (See Note 2)
Michael B. Bemis	—	—	\$ —	—	\$ —
John L. Skolds	80,000	1.14%	32.54	01/15/2014	445,600
John W. Rowe	400,000	5.72%	32.54	01/15/2014	2,228,000
Robert S. Shapard	80,000	1.14%	32.54	01/15/2014	445,600
Denis P. O'Brien	40,000	0.57%	32.54	01/15/2014	222,800
J. Barry Mitchell	30,000	0.43%	32.54	01/15/2014	167,100
Oliver D. Kingsley, Jr.	140,000	2.00%	32.54	01/15/2014	779,800

- The number of options granted and the exercise or base price have been adjusted to reflect the 2 for 1 stock split which was effective on May 5, 2004.
- The "grant date present values" indicated in the Option Grants Table are estimates based on the Black-Scholes option pricing model. Although executives risk forfeiting these options in some circumstances, these risks are not factored into the calculated values. The actual value of these options will be determined by the excess of the stock price over the exercise price of the option on the date that the options are exercised. There is no certainty that the value realized will be at or near the value estimated by the Black-Scholes option pricing model.

The assumptions used for the Black-Scholes model are as of the date of grants, January 26, 2004, and are as follows: Risk free interest rate: 3.26%; Volatility: 22.84%; Dividend Yield: 3.30%; and time of exercise: 5 years.

## Option Exercises & Year End Value

As of December 31, 2004 (See Note 1)

	Number of Shares Acquired by Exercise	Dollar Value Realized From Exercise	Number of Securities Underlying Remaining Options		Dollar Value of In-the-Money Options	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael B. Bemis	—	\$ —	—	—	\$ —	\$ —
John L. Skolds	—	—	240,000	170,000	3,913,100	2,696,600
John W. Rowe (See Note 2)	206,256	\$3,853,893	1,894,111	795,833	33,102,690	12,417,056
Robert S. Shapard	—	—	44,668	147,332	868,663	2,223,617
Denis P. O'Brien	—	—	98,500	71,500	2,219,422	1,080,153
J. Barry Mitchell	64,000	\$1,249,600	100,100	62,500	2,130,414	985,463
Oliver D. Kingsley, Jr. (See Note 3)	218,500	\$3,066,112	724,000	—	11,576,280	—

- This table shows the number and value of exercisable and unexercisable stock options for the named executive officers during 2004. The value is determined using the closing market price of Exelon common stock on December 31, 2004, which was \$44.07, less the exercise price of the options. All options whose exercise price exceeded the market price at the day of determination are valued at zero. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.
- All options exercised by Mr. Rowe during 2004 were done in accordance with a Rule 10b5-1 Trading Plan, which was entered into on February 3, 2004 when Mr. Rowe was unaware of any material adverse information in regard to current and prospective operations of Exelon which had not been publicly disclosed. The dates of the sales were set at the time the Trading Plan was established.
- All of Mr. Kingsley's options vested upon his retirement.

### Long-Term Incentive Plans—Awards in Last Fiscal Year

	Number of Shares, Units or Other Rights (See Note 1)	Performance Period until Maturation or Payout	Estimated future payouts under non-stock price-based plans (See Note 2)		
			Threshold	Target	Maximum
Michael B. Bemis .....	N/A	3 years	N/A	N/A	N/A
John L. Skolds .....	N/A	3 years	8,000	16,000	32,000
John W. Rowe .....	N/A	3 years	33,000	66,000	132,000
Robert S. Shapard .....	N/A	3 years	8,000	16,000	32,000
Denis P. O'Brien .....	N/A	3 years	4,000	8,000	16,000
J. Barry Mitchell .....	N/A	3 years	3,500	7,000	14,000
Oliver D. Kingsley, Jr. ....	N/A	3 years	14,000	28,000	56,000

1. Exelon's Long Term Performance Share Award program under the Long-Term Incentive Plan provides incentives to key executives in the form of restricted stock and cash. Awards are determined upon the successful completion of strategic goals designed to achieve long term business success and increased shareholder value. These goals include Exelon's Total Shareholder Return (TSR) over the previous three years relative to established benchmarks including a peer group of companies listed on the Dow Jones Utility Index and the Standard & Poor's 500 Index (weighted 70%) and a quantifiable cash savings goal aligned with The Exelon Way initiative (weighted 30%). Grants under the Long Term Performance Share Award Program for 2004 are reflected in the Summary Compensation Table. See note 2 to that table.
2. A target number of performance shares is established for each participant which is commensurate with the participant's base salary. Based on measured performance as described above, participants may earn up to 200% of their target and may earn nothing if thresholds are not met. Shares listed under the Threshold, Target and Maximum columns have been adjusted to reflect the 2 for 1 stock split effective on May 5, 2004.

