	action, suit or proceeding as a result of being or having been a director or officer, of Exelon, or serving or having served as a director, officer, employee or agent to another entity at Exelon's request, so long as such proceeding was authorized by the Exelon board of directors. Exelon is required to pay, in advance, any expenses a person entitled to indemnification incurs in defending any such claim, action or proceeding; provided that if the PBCL so requires, Exelon obtains an undertaking by such person to repay all amounts so advanced if it is ultimately determined by final judicial decision that such person is not entitled to indemnification. These indemnity provisions survive repeal or amendment for claims arising out of periods in which the provisions were effective. Exelon's Amended and Restated Articles of Incorporation and Amended and Restated By-laws include a provision eliminating the personal liability of directors to the fullest extent permitted by the PBCL. Under the PBCL, personal liability is not eliminated for breaches of fiduciary duties that constitute self-dealing, willful misconduct or recklessness, pursuant to any criminal statute or for the payment of any taxes under federal, state or local law.	pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, proceeding or inquiry or investigation that could lead to such action, suit or proceeding and any appeal thereof by reason of being or having been a director, officer or employee of PSEG or serves or served any other enterprise as a director, officer or employee at PSEG's request. Under New Jersey law, the director, officer, employee or corporate agent must have acted in good faith, in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to criminal proceedings, with no reasonable cause to believe his or her conduct was unlawful. PSEG is required to promptly pay, in advance of the final disposition of such action, suit or proceeding, any expenses a person entitled to indemnification incurs in defending such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amounts if it is ultimately determined that such person is not entitled to indemnification. As permitted by New Jersey law, PSEG's Amended Certificate of Incorporation provides that directors and officers are not personally liable for damages for breach of any duty to the fullest extent permitted by law. Under New Jersey law, directors and officers are not personally liable for breaches of duties, other than in a proceeding by or in the right of the corporation, if the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and with respect to any criminal proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.
Call of Special Meetings of Shareholders:	Exelon's Amended and Restated By-laws provide that a special meeting of Exelon's shareholders may be called at any time by resolution of the Exelon board of directors or as provided in the terms of its preferred stock. The date fixed for the special meeting of shareholders must not be more than 60 days after the board resolution calling the special meeting. Written notice must be given to each shareholder of record entitled to vote not	PSEG's By-laws provides that a special meeting of shareholders may be called at any time by the board of directors, the chief executive officer, or upon the written request of shareholders holding capital stock entitled to cast a majority of votes at such special meeting. Written notice, stating the time, place and purpose of the special meeting, must be given to each shareholder of record entitled to vote at such meeting, either personally or

	less than five nor more than 90 days before the date of the special meeting and shall specify the general nature of the business to be transacted. Exelon's Amended and Restated Articles of Incorporation eliminate the right of shareholders to call a special meeting.	by mail at such shareholder's last post office address appearing on PSEG's books, not less than ten nor more than 60 days before the date of the special meeting. In addition, New Jersey law provides that holders of not less than 10% of all shares entitled to vote at a meeting may apply to the New Jersey Superior Court to request that a special meeting of the shareholders be called for good cause shown. At such a meeting, the shareholders present in person or by proxy will constitute a quorum for the transaction of business described in such order.
Shareholders Proposals:	Exelon's Amended and Restated By-laws provide that a shareholder may bring business before an annual meeting, provided timely written notice of such shareholder's intention to make a proposal is given and is in proper form. To be timely, the notice must be received by Exelon at its principal executive offices: • not less than 120 days prior to the date the proxy statement was released to shareholders in connection with the preceding year's annual meeting; or • not later than the close of business on the tenth day following public announcement of the date of the annual meeting if public notice of the annual meeting is not made at least 75 days prior to the annual meeting date. To be in proper form, the notice must set forth: • a description in reasonable detail of the business desired to be brought and the reasons for conducting such business; • the name and record address of the shareholder proposing the business; • the class and number of shares owned by the shareholder; and • any material interest of the shareholder in such proposal. Additionally, the shareholder must comply with the applicable requirements of the Securities Exchange Act of 1934.	PSEG's By-laws do not provide that a shareholder may bring business before an annual or a special meeting. However, under the SEC's proxy rules, shareholders are permitted to submit proposals at an annual or special meeting if the shareholder gives PSEG notice of the proposal that is timely and in proper form. To be timely, the notice must be received by PSEG at least 90 days in advance of an annual meeting. If the notice is being submitted in connection with a special meeting, it will be considered timely if it is received by PSEG by the close of business on the seventh day following the date on which notice of such meeting was first given to shareholders.

Shareholder Action by Written Consent:	Exelon's Amended and Restated By-laws provide that, except as otherwise provided in the terms of any preferred stock, or when shareholders act by unanimous consent to remove a director or directors, the shareholders may only act at a duly organized meeting.	PSEG's By-laws and Amended Certificate of Incorporation do not address shareholder action by written consent. Under New Jersey law, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, upon the written consent of shareholders who would have been entitled to cast the minimum number of votes which would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting; provided, however, that in case of an annual meeting of shareholders for the election of directors, any consent in writing must be unanimous. However, a shareholder vote on a plan of merger, consolidation or sale or disposition of all or substantially all of a corporation's assets may only be effected with either the unanimous written consent of all shareholders or, if prior notice is provided to all shareholders, the minimum number of votes necessary to authorize the action at a meeting, is required.
Appointment and Removal of Officers:	Exelon's Amended and Restated By-laws provide that the officers be chosen by the board of directors. Officers will hold their offices at the discretion of the Exelon board of directors until death, resignation or removal with or without cause and will have authority and perform such duties as provided by resolutions or orders of the Exelon board of directors, or in the absence of controlling provisions in the resolutions or orders, as set forth in Exelon's Amended and Restated By-laws. Any vacancy occurring in any office will be filled by the Exelon board of directors or by the officer or committee to which power to fill such office has been delegated. For at least the three year period after the effective time, John W. Rowe shall be the President and Chief Executive Officer of Exelon.	PSEG's By-laws provide that the officers will be elected by the board of directors. Each officer will hold office until the election or appointment of a successor or for such other term as provided in the resolution of election, subject to early termination by removal or resignation. Officers will exercise such powers and perform such duties as will be determined from time to time by the board of directors, the executive committee of the board of directors or by the chief executive officer. Any vacancy occurring in any office will be filled by the PSEG board of directors.
Dissenters' Rights	Under Pennsylvania law, a shareholder may dissent from, and receive payment of the fair value of its shares in the event of certain mergers, consolidations, share exchanges, asset transfers and corporate divisions. However, no dissenters' rights are available (1) with respect to shares which, at the applicable record date, were either listed on	Under the NJBCA, in certain situations, dissenters' rights may be available in connection with a merger or consolidation. Dissenters' rights are not available under the NJBCA to the shareholders of the surviving corporation when a corporation is to be the surviving corporation and no vote of its shareholders is required to approve the

