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Deferred income taxes. These costs represent the difference between the method by which the regulator allows for the recovery of income taxes and how income taxes would be recorded by unregulated entities. Regulatory assets and liabilities associated with deferred income taxes, recorded in compliance with SFAS No. 71 and SFAS No. 109, include the deferred tax effects associated principally with liberalized depreciation accounted for in accordance with the rate-making policies of the ICC and PAPUC, as well as the revenue impacts thereon, and assume continued recovery of these costs in future rates. See Note 12—Income Taxes for further information.

Debt Costs. The reacquired debt costs represent premiums paid for the early extinguishment and refinancing of long-term debt, which is amortized over the life of the new debt issued to finance the debt redemption. Interest-rate swap settlements are deferred and amortized over the period that the related debt is outstanding. Recovery of early debt retirement costs, which will be amortized over the life of the related retired debt, was granted to ComEd in the July 26, 2006 ICC rate order. See Note 4—Regulatory Issues.

Severance costs. These costs represent previously incurred severance costs that ComEd was granted recovery of in the December 20, 2006 ICC rehearing order. Recovery is over 7.5 years. See Note 4—Regulatory Issues.

Conditional asset retirement obligations. These costs represent future removal costs associated with retirement obligations which will be collected over the remaining lives of the underlying assets. See Note 13—Asset Retirement Obligations for further information.

MGP remediation costs. Recovery of these items was granted to ComEd in the July 26, 2006 ICC rate order. See Note 4—Regulatory Issues. For PECO, these costs represent estimated MGP-related environmental remediation costs at PECO which are recoverable through regulated gas rates. The period of recovery will depend on the timing of the actual expenditures.

Non-pension postretirement benefits. These costs at PECO are the result of transitioning to SFAS No. 106 in 1993, which are recoverable in rates through 2012.

Rate case costs. Recovery of these items was granted to ComEd in the July 26, 2006 ICC rate order. Recovery is over three years. See Note 4—Regulatory Issues.

DOE facility decommissioning. These costs represent PECO's share of recoverable decommissioning and decontamination costs of the DOE nuclear fuel enrichment facilities established by the National Energy Policy Act of 1992.

Procurement case costs. Recovery of these items was granted to ComEd in the July 26, 2006 ICC rate order. Recovery is over three years. See Note 4—Regulatory Issues.

Nuclear decommissioning. These amounts represent future nuclear decommissioning costs that exceed (regulatory asset) or are less than (regulatory liability) the associated decommissioning trust fund assets. Exelon believes the trust fund assets, including prospective earnings thereon and any future collections from customers, will equal the associated future decommissioning costs at the time of decommissioning. See Note 13—Asset Retirement Obligations for further information.

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Removal costs. These amounts represent funds received from customers to cover the future removal of property, plant and equipment.

Deferred (over-recovered) energy costs current asset (liability). These costs represent fuel costs recoverable (refundable) under PECO's purchase gas adjustment clause.

Recoverable transition costs. These charges, related to amounts that would have been unrecoverable but for the recovery mechanism, such as the CTC allowed under the Illinois restructuring act, are amortized based on the expected return on equity of ComEd in any given year. ComEd fully recovered these charges by the end of 2006. See Note 4—Regulatory Issues for discussion of recoverable transition cost amortization.

The regulatory assets related to pension and other postretirement benefit plans, deferred income taxes, non-pension postretirement benefits, MGP remediation, severance, Procurement Case and Rate Case are not earning a rate of return. Recovery of the regulatory assets for conditional asset retirement obligations, debt costs, recoverable transition costs, DOE facility decommissioning and deferred energy costs are earning a rate of return.

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

Exelon has three operating segments: Generation, ComEd and PECO. Exelon evaluates the performance of its business segments based on net income. An analysis and reconciliation of Exelon's operating segment information to the respective information in the consolidated financial statements are as follows:

	Generation	ComEd	PECO	Other (a)	Intersegment Eliminations	Consolidated
Total revenues(b):						
2006	$ 9,143	$ 6,101	$ 5,168	$ 807	$ (5,564)	$ 15,655
2005	9,046	6,264	4,910	694	(5,557)	15,357
2004	7,703	5,803	4,487	670	(4,530)	14,133
Intersegment revenues:						
2006	$ 4,742	$ 7	$ 8	$ 807	$ (5,564)	$ —
2005	4,848	8	8	693	(5,557)	—
2004	3,841	18	9	669	(4,537)	—
Depreciation and amortization:						
2006	$ 279	$ 430	$ 710	$ 68	$ —	$ 1,487
2005	254	413	566	101	—	1,334
2004	286	410	518	81	—	1,295
Operating expenses(b):						
2006	$ 6,747	$ 5,546	$ 4,302	$ 1,103	$ (5,564)	$ 12,134
2005	7,194	6,276	3,861	859	(5,557)	12,633
2004	6,664	4,186	3,473	842	(4,531)	10,634
Interest expense, net:						
2006	$ 159	$ 308	$ 266	$ 152	$ (5)	$ 880
2005	128	291	279	131	—	829
2004	103	349	303	61	12	828