## Generation

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary	Bonus	Other Annual Compensation (See Note 1)	Restricted Stock Award (See Notes 2 and 3)	Number of Options (See Note 4)	Payouts (See Notes 2 and 5)	All Other Compensation (See Notes 2 and 6)
Oliver D. Kingsley, Jr.	2004	\$ 768,269	\$1,139,000	\$218,497	\$ —	\$140,000	\$2,238,570	\$12,105,852 <sup>(6)</sup>
President & Chief Operating Officer, Exelon Corp. through 10/31/2004	2003	824,038	969,924	185,294	1,164,737	120,000	—	180,591
	2002	728,634	823,680	102,387	2,373,140	160,000	—	175,821
John F. Young	2004	435,807	505,680	5,066	330,695	54,000	348,842	415,106
Executive Vice President, Exelon Corp.; President, Genco	2003	311,923	214,159	144,943	494,236	30,000	—	185,973
	2002	—	—	—	—	—	—	—
John W. Rowe	2004	1,241,346	1,675,000	357,431	1,480,279	400,000	1,666,322	2,153,432
Chairman, President & Chief Executive Officer, Exelon Corp.	2003	1,185,289	1,400,000	342,341	2,733,360	350,000	—	191,851
	2002	1,104,000	1,550,000	185,121	1,909,985	400,000	—	184,189
Robert S. Shapard	2004	531,538	501,830	2,268	404,218	80,000	426,400	513,859
Executive Vice President & Chief Financial Officer, Exelon Corp.	2003	512,404	411,362	2,727	634,530	72,000	—	64,319
	2002	96,154	83,609	72,344	837,742	40,000	—	5,148
Christopher M. Crane	2004	458,269	420,654	1,738	961,827	54,000	293,151	348,425
Senior Vice President, Exelon Corp.	2003	387,788	219,489	277	317,265	40,000	—	36,525
	2002	360,769	325,078	0	277,816	70,000	—	62,174
Ian P. McLean	2004	427,438	407,705	3,076	404,218	80,000	426,400	506,844
Executive Vice President, Exelon Corp.	2003	411,827	273,607	9,657	634,530	72,000	—	57,511
	2002	385,462	187,176	15,842	—	99,288	1,000,000	40,766
John L. Skolds	2004	571,154	462,239	3,472	739,118	80,000	426,400	514,883
Executive Vice President, Exelon Corp.	2003	530,673	393,837	2,762	634,530	80,000	—	64,276
	2002	492,423	499,800	121,510	416,724	90,000	—	62,363

#### Notes to Summary Compensation Table

- The amounts shown under the column labeled "Other Annual Compensation" include perquisites and other personal benefits if the aggregate amount exceeds \$50,000, and/or amounts reimbursed for the payment of taxes. For Mr. Rowe, the amount shown for 2004 includes \$266,877 for personal use of corporate jet aircraft, and \$26,040 for the reimbursement of taxes. For Mr. Kingsley, the amount shown for 2004 includes \$149,631 for personal use of corporate jet aircraft and \$15,408 for the reimbursement of taxes. For Messrs. Young, Shapard, Crane, McLean and Skolds the amount shown is for the reimbursement of taxes.
- Exelon has a performance share award program under its Long Term Incentive Plan. Awards made prior to January 2005 were made in restricted stock that vested one-third upon the grant date and one-third upon each of the first and second anniversaries of the grant date. Beginning with awards made in January 2005 and for amounts vesting in 2005, if the participant has achieved 125% of the participant's stock ownership requirement, the performance shares are settled approximately one-half in cash and one half in stock, with the same vesting schedule as before. For the 3 year performance period ended December 31, 2004, Mr. Rowe was granted 116,662 shares, Messrs. Shapard, Skolds, and McLean were

each granted 29,853 shares, Mr. Young was granted 24,423 shares, Mr. Crane was granted 20,524 shares, and Mr. Kingsley was granted 52,242 shares. These shares were valued at \$42.85 per share. The amount of these grants that vested immediately is shown in the column headed "Long Term Compensation—Payouts", while the amount that will be settled in stock and will vest on the first and second anniversaries of the award is shown in the column headed "Restricted Stock Awards" and the amount that may be settled in stock or cash (depending on the participant's stock ownership on the first and second anniversaries of the grant) is shown in the column headed "All Other Compensation."

3. This column reports the value of the restricted stock portion of performance share awards as well as other restricted awards granted to individuals during the preceding year by the Compensation Committee and the Board of Directors in recognition of specific accomplishments and/or significant increases in job responsibilities. Mr. Skolds received a grant of 20,000 shares on February 1, 2004, valued at \$33.49 per share, which will all vest on February 1, 2009. Mr. Crane received 10,000 shares on February 1, 2004 and 10,000 shares on July 26, 2004. Both grants will fully vest on their respective anniversary dates in 2009. Dividends are payable on these shares. The number of shares and the share price has been adjusted to reflect the 2 for 1 stock split on May 5, 2004.

The named executive officers held the amounts of restricted shares, including unvested performance shares granted with respect to the 3-year performance periods ending December 31, 2003 and December 31, 2002, as shown in the following table. Unvested restricted and performance shares continue to receive dividends. The value of restricted shares and unvested performance shares shown below in columns [A] and [B] is based on the December 31, 2004 closing price of Exelon stock, \$44.07 except for Mr. Kingsley's shares which are valued at \$39.62 as of October 31, 2004, the last day of his employment.