a national securities exchange or designated as a national market system security on an interdealer quotation system by the NASD or held beneficially or of record by more than 2,000 shareholders, unless the shares are of a preferred or special class and the terms of transaction do not require for the effectuation of the transaction the affirmative vote of a majority of the votes cast by all shareholders of such class or series or (2) if the plan relating to the transaction contains a provision for the special treatment of shares of a class or series of shares held by particular shareholders or groups and the plan does not provide for a class vote for each class or series which is to receive the same special treatment.

merger.

In addition, no dissenters' rights are available under the NJBCA to holders of shares of any class or series of stock (1) which is either listed on a national securities exchange or held of record by more than 1,000 shareholders or (2) in connection with a merger or consolidation in which shareholders receive (a) cash, (b) shares of stock of another corporation, which, as of the effective date of the merger or consolidation, are listed on a national securities exchange or (c) are held of record by more than 1,000 shareholders or cash and such securities.

Business Combination and Fair Price Provisions:

Under Pennsylvania law, Exelon is prohibited from engaging in a "business combination" with an interested shareholder (a person owning at least 20% of the voting power of a corporation) for five years after such shareholder becomes an interested shareholder, unless:

- the Exelon board of directors approved the business combination prior to the time such shareholder became an interested shareholder;

- the Exelon board of directors approved the transaction in which the interested shareholder became an interested shareholder prior to the time of such transaction;

- the holders of all the outstanding shares of common stock approve the business combination; or

- the business combination is approved by the affirmative vote of a majority of the shares held by disinterested shareholders, at a meeting called for such purpose no earlier than three months after the date the interested shareholder became an 80% shareholder if the price paid to all shareholders meets the fair price criteria established by the statutory provisions.

Upon the expiration of the five year period, the corporation may engage in the business combination if it is approved by a majority of shares held by disinterested shareholders at a meeting called for the purpose of approving such combination or by a majority of shares

Under New Jersey law, PSEG is generally prohibited from engaging in a "business combination" with an interested shareholder (a person owning at least 10% of the voting power of a corporation) for a period of five years unless (a) the corporation's board of directors approved the transaction prior to the shareholder becoming an interested shareholder, (b) the transaction is approved by the holders of $^{2}/_{3}$ of the corporation's voting stock not owned by the interested person or (c) the transaction satisfies certain conditions relating primarily to the value of the consideration to be received by the corporation's shareholders.

PSEG's Amended Certificate of Incorporation provides that the affirmative vote of holders of 80% of the shares of capital stock entitled to vote in the election of directors, voting together as a single class, is required to approve any of the following:

- any merger or consolidation of PSEG or any subsidiary with an "interested shareholder" or any other corporation which is, or after such merger or consolidation would be an affiliate;

- any sale or transfer to or with any "interested shareholder" or any affiliate of an interested shareholder of assets having a fair market value of $25 million or more;

	held by all shareholders if the fair price criteria are met.	• the issuance of any securities to any interested shareholder or affiliate of an interested shareholder in exchange for consideration having a fair market value of $25 million or more; or • the adoption of a plan of liquidation or dissolution proposed by an interested shareholder or an affiliate of an interested shareholder; provided that an 80% vote is not required if such transaction is approved by a majority of disinterested directors and other criteria are met. "Interested shareholder" is defined to mean any person who (1) is the owner of 10% or more of the votes of then outstanding voting stock, (2) is an affiliate of PSEG and at any time within the two year period immediately prior to the date of in question was the owner of shares having 10% or more of the votes of then outstanding voting stock or (3) is an assignee of or has otherwise succeeded to any shares of voting stock which were within the two year period immediately prior to the date in question owned by any interested shareholder, if such assignment occurred in a transaction not involving a public offering within the meaning of the Securities Act of 1933, as amended.
Control Transactions and Share Acquisitions:	Under Pennsylvania law, Exelon's shareholders may demand that any person or group that acquires at least 20% of the outstanding voting stock of Exelon purchase such demanding shareholder's stock at its fair value. Fair value is defined as a value not less than the highest price paid per share by the controlling person at any time during the 90-day period ending on the date the person acquired 20% of the voting stock, plus an increment representing any value that may not be reflected in such price. Under Pennsylvania law, shares of Exelon stock acquired in a "control share acquisition" have no voting rights unless their voting rights are restored by the affirmative vote of a majority of (1) all shares held by disinterested shareholders and (2) all the voting shares of the corporation at a special meeting called for such purpose within 50 days from the delivery of an information statement from the acquiring person to the corporation, or at an annual	None.