Columns [C], [D] and [E] in the following table include the amounts and value of restricted and unvested performance shares after the grant and vesting of performance shares on January 24, 2005. Column [C] shows the number of restricted shares and unvested performance shares that will be settled in stock, column [D] shows the number of performance shares that may be settled in cash or stock, depending on the participant's stock ownership at the date of vesting, and column [E] shows the total value of the restricted shares and performance shares shown in columns [C] and [D] as of January 24, 2005, when the closing price of Exelon stock was \$42.85.

	Restricted & Unvested Performance Shares Remaining After Vesting on 01/24/2005				
	[A] Number of Restricted and Unvested Performance Shares as of 12/31/2004	[B] Value of Restricted and Unvested Performance Shares as of 12/31/2004	[C] Number of Shares That Will Be Settled in Stock	[D] Number of Shares That May Be Settled in Cash or Stock	[E] Total Value of Shares in Columns [C] + [D] as of 01/24/2005
Oliver D. Kingsley, Jr. ....	76,339	\$3,024,571	—	—	\$ —
John F. Young .....	12,865	566,955	14,684	10,531	1,080,463
John W. Rowe .....	85,380	3,762,699	49,029	57,712	4,573,852
Robert S. Shapard .....	44,925	1,979,840	42,795	13,831	2,426,424
Christopher M. Crane .....	30,717	1,353,685	28,167	8,878	1,587,378
Ian P. McLean .....	17,458	769,378	12,795	13,831	1,140,924
John L. Skolds .....	47,947	2,113,031	41,305	13,831	2,362,578

4. Options granted prior to May 5, 2004 reflect the effect of a 2 for 1 stock split as of that date.
5. The amounts shown under the column labeled "Long Term Compensation—Payouts" represent the value of the one third of the total performance share award granted with respect to the three year performance period ending December 31, 2004, which vested immediately on the date of grant. Officers who had reached 125% of their stock ownership requirement received a portion of their vested shares in cash. Mr. Kingsley's entire award vested upon grant because of his retirement. The amount of cash and the value of the vested shares of stock are as follows:

	Cash Payout	Value of Vested Shares
Oliver D. Kingsley, Jr. ....	\$1,177,518	\$1,061,052
John F. Young .....	—	348,842
John W. Rowe .....	927,060	739,262
Robert S. Shapard .....	—	426,400
Christopher M. Crane .....	154,217	138,934
Ian P. McLean .....	224,277	202,123
John L. Skolds .....	224,277	202,123

6. The amounts shown under the column labeled "All Other Compensation" include company paid matching contributions to qualified and non-qualified savings plans along with the value of the unvested two-thirds of the performance share award granted with respect to the three-year performance period ending December 31, 2004 which will be paid out in cash or stock at the time of vesting in 2006 and 2007, depending upon the participants' stock ownership at that time.

	Value of Company Contributions to Savings Plans	Value of Unvested Performance Shares From Current Grant	Company Paid Term Life Insurance Premiums	Other Items
Oliver D. Kingsley, Jr. ....	\$35,962	\$ —	\$139,389	\$11,930,501
John F. Young .....	21,779	366,989	26,338	—
John W. Rowe .....	62,067	1,852,366	238,999	—
Robert S. Shapard .....	26,577	448,583	38,699	—
Christopher M. Crane .....	22,914	308,375	17,136	—
Ian P. McLean .....	21,341	448,583	36,920	—
John L. Skolds .....	28,558	448,583	37,742	—

Pursuant to Mr. Kingsley's employment agreement, he is entitled to an enhanced supplemental retirement benefit calculated as if he had 32 years of service. He elected to receive a lump sum of \$10,430,501 which was paid to him as of his retirement date, in accordance with his previous payment election.

Also, Exelon will reimburse Mr. Kingsley up to \$100,000 in any year for his daughter's medical care expenses not otherwise covered by insurance for a 15 year period which commenced on the date of his retirement. The estimated value of this benefit is \$1,500,000.

Pursuant to Mr. Kingsley's employment agreement, his outstanding restricted shares and outstanding performance shares vested upon his retirement. Mr. Kingsley and Exelon entered into a share repurchase agreement through which Exelon purchased from Mr. Kingsley a total of 360,000 shares in two transactions at the weighted average market price over a ten-day period prior to the repurchase date. Exelon paid Mr. Kingsley \$7,032,387 for 172,765 shares repurchased on November 17, 2004. Exelon also paid Mr. Kingsley \$8,297,933 for 187,235 shares of Exelon common stock repurchased on February 9, 2005. The amounts paid to Mr. Kingsley for repurchase of his shares of Exelon common stock are not included in the above table.

### Option Grants for 2004

#### Individual Grants

	Number of Securities Underlying Options Granted (See Note 1)	Percentage of Total Options Granted to Employees in 2004	Exercise or Base Price (See Note 1)	Options Expiration Date	Grant Date Present Value (See Note 2)
Oliver D. Kingsley, Jr. ....	140,000	2.00%	\$32.54	01/15/2014	\$ 779,800
John F. Young .....	54,000	0.77%	32.54	01/15/2014	300,780
John W. Rowe .....	400,000	5.72%	32.54	01/15/2014	2,228,000
Robert S. Shapard .....	80,000	1.14%	32.54	01/15/2014	445,600
Christopher M. Crane .....	54,000	0.77%	32.54	01/15/2014	300,780
Ian P. McLean .....	80,000	1.14%	32.54	01/15/2014	445,600
John L. Skolds .....	80,000	1.14%	32.54	01/15/2014	445,600

1. The number of options granted and the exercise or base price have been adjusted to reflect the 2 for 1 stock split which was effective on May 5, 2004.
2. The "grant date present values" indicated in the Option Grants Table are estimates based on the Black-Scholes option pricing model. Although executives risk forfeiting these options in some circumstances, these risks are not factored into the calculated values. The actual value of these options will be determined by the excess of the stock price over the exercise price of the option on the date that the options are exercised. There is no certainty that the value realized will be at or near the value estimated by the Black-Scholes option pricing model.

The assumptions used for the Black-Scholes model are as of the date of grants, January 26, 2004, and are as follows: Risk free interest rate: 3.26%; Volatility: 22.84%; Dividend Yield: 3.30%; and time of exercise: 5 years.

## Option Exercises & Year End Value

As of December 31, 2004 (See Note 1)

	Number of Shares Acquired by Exercise	Dollar Value Realized From Exercise	Number of Securities Underlying Remaining Options		Dollar Value of In-the-Money Options	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Oliver D. Kingsley, Jr. (See Note 2) . . . . .	218,500	\$3,066,112	724,000	—	\$11,576,280	\$ —
John F. Young . . . . .	—	—	7,500	76,500	145,000	1,060,020
John W. Rowe (See Note 3) . . . . .	206,256	3,853,893	1,894,111	795,833	33,102,690	12,417,056
Robert S. Shapard . . . . .	—	—	44,668	147,332	868,663	2,223,617
Christopher M. Crane . . . . .	—	—	164,667	107,333	2,701,017	1,681,463
Ian P. McLean . . . . .	20,000	282,150	210,192	167,096	5,135,419	3,458,488
John L. Skolds . . . . .	—	—	240,000	170,000	3,913,100	2,696,600

1. This table shows the number and value of exercisable and unexercisable stock options for the named executive officers during 2004. The value is determined using the closing market price of Exelon common stock on December 31, 2004, which was \$44.07, less the exercise price of the options. All options whose exercise price exceeded the market price at the day of determination are valued at zero. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004.
2. All of Mr. Kingsley's options vested upon his retirement.
3. All options exercised by Mr. Rowe during 2004 were done in accordance with a Rule 10b5-1 Trading Plan, which was entered into on February 3, 2004 when Mr. Rowe was unaware of any material adverse information in regard to current and prospective operations of Exelon which had not been publicly disclosed. The dates of the sales were set at the time the Trading Plan was established.

## Long-Term Incentive Plans—Awards in Last Fiscal Year

	Number of Shares, Units or Other Rights (See Note 1)	Performance Period until Maturation or Payout.	Estimated future payouts under non-stock price-based plans (See Note 2)		
			Threshold	Target	Maximum
Oliver D. Kingsley, Jr. ....	N/A	3 years	14,000	28,000	56,000
John F. Young .....	N/A	3 years	6,545	13,090	26,180
John W. Rowe .....	N/A	3 years	33,000	66,000	132,000
Robert S. Shapard .....	N/A	3 years	8,000	16,000	32,000
Christopher M. Crane .....	N/A	3 years	5,500	11,000	22,000
Ian P. McLean .....	N/A	3 years	8,000	16,000	32,000
John L. Skolds .....	N/A	3 years	8,000	16,000	32,000

1. Exelon's Long Term Performance Share Award program under the Long-Term Incentive Plan provides incentives to key executives in the form of restricted stock and cash. Awards are determined upon the successful completion of strategic goals designed to achieve long term business success and increased shareholder value. These goals include Exelon's Total Shareholder Return (TSR) over the previous three years relative to established benchmarks including a peer group of companies listed on the Dow Jones Utility Index and the Standard & Poor's 500 Index (weighted 70%) and a quantifiable cash savings goal aligned with The Exelon Way initiative (weighted 30%). Grants under the Long Term Performance Share Award Program for 2004 are reflected in the Summary Compensation Table. See note 2 to that table.
2. A target number of performance shares is established for each participant which is commensurate with the participant's base salary. Based on measured performance as described above, participants may earn up to 200% of their target and may earn nothing if thresholds are not met. Shares listed under the Threshold, Target and Maximum columns have been adjusted to reflect the 2 for 1 stock split effective on May 5, 2004.

### Retirement Benefit Plans

The following tables show the estimated annual retirement benefits payable on a straight-life annuity basis to participating employees, including officers, in the earnings and year of service classes indicated, under Exelon's non-contributory retirement plans. The amounts shown in the table are not subject to any reductions for social security or other offset amounts.

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans which cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to transfer to a cash balance plan. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code.

Covered compensation under the plans generally includes salary and bonus which is disclosed in the Summary Compensation Table under "—Executive Compensation" for the named executive officers. The calculation of retirement benefits under the Exelon Corporation Retirement Program is based upon average earnings for the highest consecutive five-year period under the PECO Energy Company Service Annuity Benefit Formula and for the highest four-year period (three-year for certain represented employees) under the ComEd Service Annuity Benefit Formula.