	meeting of the shareholders. A "control share acquisition" is defined as an acquisition by a person of shares of a corporation that would, when added to all voting power of the person, result in such person acquiring for the first time voting control over 20%, 33$^{1}/_{3}$% or 50% or more of the outstanding shares of the corporation. Where such control-share approval has been obtained, Pennsylvania law (1) mandates severance compensation for eligible employees who are terminated more than 90 days before the control-share approval if such termination was pursuant to an agreement with the acquiring person or within 24 months after the control-share approval period and (2) requires the continuation of certain labor contracts relating to business operations owned by a registered corporation at the time of the control-share approval.	
Anti-Green Mail:	Pennsylvania law permits a corporation to recover any profit realized by any interested shareholder (a person or group that acquires voting control of at least 20% of the corporation) pursuant to a disposition of stock within 18 months after the person became an interested shareholder if the stock was acquired within two years prior to or 18 months subsequent to the time such person became an interested shareholder.	None.
Transactions With Interested Shareholders:	Pennsylvania law requires certain transactions (including mergers) with "interested shareholders" to be approved by a majority of the disinterested shareholders, unless the transaction is (1) approved by a majority of the disinterested directors, (2) one in which the consideration to be received by shareholders is not less than the highest amount paid by the interested shareholder in acquiring the interested shareholder's shares or (3) a merger where a party to the merger owns 80% or more of the stock of another party to the merger and is effected by the board of directors without shareholder approval as permitted under the PBCL. "Interested shareholder" is defined as a shareholder who is a party to the transaction or who is treated differently from other shareholders and any person or group of persons that is acting jointly or in concert with the interested shareholder.	See discussion of New Jersey business combination and fair price provisions on page 167 of this joint proxy statement/prospectus.
Amendment to Charter and By-laws:	Under Pennsylvania law, Exelon's Amended and Restated Articles of Incorporation may be amended by the majority vote of the votes cast by all shareholders entitled to vote and,	Under New Jersey law, a proposed amendment to a corporation's certificate of incorporation requires approval by its board of directors and an affirmative vote of a

	if any class or series is entitled to vote as a class, the majority vote of the votes cast in each such class. Under certain circumstances, Exelon's Amended and Restated Articles of Incorporation may be amended by the board of directors without shareholder approval, such as where (1) the amendment is restricted to changing the corporate name or (2) the corporation has only one class of voting shares outstanding, does not have any class of shares outstanding that is convertible into those voting shares and the sole purpose of the amendment is to increase the number of authorized shares to effectuate a stock dividend or stock split. Exelon's Amended and Restated By-laws may be amended or repealed by the board of directors, other than provisions that the PBCL specifies may only be adopted by shareholders or provisions adopted by shareholders that provide that such provisions may not be amended or repealed by the board of directors. Certain provisions of the by-laws, including the corporate headquarters, personal liability of directors, the number and term of directors, the Chairman and Vice Chairman of the board and board vacancies may only be altered or repealed by the affirmative vote of at least 80% of the whole Exelon board of directors.	majority of the votes cast by the holders of shares entitled to vote on the amendment, unless a specific provision of New Jersey law or the corporation's certificate of incorporation provides otherwise. PSEG's Amended Certificate of Incorporation provides that the affirmative vote of holders of not less than 80% of the votes entitled to be cast by the holders of all then outstanding voting stock, voting together as a single class, is required to amend, modify, repeal or adopt any provision inconsistent with Article Nine or Ten of the Amended Certificate of Incorporation which relate to business combinations with related parties and the board of directors, respectively. Under New Jersey law, PSEG's Amended Certificate of Incorporation and PSEG's by-laws, the PSEG by-laws may generally be amended or repealed by the affirmative vote of a majority of the shares represented and entitled to vote at any regular meeting of the shareholders or, except to the extent the by-laws adopted by shareholders otherwise provide, by the affirmative vote of a majority of the board of directors present at a meeting of the board of directors at which a quorum is present. Notwithstanding the foregoing, provisions of the by-laws regarding directors, nomination of directors and amendments to the by-laws may not be altered, amended or repealed without the affirmative vote of holders of at least 80% of the voting power of all shares of PSEG entitled to vote in the election of directors, voting together as a single class.
Shareholder Rights Plan:	None.	None.
Constituencies Statutes:	Pennsylvania law provides that boards of directors, committees of the board and individual directors may, in considering the best interests of the corporation, consider to the extent they deem appropriate: • the effects of any action on any or all groups affected by the action, including shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other establishments of the corporation are located;	New Jersey law provides that boards of directors may, in determining the best interests of the corporation, in addition to considering the effects of any action on shareholders' consider: • the effects of the action on the corporation's employees, suppliers, and customers; • the effects of the action on the community in which the corporation operates; and

- the short-term and long-term interests of the corporation, including the benefits that the corporation may enjoy from its long-term plans and the possibility that these interests may be best served by the continued independence of the corporation;

- the resources, intent and conduct, past, stated and potential, of any person seeking to acquire control of the corporation; and

- all other pertinent factors.

Pennsylvania law also provides that, in considering the best interests of the corporation, the board of directors, committee of the board of directors and individual directors are not required to regard any corporate or other interest as dominant or controlling.

- the long term as well as short-term interests of the corporation and its shareholders, including the possibility that these interests may be served by the continued independence of the corporation.

DESCRIPTION OF EXELON CAPITAL STOCK

The following summary of the terms of the capital stock of Exelon before and after the merger is not meant to be complete and is qualified by reference to Exelon's Amended and Restated Articles of Incorporation and all applicable provisions of the Pennsylvania Business Corporation Law of 1988, as amended. Copies of Exelon's Amended and Restated Articles of Incorporation are incorporated by reference and will be sent to shareholders of Exelon and PSEG upon request. See "Where You Can Find More Information."

Authorized Capital Stock

The total authorized shares of capital stock of Exelon consist of (1) 1,200,000,000 shares of common stock, no par value and (2) 100,000,000 shares of preferred stock, no par value. At the close of business on May 2, 2005, 669,137,081 shares of Exelon common stock were issued and outstanding, and no shares of Exelon preferred stock were issued and outstanding. Exelon is proposing to increase its number of authorized shares of common stock to 2,000,000,000.