The Internal Revenue Code limits the individual annual compensation that may be taken into account under tax-qualified retirement plan to \$205,000 as of January 1, 2004 and the amount that an individual may accrue in one year under such a defined benefit plan to \$165,000 as of January 1, 2004. As permitted by the Employee Retirement Income Security Act of 1974, as amended, Exelon sponsors supplemental pension plans which allow the payment to certain individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits.

**Service Annuity System Benefit Table—PECO**  
(applicable to employees of Exelon, PECO and Generation)

Highest 5-year annual earnings	Annual normal retirement benefits based on specified years of service and earnings						
	10 years	15 years	20 years	25 years	30 years	35 years	40 years
\$ 100,000	\$ 18,960	\$ 25,940	\$ 32,921	\$ 39,901	\$ 46,881	\$ 53,861	\$ 60,841
200,000	39,460	54,190	68,921	83,651	98,381	113,111	127,841
300,000	59,960	82,440	104,921	127,401	149,881	172,361	194,841
400,000	80,460	110,690	140,921	171,151	201,381	231,611	261,841
500,000	100,960	138,940	176,921	214,901	252,881	290,861	328,841
600,000	121,460	167,190	212,921	258,651	304,381	350,111	395,841
700,000	141,960	195,440	248,921	302,401	355,881	409,361	462,841
800,000	162,460	223,690	284,921	346,151	407,381	468,611	529,841
900,000	182,960	251,940	320,921	389,901	458,881	527,861	596,841
1,000,000	203,460	280,190	356,921	433,651	510,381	587,111	663,841

**Service Annuity System Benefit Table—ComEd**  
(applicable to employees of Exelon, ComEd and Generation)

Highest 5-year annual earnings	Annual normal retirement benefits based on specified years of service and earnings						
	10 years	15 years	20 years	25 years	30 years	35 years	40 years
\$ 100,000	\$ 16,914	\$ 28,699	\$ 39,599	\$ 49,808	\$ 59,490	\$ 68,776	\$ 77,761
200,000	33,978	58,237	80,680	101,694	121,601	140,652	159,043
300,000	51,041	87,775	121,760	153,580	183,711	212,528	240,324
400,000	68,103	117,312	162,841	205,466	245,822	284,404	321,604
500,000	85,169	146,849	203,921	257,352	307,933	356,281	402,886
600,000	102,233	176,387	245,002	309,238	370,043	428,157	484,167
700,000	119,296	205,924	286,082	361,124	432,153	500,034	565,447
800,000	136,360	235,462	327,163	413,011	494,263	571,910	646,728
900,000	153,424	264,999	368,243	464,897	556,374	643,786	728,009
1,000,000	170,488	294,537	409,324	516,783	618,484	715,662	809,290

**Credited Years of Service**

The executive officers who are named in the Summary Compensation Tables have the following credited years of service as of December 31, 2004 (partial years are not included):

**Exelon**

John W. Rowe	26 years
John L. Skolds	4 years
Pamela B. Strobel	20 years
Randall E. Mehrberg	4 years
Oliver D. Kingsley, Jr.	32 years

**ComEd**

John L. Skolds	4 years
John W. Rowe	26 years
Ruth Ann Gillis	7 years
Frank M. Clark	39 years
Oliver D. Kingsley, Jr.	32 years

**GENERATION**

Oliver D. Kingsley, Jr.	32 years
John W. Rowe	26 years
Christopher M. Crane	12 years
Ian P. McLean	5 years
John L. Skolds	4 years

**PECO**

John L. Skolds	4 years
John W. Rowe	26 years
J. Barry Mitchell	33 years
Oliver D. Kingsley, Jr.	32 years

With respect to executive officers' credited years of service: Mr. Skolds will receive an additional 7½ years of service upon his 5th anniversary of employment and 7½ years upon his 10th anniversary; Mr. Mehrberg will receive an additional 10 years upon his 5th anniversary; and Mr. Crane will receive an additional year for each year until his 10th anniversary.

### **Cash Balance Pension Plan**

Mr. Shapard, Mr. Young and Mr. O'Brien participate in the Exelon Corporation Cash Balance Pension Plan. Mr. Bemis also participated in this plan. Under this plan, a notional account is established for each participant. For each active participant, the account balance grows as a result of annual benefit credits and annual investment credits.

Currently, the benefit credit under the plan is 5.75% of base pay and annual incentive award (subject to applicable Internal Revenue Code limit). The annual investment credit is the greater of 4% or the average for the year of the S&P 500 Index and the applicable interest rate used under Section 417(e) of the Internal Revenue Code to determine lump sums, determined as of November of such year.

Benefits are vested and nonforfeitable after completion of at least five years of service, and are payable following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the Cash Balance Pension Plan.

### **Employment Agreements**

#### **Employment Agreement with Mr. Rowe**

Under the amended and restated employment agreement between Exelon and Mr. Rowe, Mr. Rowe has been serving as Chief Executive Officer of Exelon, Chairman of the Board and a member of the Exelon board of directors since the 2002 annual meeting of shareholders.

Under the employment agreement, which continues in effect until Mr. Rowe's termination, Mr. Rowe's annual base salary is determined by Exelon's compensation committee. He is eligible to participate in the annual incentive award program, long-term incentive plan and all savings, deferred compensation, retirement and other employee benefit plans generally available to other senior executives of Exelon on the same basis as other senior executives of Exelon. His life insurance coverage will be at least three times his base salary.

In addition, Mr. Rowe is entitled to receive a special supplemental executive retirement plan, the "SERP," benefit upon termination of employment for any reason other than for cause. The special SERP benefit, when added to all other retirement benefits provided to Mr. Rowe by Exelon, will equal Mr. Rowe's SERP benefit, calculated under the terms of the SERP in effect on March 10, 1998 as if:

- he had attained age 60 (or his actual age, if greater);
- he had earned 20 years of service on March 16, 1998 and one additional year of service on each anniversary after that date and prior to termination; and
- his annual incentive awards for each of 1998 and 1999 had been \$300,000 greater than the annual incentive awards he actually received for those years.

On February 19, 1999, Mr. Rowe was granted a right to receive, on termination of employment, 24,688 shares of Exelon common stock, increased by the number of shares that could have been acquired with dividends on such number of shares after that date and subject to adjustment for events such as recapitalization, merger, or stock splits.

Except as provided below, if Exelon terminates Mr. Rowe's employment for reasons other than cause, death or disability or if he terminates employment for good reason, he would be entitled to the following benefits:

- a lump sum payment of Mr. Rowe's accrued but unpaid base salary and annual incentive, and a prorated annual bonus for the year in which his employment terminates;
- for a two-year severance period following the termination of employment, continued payment of base salary and continued payment of an annual incentive equal to either the annual incentive for the last year ending prior to termination or the average of the annual incentives payable with respect to Mr. Rowe's last three full years of employment, whichever is greater;
- for the two-year severance period, continuation of life, disability, accident, health and other welfare benefits for him and his family, plus post-retirement health care coverage for him and his wife for the remainder of their respective lives;
- all exercisable options remain exercisable until the applicable option expiration date; and
- unvested options continue to become exercisable during the two-year severance period and thereafter remain exercisable until the applicable option expiration date.

The term "good reason" means any material breach of the employment agreement by Exelon, including:

- a failure to provide compensation and benefits required under the employment agreement;
- causing Mr. Rowe to report to someone other than the Exelon board of directors;
- any material adverse change in Mr. Rowe's status, responsibilities or perquisites; or
- any announcement by the Exelon board of directors without Mr. Rowe's consent that Exelon is seeking a replacement for Mr. Rowe.

The term "cause" means any of the following, unless cured within the time period specified in the agreement:

- conviction of a felony or a misdemeanor involving moral turpitude, fraud or dishonesty;
- willful misconduct in the performance of duties intended to personally benefit the executive; or
- material breach of the agreement (other than as a result of incapacity due to physical or mental illness).

In connection with Exelon's entry into the merger agreement, Mr. Rowe's employment agreement was amended to provide that Mr. Ferland's service as non-executive Chairman of the Exelon board of directors for the periods described in the Amended and Restated By-laws of Exelon to be adopted upon completion of the merger will not constitute "good reason." Therefore, Mr. Rowe is not entitled to any severance payments as a result of the merger with PSEG.

Mr. Rowe would receive the termination benefits described under "—Other Change in Control Employment Agreements and Severance Plan" below rather than the benefits described in the previous paragraph, if Exelon terminates Mr. Rowe without cause or he terminates with good reason, and

- the termination occurs within 24 months after a change in control of Exelon or within 18 months after a Significant Acquisition (as each is described under "—Other Change in Control Employment Agreements and Severance Plan"); or
- Mr. Rowe resigns before normal retirement because of the failure to be appointed or elected as the sole Chief Executive Officer and Chairman of the Board and as a member of the Exelon board of directors,

except that:

- instead of receiving the target annual incentive for the year in which termination occurs, Mr. Rowe will receive an annual incentive award for the year in which termination occurs, based on the higher of the prior year's annual incentive payment or the average annual incentives paid over the prior three years;
- in determining the severance payment for Mr. Rowe, the average incentive awards for three years preceding the termination will be used rather than a two year average;
- following the three-year period during which welfare benefits are continued, Mr. Rowe and his wife will be eligible to receive post-retirement health care coverage; and
- change in control benefits are not provided to Mr. Rowe for a termination of employment in the event of a Disaggregation (see "—Other Change in Control Employment Agreements and Severance Plan" for a discussion of this term).

With respect to a termination of employment during the change in control or Significant Acquisition periods described above, the following events will constitute additional grounds for termination for good reason:

- a good faith determination by Mr. Rowe that he is substantially unable to perform, or that there has been a material reduction in, any of his duties, functions, responsibilities or authority;
- the failure of any successor to assume his employment agreement;
- a relocation of Exelon's office by more than 50 miles; or
- a 20% increase in the amount of time that Mr. Rowe must spend traveling for business outside of the Chicago area.