Exelon Common Stock

Exelon Common Stock Outstanding. The outstanding shares of Exelon common stock are, and the shares of Exelon common stock issued pursuant to the merger will be, duly authorized, validly issued, fully paid and non-assessable. The rights, preferences and privileges of holders of Exelon common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of Exelon preferred stock which Exelon may designate and issue in the future. Shares of Exelon common stock may be certificated or uncertificated, as provided by the Business Corporation Law of the Commonwealth of Pennsylvania.

Voting Rights. Each holder of Exelon common stock is entitled to one vote for each share held of record on all matters submitted to a vote of shareholders of Exelon and does not have cumulative voting rights. Accordingly, holders of a majority of the shares of Exelon common stock entitled to vote in any election of directors of Exelon may elect all of the directors standing for election.

Dividend Rights. The holders of Exelon common stock are entitled to receive dividends, if any, as may be declared by the Exelon board of directors out of funds legally available for the payment of dividends, subject to any preferential dividend rights of outstanding Exelon preferred stock and certain requirements of Pennsylvania law. Upon the liquidation, dissolution or winding up of Exelon, the holders of Exelon common stock are entitled to share pro rata in the net assets of Exelon available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding Exelon preferred stock.

Preemptive Rights. Under its amended and restated certificate of incorporation, the holders of Exelon common stock have no preemptive, subscription, redemption or conversion rights.

Exelon Preferred Stock

Exelon Preferred Stock Outstanding. As of the date of this joint proxy statement/prospectus, no shares of Exelon preferred stock were issued and outstanding.

Blank Check Preferred Stock. Under its Amended and Restated Articles of Incorporation, the Exelon board of directors has the full authority permitted by Pennsylvania law to determine the voting rights, if any, and designations, preferences, limitations and special rights of any class or any series of any class of the preferred stock.

Transfer Agent and Registrar

Equiserve Trust Company, N.A., is the transfer agent and registrar for the Exelon common stock.

CHAPTER FOUR
OTHER MATTERS TO BE CONSIDERED AT THE EXELON ANNUAL MEETING

EXELON PROPOSAL 2: ELECTION OF DIRECTORS

General

The Exelon board of directors consists of 15 members, divided into three classes. The three-year terms of each class are staggered so that the term of one class expires at each annual meeting. The terms of the Class II directors will expire at the 2005 annual meeting. Terms of Class III directors expire at the 2006 annual meeting, and terms of Class I directors expire at the 2007 annual meeting.

The Exelon corporate governance committee has recommended, and the Exelon board of directors nominates, the following Class II directors for election: Edward A. Brennan, Bruce De Mars, Nelson A. Diaz, John W. Rowe and Ronald Rubin. Each has consented to serve for a three-year term, except that Mr. Rubin will retire upon the merger closing under the Exelon board of directors' mandatory retirement policy, which was suspended by the Exelon board of directors until the completion of the merger.

If any Class II director is unable to stand for re-election, the board may reduce the number of Class II directors, or designate a substitute. In that case, shares represented by proxies may be voted for a substitute Class II director. Exelon does not expect that any nominee will be unavailable or unable to serve.

Vote Required

Directors are elected by a plurality, and the five nominees who receive the most votes will be elected. Abstentions and broker non-votes will not be taken into account to determine the outcome of the election of directors.

The corporate governance committee and the Exelon board of directors recommend a vote FOR these directors.

Biographical Information of Exelon Directors

Board of Directors—Class II Directors

GRAPHIC

Edward A. Brennan
Mr. Brennan, age 71. Director of Exelon Corporation since October 20, 2000. Retired Chairman and CEO of Sears, Roebuck and Co. (retail merchandiser). Executive Chairman of AMR Corporation and American Airlines from April 2003 through May 2004. Other directorships: Allstate Corporation, AMR Corporation, 3M Company, McDonald's Corporation and Morgan Stanley.

GRAPHIC

Bruce DeMars
Admiral DeMars, age 69. Director of Exelon Corporation since October 20, 2000. Partner, RSD, LLC (introduces new products and services to industry and government) since January 2001. Partner, Trident Merchant Group, May 1998 through December 2000. 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.

GRAPHIC

Nelson A. Diaz
Judge Diaz, age 57. Director of Exelon Corporation since January 27, 2004. 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.

GRAPHIC

John W. Rowe
Mr. 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. 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.

GRAPHIC

Ronald Rubin
Mr. Rubin, age 73. Director of Exelon Corporation since October 20, 2000. Chairman and Chief Executive Officer of the Pennsylvania Real Estate Investment Trust (a real estate management and development company) since October 2001; CEO since September 1997.

Board of Directors—Class I Directors

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

GRAPHIC

Sue L. Gin
Ms. Gin, age 63. Director of Exelon Corporation since October 20, 2000. 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.

GRAPHIC

Edgar D. Jannotta
Mr. Jannotta, age 73. Director of Exelon Corporation since October 20, 2000. Chairman of William Blair & Company, L.L.C. (investment banking and brokerage company) since March 2001; Senior Director from 1996 through February 2001. Other directorships: Aon Corporation, Bandag, Incorporated and Molex Incorporated.

GRAPHIC

William C. Richardson, Ph.D.
Dr. Richardson, age 64. Director of Exelon Corporation since March 1, 2005. President and CEO of the W.K. Kellogg Foundation. President Emeritus of Johns Hopkins University, 1991 through 1995. Other directorships: Kellogg Company, The Bank of New York Company, Inc. and CSX Corporation.

GRAPHIC

Thomas J. Ridge
Mr. Ridge, age 59. Director of Exelon Corporation since May 2, 2005. Secretary of the United States Department of Homeland Security from January 2003 through January 2005. Special Assistant to the President for Homeland Security, an Executive Office created by President Bush in October 2001, from October 2001 through December 2002. Governor of the Commonwealth of Pennsylvania from 1994 through October 2001. Other directorships: Home Depot Corporation and Savi Technology.