Mr. Rowe is subject to confidentiality restrictions and to non-competition, non-solicitation and non-disparagement restrictions continuing in effect for two years following his termination of employment.

#### **Employment Agreement and Share Purchase Agreement with Mr. Oliver D. Kingsley**

Mr. Kingsley retired on November 1, 2004 as President and Chief Operating Officer of Exelon.

The terms of Mr. Kingsley's employment agreement with Exelon prior to his retirement are described below.

Exelon and Exelon Generation entered into an amended employment agreement with Mr. Kingsley as of September 5, 2002, which restated his employment agreement with Commonwealth Edison Company in effect at the time of the merger forming Exelon and under which Mr. Kingsley agreed to serve as senior executive vice president of Exelon. Mr. Kingsley's employment agreement was further amended as of April 28, 2003, at which time he agreed to serve as President and Chief Operating Officer of Exelon.

Under the amended employment agreement, Mr. Kingsley's annual base salary was \$850,000, and his target performance award under the annual incentive plan was 85% of his base salary, with a maximum payout of 170% of his base salary. Mr. Kingsley was eligible to participate in long-term incentive, stock option, and other equity incentive plans, savings and retirement plans and welfare plans, and to receive fringe benefits on the same basis as peer executives of Exelon. Mr. Kingsley was also entitled to 30 days of paid vacation per year.

In addition, Exelon will reimburse Mr. Kingsley for his daughter's medical care expenses for a 15-year period (up to \$100,000 in any year) that commenced upon his retirement.

Mr. Kingsley received a grant of 35,000 shares of restricted stock on September 5, 2002, which accelerated upon his retirement on October 31, 2004.

Mr. Kingsley became eligible to elect retiree health coverage on the same terms as peer employees eligible for early retirement benefits at the time of his retirement. All restricted stock and all his stock options fully vested at the time of his retirement. Options remain exercisable until (1) the option expiration date for options granted before January 1, 2002 or (2) the earlier of the fifth anniversary of his retirement or the option's expiration date, for options granted after that date.

Mr. Kingsley's amended employment agreement provides for an enhanced supplemental retirement benefit determined by treating him under the SERP as if he had 30 years of service as of October 31, 2002, plus (1) one additional year each October 31 during his employment and (2) an additional year for each year during the severance period described below. Severance payments will be included in compensation under the SERP. The enhanced SERP benefits were paid to Mr. Kingsley upon his retirement.

Mr. Kingsley's amended employment agreement contains confidentiality requirements and also non-competition, non-solicitation and non-disparagement provisions, which are effective for two years following his retirement.

On November 8, 2004, Exelon entered into a share repurchase agreement with Mr. Kingsley with respect to certain shares of Exelon common stock that Mr. Kingsley held or had the right to acquire. Under the agreement, Exelon repurchased 172,765 shares of Exelon common stock held by Mr. Kingsley on November 17, 2004 for \$7,032,387 and 187,235 shares of Exelon common stock held by Mr. Kingsley on February 9, 2005 for \$8,297,933.

Mr. Kingsley has agreed that he will not transfer any of his remaining shares of Exelon common stock prior to May 1, 2005, that he may transfer up to 360,000 shares of Exelon common stock between May 1, 2005 and December 31, 2005, and may freely transfer any other shares after January 1, 2006. During the transfer restriction periods, the agreement does permit transfers of shares to two specified Kingsley family trusts, which would be bound by the provisions of the agreement following any such transfer.

#### **Other Change in Control Employment Agreements and Severance Plan**

Exelon has entered into change in control employment agreements with the named executive officers other than Mr. Rowe, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. Those agreements were restated and generally became effective May 1, 2004 for a period of two years, subject to an annual extension each subsequent May 1 if there has not been a change in control. Under the restated change in control employment agreements, the circumstances under which an executive can terminate employment for "good reason" are narrower and the circumstances under which Exelon can terminate the executive's employment for "cause" are broader than under the prior agreements. However, the definition of a change in control was not changed and the level of severance benefits was not reduced under the restated agreements.

During the 24-month period following a change in control (or during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 $\frac{2}{3}$ % control (a "Significant Acquisition")) if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's target annual incentive for the year in which termination occurs;

- severance payments equal to three times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had three additional years of age and years of service (two years for executives who entered into such agreements after 2003) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a cash payment equal to the actuarial equivalent present value of the unvested portion of the executive's accrued benefits under Exelon's defined benefit retirement plan;
- all options, performance shares or units, deferred stock units, restricted stock, or restricted share units become fully vested, and options remain exercisable until (1) the option expiration date, for options granted before January 1, 2002 or (2) the earlier of the fifth anniversary of his termination date or the option's expiration date, for options granted after that date;
- life, disability, accident, health and other welfare benefit coverage continues for three years, followed by retiree health coverage if the executive has attained at least age 50 and completed at least ten years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement services for at least twelve months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a "Disaggregation").

A change in control generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

"Good reason," under the change in control employment agreements generally includes any of the following occurring within 2 years after a change in control or Disaggregation or within 18 months after a Significant Acquisition:

- a material adverse reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or

- any of the following, but only after a change in control or Disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

"Cause" under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

The mere occurrence of a Disaggregation is not "good reason."