Board of Directors—Class III Directors

M. Walter D'Alessio
Mr. D'Alessio, age 71. Director of Exelon Corporation since October 20, 2000. Vice Chairman of NorthMarq Capital (real estate investment banking) President of NorthMarq Advisors (real estate consulting) since July 2003. Chairman and CEO of Legg Mason Real Estate Services Inc. (commercial mortgage, banking and pension fund advisor) from 1982 through July 2003; non-executive chairman and director from July 2003 through April 2005. Other directorships: Independence Blue Cross; and Brandywine Real Estate Investment Trust.

GRAPHIC

Rosemarie B. Greco
Ms. Greco, age 58. Director of Exelon Corporation since October 20, 2000. Director of the Office of Health Care Reform, Commonwealth of Pennsylvania, since January 2003. Principal of GRECOventures Ltd. (business investment and consulting partnership). 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.

GRAPHIC

John M. Palms, Ph.D.
Dr. Palms, age 69. Director of Exelon Corporation since October 20, 2000. Distinguished President Emeritus of the University of South Carolina and Distinguished University Professor of Physics since July 2002; President from 1991 through June 2002. Former President of Georgia State University; former Vice-President for Academic Affairs and the Charles Howard Chandler Professor of Physics at Emory University. Chairman and director of Assurant Inc. (formerly Fortis, Inc. (United States)). Other directorships: 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.

GRAPHIC

John W. Rogers, Jr.
Mr. Rogers, age 46. Director of Exelon Corporation since October 20, 2000. 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.

GRAPHIC

Richard L. Thomas
Mr. Thomas, age 74. Director of Exelon Corporation since October 20, 2000. 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.

About the Exelon Board of Directors and its Committees

The Exelon Board of Directors

The Exelon board of directors consists of 15 members, divided into three classes. The three-year terms of each class are staggered so that the term of one class expires at each annual meeting. The Exelon board of directors met 12 times in 2004.

Of the 15 directors, all but two are considered "independent" as defined by the New York Stock Exchange Listing Standards and standards adopted by the Exelon board of directors. The Exelon board of directors has adopted Corporate Governance Principles that, among other things, establish standards for determining whether a director is independent. Under the Corporate Governance Principles, an "independent director" is one who has no direct or indirect material relationship with Exelon. The Corporate Governance Principles employ the categorical independence and materiality standards set forth in rules of the New York Stock Exchange. In addition, for relationships not covered by specific New York Stock Exchange rules adopted by Exelon, the Corporate Governance Principles state that a relationship will be "material"—and the director will not to be "independent"—if the aggregate payments made or received by Exelon in the most recent year exceed the greater of $200,000 or 5% of the recipient's consolidated gross revenues reported in its last completed fiscal year. Because John W. Rowe is employed as the Chief Executive Officer, he is not considered "independent" under the NYSE standards. Mr. DeBenedictis is not considered independent because he is the Chairman and Chief Executive Officer of Aqua America Inc., which purchased electricity in 2001 and 2002 in amounts exceeding 2% of Aqua America Inc.'s consolidated gross revenues in those years. Considering these materiality and independence criteria and all other factors the board of directors considered relevant to its assessment of the independence of directors, the Exelon board of directors has determined that all directors, other than Messrs. Rowe and DeBenedictis, are "independent." In addition, all members of the audit, compensation, and corporate governance committees are independent directors.

Exelon's Corporate Governance Principles are available on the Exelon web site at *www.exeloncorp.com.* From the home page, select the Investor Relations tab and the Corporate Governance tab.

The Exelon board of directors has six committees: the Exelon audit, compensation, corporate governance, generation oversight, energy delivery oversight and risk oversight committee. In December 2004, the Exelon board of directors determined to terminate the Exelon enterprises oversight committee.

During 2004 each director attended at least 90% of the meetings of the Exelon board of directors and the meetings of the committees of which he or she was a member. Although Exelon does not have a formal policy regarding director attendance at the annual meeting, directors are expected to attend the annual meeting. All directors attended the annual meeting in 2004.

Following completion of the merger, the Exelon board of directors will be comprised as set forth under "The Merger—Board of Directors and Management Following Completion of the Merger." To help assure continuity pending completion of the merger and for a period of time following completion of the merger, the Exelon board of directors has deferred the retirement of Messrs. Thomas, Janotta and Rubin, who would otherwise have retired at the end of 2004, until the merger is effective. In addition, the Exelon board of directors suspended its director retirement policy so that directors who reach the retirement age of 72 within three years after completion of the merger will not be required to retire until the end of that three-year period.

Committees of the Exelon Board of Directors

The Exelon board of directors approved the charter for each committee and subsequent amendments. Each committee reviews its own charter and conducts an assessment of its own performance. The corporate governance committee reviews each of the individual committee assessments, assesses the performance of the Exelon board of directors as a whole, and presents its findings to the full Exelon board of directors. The charter for each committee is available on the Exelon web site at *www.exeloncorp.com.* From the home page, select the Investor Relations tab and the Corporate Governance tab.

Exelon Audit Committee. The Exelon audit committee consists of John M. Palms, Ph.D., its Chair, M. Walter D'Alessio, Sue L. Gin, William C. Richardson and Richard L. Thomas. The audit committee met 11 times in 2004.

The Exelon audit committee reviews financial reporting and accounting practices and internal control functions. The Exelon audit committee selects the independent accountants and approves the scope of the annual audit by the independent accountants and internal auditors. The Exelon audit committee has sole authority to retain and determine the compensation of the independent accountants. The Exelon audit committee also reviews and makes recommendations to the full Exelon board of directors regarding risk management policy, officers' and directors' expenses, compliance with appropriate policies and Exelon's code of business conduct. The Exelon audit committee oversees the process for receipt and investigation of concerns related to potential violation of the Code of Business Conduct. The Exelon audit committee meets outside the presence of management for portions of its meetings, separately, with the independent accountants, the internal auditors and the general counsel.

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 of the members of the Exelon audit committee obtained these attributes through the business experience and directorships described on pages 173 through 176 of this joint proxy statement/prospectus, and through service on audit committees of various public companies including the audit committees of Exelon's predecessor companies, PECO Energy Company and Unicom Corporation.

The Exelon audit committee members are not employees of Exelon and are not accountants or auditors by profession. Accordingly, the Exelon audit committee must rely, without independent verification, on Exelon management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles and on the representations of the independent accountants included in their report on Exelon's financial statements. The Exelon audit committee's oversight does not provide it with an independent basis to determine that Exelon management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Exelon audit committee's considerations and discussions with Exelon management and the independent accountants do not assure that Exelon's financial statements are presented in accordance with generally accepted accounting principles, that the audit of Exelon's financial statements has been carried out in accordance with generally accepted auditing standards or that Exelon's independent accountants are in fact "independent."

Exelon Compensation Committee. The Exelon compensation committee consists of Edward A. Brennan, its Chair, M. Walter D'Alessio, Rosemarie B. Greco, Ronald Rubin and Richard L. Thomas. The Exelon compensation committee met three times in 2004.

The Exelon compensation committee reviews executive compensation and administers and oversees the employee benefit plans and programs. The Exelon compensation committee makes recommendations to the independent directors for approval of compensation for the positions of chairman, president and chief executive officer, and to the full Exelon board of directors for the positions of executive vice presidents. The Exelon compensation committee also oversees executive and management development programs. When appropriate, the Exelon compensation committee uses the services of an independent compensation consultant who reports directly to the committee. All members of the Exelon compensation committee are independent directors.

Exelon Corporate Governance Committee. The Exelon corporate governance committee consists of M. Walter D'Alessio, its Chair, Edward A. Brennan, Edgar D. Jannotta, John W. Rogers, Jr. and Richard L. Thomas. The Exelon corporate governance committee met seven times in 2004.

The Exelon corporate governance committee reviews and makes recommendations on Exelon board and committee organization, membership, functions, compensation and effectiveness. The Exelon corporate governance committee monitors corporate governance trends and makes recommendations to the Exelon board of directors regarding the corporate governance principles. The Exelon corporate governance committee coordinates the annual evaluations of the performance of each committee and the Exelon board of directors as a whole. The Exelon corporate governance committee also evaluates the performance of individual directors as the term of each class expires and the members are considered for re-election. The Exelon corporate governance committee performs the functions of a nominating committee and, among other things, coordinates the nominating process for directors. All members of the Exelon corporate governance committee are independent directors.

The Exelon corporate governance committee believes that a director must possess many different qualities and skills in order to be an effective director. The corporate governance principles adopted by the Exelon board of directors list the following qualifications for membership on the Exelon board of directors:

- highest personal and professional ethics, integrity and values;
- an inquiring and independent mind;
- practical wisdom and mature judgment;
- broad training and experience at the policy making level in business, government, education or technology;
- expertise useful to Exelon and complementary to the background and experience of other Exelon board of director members;
- willingness to devote the required amount of time to the duties and responsibilities of board membership;
- a commitment to serve over a period of years to develop knowledge about Exelon; and
- involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

When the Exelon corporate governance committee finds it necessary to identify candidates for election to the Exelon board of directors, the committee normally attempts first to identify qualified candidates through personal knowledge and contacts of the committee and the other directors. The Exelon corporate governance committee sometimes uses search firms to help identify candidates, although the committee did not use a search firm during 2004.

The Exelon corporate governance committee also considers candidates recommended by shareholders. A shareholder who wishes to recommend a candidate for nomination as director should write to Mr. M. Walter D'Alessio, Chairman of the Corporate Governance Committee, c/o Katherine K. Combs, Vice President, Corporate Secretary, and Deputy General Counsel Exelon Corporation, 10 South Dearborn Street, 37th Floor, P.O. Box 805398, Chicago, Illinois 60680-5398.

The Exelon corporate governance committee uses the same processes and standards for evaluating all candidates identified as possible nominees for director. The nominees for election as Class II directors are currently serving as directors. Their re-election to the Exelon board of directors was recommended by the Exelon corporate governance committee.

The Exelon corporate governance committee coordinates the role of the Exelon board of directors in establishing performance criteria for the Exelon Chief Executive Officer and evaluating the Chief Executive Officer's performance, and also monitors succession planning and executive leadership development. The Exelon corporate governance committee also oversees the directors' orientation and continuing education program and Exelon's efforts to promote diversity among its directors, officers,

employees and contractors. The Exelon corporate governance committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation. The Exelon corporate governance committee acts on behalf of the full Exelon board of directors when the Exelon board of directors is not in session.

The chair of the Exelon corporate governance committee serves as the lead director of the Exelon board of directors.

Exelon Generation Oversight Committee. The Exelon generation oversight committee consists of Bruce DeMars, its Chair, Nicholas DeBenedictis, Nelson A. Diaz and John M. Palms, Ph.D. The Exelon generation oversight committee met seven times in 2004.

The Exelon generation oversight committee advises and assists the full Exelon board of directors in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon, or its subsidiaries, including those in which Exelon has significant equity or operational interests. The Exelon generation oversight committee also assists the full Exelon board of directors in fulfilling its fiduciary responsibilities towards facilities in which Exelon has non-operational or minority ownership interests. The Exelon generation oversight committee reviews potential acquisitions and divestitures, major investments and changes in strategy regarding the generating facilities and power marketing activities. The committee also reviews the budget and business plans of Exelon Generation and monitors its operating and financial performance.

Exelon Energy Delivery Oversight Committee. The Exelon energy delivery oversight committee consists of Rosemarie B. Greco, its Chair, Nicholas DeBenedictis, Bruce DeMars, William C. Richardson and John W. Rogers, Jr. The Exelon energy delivery oversight committee met six times in 2004.