Executives who have entered into change in control employment agreements will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on "excess parachute payments" or under similar state or local law if the after-tax amount of payments and benefits subject to these taxes exceeds 110% of the "safe harbor" amount that would not subject the employee to these excise taxes. If the after-tax amount, however, is less than 110% of the safe harbor amount, payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer other than Mr. Rowe resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not covered by an individual change in control employment agreement, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- pro-rated payment of the executive's target annual incentive for the year in which termination occurs;
- for a two-year severance period, continued payment of base salary and continued payment of annual incentive equal to the executive's target incentive for the year in which the termination occurs;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- for the two-year severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period, followed by retiree health coverage if the executive has attained at least age fifty and completed at least ten years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement services for at least six months.

Payments are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on "excess parachute payments" or under similar state or local law.

Consummation of the Merger is not a change in control and is not expected to be a Significant Acquisition under the change in control employment agreements or the Exelon Corporation Senior Management Severance Plan. However, the Exelon compensation committee recently considered changes to the Senior Management Severance Plan that would provide the following benefits to participating executives whose employment terminates in connection with the merger: (1) the executive's target annual incentive, rather than a pro-rated target annual incentive, for the year in which termination occurs, (2) use of the higher of the executive's target annual incentive in the year of termination or the executive's average annual incentives for the two years preceding termination, for purposes of determining the amount of continued annual incentive during the severance period, and (3) accelerated vesting of outstanding stock options and restricted stock awards. No such changes have been formally adopted to date, but it is currently anticipated that such changes may be adopted on or before the closing of the Merger.

"Good reason" is defined under the Senior Management Severance Plan as either of the following:

- a material reduction of the executive's salary, incentive compensation opportunity or aggregate benefits unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the business unit that employs the executive, but excluding any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the business unit that employs the executive or (2) that generally places the executive in substantially the same level of responsibility.

The definition of "cause" under the Senior Management Severance Plan is the same as the definition of such term under the restated individual change in control employment agreements.

### **Report of the Exelon Compensation Committee**

ComEd, PECO and Generation are controlled subsidiaries of Exelon and as such do not have compensation committees. Instead, that function is fulfilled for ComEd, PECO and Generation by the compensation committee of the Exelon board of directors. The following is the report of the Exelon compensation committee.

#### **Compensation Philosophy**

Exelon's executive compensation program is designed to motivate and reward senior management for achieving high levels of business performance and outstanding financial results. In 2004, Exelon continued to reward executives on the basis of compensation that is benchmarked with the best practices of high performing energy services companies and general industry firms. This philosophy reflects a commitment to attracting and retaining key executives to ensure continued focus on achieving long-term growth in shareholder value.

The Exelon compensation committee (the "Committee"), composed entirely of independent directors, is responsible for administering executive compensation programs, policies and practices. Exelon's executive compensation program comprises three elements:

- base salary;
- annual incentives; and
- long-term incentives.

These components balance short-term and longer range business objectives and align executive financial rewards with those of Exelon's shareholders.

### **Factors Considered in Determining Overall Compensation**

The Committee commissioned a study of compensation programs in the fall of 2004. This analysis was conducted by a leading independent management compensation consulting firm and included an assessment of business plans, strategic goals, peer companies and competitive compensation levels benchmarked with the external market.

The study results indicated that the mix of compensation components (i.e., salary, annual and long-term incentives) is effectively aligned with the best practices of the external market. Exelon's pay-for-performance philosophy places an emphasis on pay-at-risk. Pay will exceed market levels when excellent performance is achieved. Failure to achieve target goals will result in below market pay.

### **How Base Salary is Determined**

Base salaries for Exelon's executives are determined based on individual performance with reference to the salaries of executives in similar positions in general industry, and where appropriate, the energy services sector. Executive salaries are targeted to approximate the median (50th percentile) salary levels of the companies identified and surveyed.

### **Mr. Rowe's 2004 Base Salary**

The independent directors of the Exelon board of directors, on the recommendations of the Committee and the Exelon corporate governance committee, determined Mr. Rowe's base salary for serving as the Chief Executive Officer by considering:

- a review of benchmark levels of base pay, which were provided by independent consulting firms;
- performance achieved against financial and operational goals; and
- the implementation of Exelon's strategic plans.

Mr. Rowe's annualized base salary was increased to \$1,250,000 effective March 1, 2004.

### **Other Named Executives' 2004 Base Salaries**

The base salaries of the other named executive officers listed in the Summary Compensation Table under "—Executive Compensation" were determined based upon individual performance and by considering comparable compensation data from the industry surveys referred to above.

### **How 2004 Annual Incentives are Determined**

Exelon establishes corporate and business unit measures each year which are based on factors necessary to achieve strategic business objectives. These measures are incorporated into financial, customer and internal indicators designed to measure corporate and business unit performance.

The annual incentive awards paid to Exelon executives for 2004 were determined in accordance with the Exelon incentive programs. Generally, annual incentives were paid to executives based on a combination of the achievement of pre-determined corporate and business unit-specific measures and individual performance. The incentive plan was designed to tie executive annual incentives to the achievement of key goals of Exelon and, as applicable, the executive's particular business unit.