The Exelon energy delivery oversight committee advises and assists the full Exelon board of directors in fulfilling its responsibilities to oversee the safe, reliable and cost effective delivery of energy and related differentiated products and services to consumers. The Exelon energy delivery oversight committee reviews the regulatory and public policy strategies and practices of the Energy Delivery business and its relations with regulators, public officials, consumers and other stakeholders. The Exelon energy delivery oversight committee also reviews the budget and business plans of Exelon Energy Delivery Company and monitors its operating and financial performance.

Exelon Enterprises Oversight Committee. The Exelon board of directors determined to terminate the Exelon enterprise oversight committee in December 2004. During 2004, the Exelon enterprises oversight committee consisted of Sue L. Gin, its Chair, Nelson A. Diaz, G. Fred DiBona, Jr. (now deceased) and Ronald Rubin. The Exelon enterprises oversight committee met seven times in 2004.

The Exelon enterprises oversight committee advised and assisted the full Exelon board of directors in fulfilling its responsibilities to oversee the performance of its unregulated businesses. The Exelon enterprises oversight committee reviewed any significant investments, acquisitions, divestitures, major initiatives or changes in the enterprises strategy. The Exelon enterprises oversight committee also reviewed the enterprises budget and business plans and monitors its operating and financial performance. The Exelon enterprises oversight committee reviewed the enterprises risk management strategy, policies and procedures.

Exelon Risk Oversight Committee. The Exelon board of directors established the Exelon risk oversight committee in January 2005. The Exelon risk oversight committee consists of Sue L. Gin, its Chair, Nelson A. Diaz, Edgar D. Jannotta and Ronald Rubin. The Exelon risk oversight committee held its first meeting in January 2005.

The Exelon risk oversight committee is responsible for the oversight and review of the performance and management of investment of assets in Exelon's nuclear decommissioning trust funds and the appointment and removal of the parties overseeing the performance and management of

investment of assets in Exelon's employee benefit trusts. The Exelon risk oversight committee also reviews and makes recommendations to the Exelon audit committee and the full Exelon board of directors regarding risk management policy, including financial risks, legal and regulatory risks, power marketing, power trading risk management strategy and performance and the hedged condition of the generation portfolio. The responsibilities of the Exelon risk oversight committee were formerly spread among the Exelon audit committee, corporate governance committee and generation oversight committee.

Communications with the Exelon Board of Directors

Exelon shareholders can communicate with the chairman of the Exelon corporate governance committee or with the independent directors as a group by writing to them, c/o Ms. Katherine K. Combs, Vice President, Corporate Secretary and Deputy General Counsel, Exelon Corporation, 10 South Dearborn Street, 37th Floor, P.O. Box 805398, Chicago, Illinois 60680-5398. The Exelon Corporate Secretary may initially review communications with directors and transmit a summary to the directors, but has discretion to exclude from transmittal any communications that are commercial advertisements or other forms of solicitation or individual service or billing complaints (although all communications are available to the directors upon request). The Exelon Corporate Secretary will forward to the directors any communications raising substantial issues.

Exelon Board of Directors Compensation

In December 2004, based upon a review conducted by a leading independent 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 median 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 chairs;
- $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.

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.

For 2004, the annual incentive payments to Mr. Rowe and each of nine other senior executives was funded from a hypothetical incentive pool established by the Exelon board of directors under a shareholder-approved plan which is intended to comply with Section 162(m) of the Internal Revenue Code. The incentive pool was funded with 1.5% of Exelon's operating income. The Exelon board of directors determined a lesser award based on the achievement of earnings per share for Mr. Rowe in the amount of $1,675,000.

Mr. Rowe's 2004 Annual Incentive. The Committee and the Exelon board of directors exercised negative discretion to approve an annual incentive of $1,675,000 for Mr. Rowe consistent with the methodology used to determine the awards payable to other employees based on Exelon's earnings per share.

In evaluating Mr. Rowe's performance, the directors also considered the leadership demonstrated in positioning Exelon for the future.

Other Named Executive Officers' 2004 Annual Incentives. The final 2004 incentive plan payouts as approved by the Committee for the other named executive officers listed in the Summary Compensation Table under "—Executive Compensation" also reflect the Committee's exercise of negative discretion and were determined consistent with the methodology used to determine the awards payable to other employees based on Exelon's earnings per share and also reflect each individual's performance.

How Compensation is Used to Focus Management in Long-Term Value Creation. Exelon established a long-term incentive program that includes a combination of non-qualified stock options (60%) and performance shares (40%). Exelon granted long-term incentives in the form of stock options to key management employees, including the named executive officers, effective January 26, 2004. The purpose of stock options is to align compensation directly to increases in shareholder value. Individuals receiving stock options are provided the right to buy a fixed number of shares of Exelon common stock at the closing price of such stock on the grant date. Options typically vest over a four-year period and have a term of ten years.

Stock Option Awards. Mr. Rowe received a grant of 400,000 non-qualified stock options on January 26, 2004. Other senior executives received grants on January 26, 2004 to motivate them to achieve stock appreciation in support of shareholder value.

Exelon Performance Share Awards. Long-term incentives were awarded in the form of restricted stock to retain key executives engaged in positioning Exelon. Awards were determined based upon the successful completion of strategic goals designed to achieve long-term business success and increased shareholder value. Depending on Exelon's performance each year, the Committee could award performance shares with prohibitions on sale or transfer until the restrictions lapse.

Performance shares are paid in shares of Exelon common stock: 33% vest upon the award date, 33% vest the following year and 33% vest the year after that.

The 2004 Long-Term Performance Share Program was based on Total Shareholder Return ("TSR"), comparing Exelon to companies listed on the Dow Jones Utility Index and the Standard and Poor's 500 Index using a three-year TSR compounded monthly. The other component in determining the award was 2004 cash savings from The Exelon Way initiative.

The Exelon board of directors approved Mr. Rowe's Performance Share Award of 116,662 shares. Beginning in 2004, executives were permitted to receive earned awards in stock and cash if they achieved 125% of their stock ownership requirement. Mr. Rowe exceeded the 125% of stock ownership (five times base salary) and opted for the payment in stock and cash. All other executives named also received Performance Share Awards in a similar manner.

Senior management recommended and the Exelon board of directors approved a modest reduction to the 2004 Long-Term Performance Share Award Program of 10% for the Chairman and Chief Executive Officer and 5% for all other participants. This award reduction partially offset the expense associated with a one-time payment made to non-executive employees to assist them with the cost of medical plan charges in 2005.

Executive Perquisites. Exelon provides a package of perquisites designed to attract and retain executive officers to the company. All perquisites are intended to serve a specific business need for the benefit of the company; however, it is understood that some may be used for personal reasons as well. When perquisites are utilized for purely personal reasons, the cost is imputed to the officer as income and the officer is responsible for all applicable taxes; however, in certain cases, the personal benefit is closely associated with the business purpose and the company reimburses the officer for the taxes due on the imputed income. The perquisite program was benchmarked against large energy and general industry companies and found to be appropriate. Specific perquisites include the following: an annual allowance toward a company provided vehicle including all related costs such as gas, maintenance, insurance, and parking where applicable; memberships to certain dining, health, and airline clubs; access to financial, estate, and tax planning services; reimbursement for spousal travel to company or industry events at which it is customary to bring spouses or guests; and one comprehensive physical examination per year. Mr. Rowe, as part of his relocation package negotiated separately with Unicom Corporation, is reimbursed for storage costs for certain personal items. Both the CEO and president were also entitled to limited personal use of a company chauffeur for commuting as well as limited personal use of the corporate jet aircraft.

Ability to Deduct Executive Compensation. Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a chief executive officer or other person among the four other highest compensated officers is generally not deductible for purposes of corporate federal income taxes. However, "qualified performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code and applicable regulations remains deductible. The Committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. Such programs will be designed to fulfill, in the best possible manner, future corporate business objectives. The Committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible without sacrificing flexibility in designing appropriate compensation programs.

For 2004, the Committee approved an annual incentive award plan design that provided for the final awards paid to named executive officers to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code.

April 26, 2005
Exelon Compensation Committee
Edward A. Brennan, Chair
M. Walter D'Alessio
Rosemarie B. Greco
Ronald Rubin
Richard L. Thomas

Stock Performance Graph

The performance graph below illustrates a five-year comparison of cumulative total returns based on an initial investment of $100 in PECO Energy Company common stock that was exchanged for Exelon Corporation common stock in the share exchange on October 20, 2000 as compared with the S&P 500 Stock Index and the S&P Utility Average for the period 1999 through 2004.

This performance chart assumes:

- $100 invested on December 31, 1999 in PECO Energy Company common stock in the S&P 500 Stock Index and in the S&P Utility Index;
- all dividends are reinvested; and
- PECO Energy common stock exchanged for Exelon Corporation common stock on a 1:1 basis on October 20, 2000.

Comparison of Five-Year Cumulative Return

GRAPHIC

Executive Compensation

Summary Compensation Table

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

Notes to Summary Compensation Table

1. 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. Executive officers receive certain perquisites commensurate with their position. These include an allowance for a company provided automobile and parking, memberships in certain dining, health, and airline clubs, access to financial, estate, and tax planning services, reimbursement for spousal travel to company or industry events at which it is customary to bring spouses or guests, and one comprehensive physical examination per year. Mr. Rowe, through his initial relocation agreement negotiated separately with Unicom Corporation is also entitled to company provided storage costs for certain personal items. Mr. Rowe and Mr. Kingsley were also entitled to limited use of a company chauffer for commuting and limited personal use of corporate jet aircraft. 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 value of all perquisites received does not exceed $50,000, and the amounts shown represent payments for the reimbursement of taxes.

2. Exelon has a performance share award program under its Long-Term Incentive Plan. Awards made prior to January 2005 were settled 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 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 Exelon compensation committee and the Exelon board of directors in recognition of specific accomplishments and/or significant increases in job responsibilities. Mr. Skolds received a grant of 10,000 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 common stock, $44.07, except for Mr. Kingsley's shares of Exelon common stock, 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 common 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 ($)	[C] Number of Shares That Will Be Settled In Stock (#)	[D] Number of Shares That May Be Settled in Cash or Stock (#)	[E] Total Value of Shares in Columns [C] +[D] as of 1/24/05 ($)
John W. Rowe	85,380	3,762,699	49,029	57,712	4,573,825
Robert S. Shapard	44,925	1,979,840	42,795	13,831	2,426,432
John L. Skolds	47,947	2,113,031	41,305	13,831	2,362,585
Pamela B. Strobel	20,934	922,577	12,795	13,831	1,140,932
Randall E. Mehrberg	19,437	856,595	12,795	13,831	1,140,932
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 a three year performance period ending December 31, 2004, which vested immediately on the date of grant. Officers who have reached 125% of their stock ownership requirement will receive 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

6. The amounts shown under the column labeled "All Other Compensation" include Exelon-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	0	139,389	11,930,501

Pursuant to Mr. Kingsley's employment agreement, he was entitled to an enhanced supplemental retirement benefit calculated as if he had 32 years of service. He received a lump sum distribution of $10,430,500.67 in accordance with his previous election. This distribution is included in the above table. In January 2005, Exelon paid on Mr. Kingsley's behalf $151,242.26 in FICA taxes due on the distribution and $119,481.39 for income taxes payable by Mr. Kingsley by reason of the payment of FICA taxes on his behalf. These additional amounts were treated as income to Mr. Kingsley in 2004 but are not included in the above table.

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 (See Note 1)				
	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 above 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 (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
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. (See Note 3)	218,500	3,066,112	724,000	-0-	11,576,280	-0-

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 exceeds 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.

3. All of Mr. Kingsley's non-vested stock options became vested upon his retirement.