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	Generation	ComEd	PECO	Other (a)	Intersegment Eliminations	Consolidated
Income taxes:						
2006	$ 866	$ 445	$ 180	$ (285)	$ —	$ 1,206
2005	709	363	247	(375)	—	944
2004	401	457	249	(394)	—	713
Income (loss) from continuing operations						
2006	$ 1,403	$ (112)	$ 441	$ (142)	$ —	$ 1,590
2005	1,109	(676)	520	(2)	—	951
2004	657	676	455	82	—	1,870
Income (loss) from discontinued operations						
2006	$ 4	$ —	$ —	$ (2)	$ —	$ 2
2005	19	—	—	(5)	—	14
2004	(16)	—	—	(13)	—	(29)
Cumulative effect of changes in accounting principles:						
2006	$ —	$ —	$ —	$ —	$ —	$ —
2005	(30)	(9)	(3)	—	—	(42)
2004	32	—	—	(9)	—	23
Net income (loss):						
2006	$1,407	$ (112)	$ 441	$ (144)	$ —	$ 1,592
2005	1,098	(685)	517	(7)	—	923
2004	673	676	455	60	—	1,864
Capital expenditures:						
2006	$1,109	$ 911	$ 345	$ 53	$ —	$ 2,418
2005	1,067	776	298	24	—	2,165
2004	960	721	225	15	—	1,921
Total assets:						
2006	$18,909	$17,774	$ 9,773	$14,295	$ (16,432)	$44,319
2005	17,724	17,491	10,086	13,079	(15,583)	42,797

(a) Other includes corporate operations, shared service entities, including BSC, Enterprises and investments in synthetic fuel-producing facilities.
(b) Utility taxes of $241 million, $247 million and $234 million are included in revenues and expenses for 2006, 2005 and 2004, respectively, for ComEd. Utility taxes of $244 million, $230 million and $205 million are included in revenues and expenses for 2006, 2005 and 2004, respectively, for PECO.

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

Effective December 31, 2003, ComEd Financing II, ComEd Financing III, ComEd Funding, ComEd Funding Trust, PETT, PECO Energy Capital Corporation and PECO Trust III were deconsolidated from the financial statements of Exelon in conjunction with the adoption of FIN 46-R. Effective July 1, 2003, PECO Trust IV was deconsolidated from the financial statements of PECO in conjunction with the adoption of FIN 46. Prior periods were not restated.

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Exelon

The financial statements of Exelon include related–party transactions as presented in the tables below:

	For the Years Ended December 31,		
	2006	2005	2004
Operating revenues from affiliates			
ComEd Transitional Funding Trust	$ 3	$ 3	$ 3
PETT	7	9	10
Total operating revenues from affiliates	$ 10	$ 12	$ 13
Interest expense to affiliates, net			
ComEd Transitional Funding Trust	$ 47	$ 66	$ 85
ComEd Financing II	13	13	13
ComEd Financing III	13	13	13
PETT	180	212	235
PECO Trust III	6	6	6
PECO Trust IV	6	6	6
Other	(1)	—	(1)
Total interest expense to affiliates, net	$ 264	$ 316	$ 357
Equity in earnings (losses) of unconsolidated affiliates			
ComEd Funding LLC	$ (10)	$ (14)	$ (20)
ComEd Financing III	—	—	1
PETT	(9)	(16)	(25)
TEG and TEP	(7)	(1)	(3)
Sithe	—	—	(11)
Investment in synthetic fuel-producing facilities	(83)	(104)	(84)
Affordable housing	—	—	(9)
Other	(2)	1	(3)
Total equity in earnings (losses) of unconsolidated affiliates	$(111)	$(134)	$(154)

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	December 31, 2006	December 31, 2005
Receivables from affiliates (current)		
ComEd Transitional Funding Trust	$ 17	$ 14
Investments in affiliates		
ComEd Funding LLC	4	18
ComEd Financing II	10	10
ComEd Financing III	6	6
PETT	54	63
PECO Energy Capital Corporation	4	4
PECO Trust IV	6	6
TEG and TEP	81	90
NuStart Energy Development, LLC	1	2
Other	1	1
Total investment in affiliates	$ 167	$ 200
Receivable from affiliates (noncurrent)		
ComEd Transitional Funding Trust	$ 14	$ 12
Payables to affiliates (current)		
ComEd Transitional Funding Trust	—	1
ComEd Financing II	6	6
ComEd Financing III	4	4
PECO Trust III	1	1
Total payables to affiliates (current)	$ 11	$ 12
Long–term debt to ComEd Transitional Funding Trust, PETT and other financing trusts (including due within one year)		
ComEd Transitional Funding Trust	$ 648	$ 987
ComEd Financing II	155	155
ComEd Financing III	206	206
PETT	2,403	2,976
PECO Trust III	81	81
PECO Trust IV	103	103
Total long–term debt due to financing trusts	$ 3,596	$ 4,508

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Generation

The financial statements of Generation include related-party transactions as presented in the tables below:

	For the Years Ended December 31, 2006	2005	2004
Operating revenues from affiliates			
ComEd[a]	$2,929	$3,174	$2,374
PECO[a]	1,812	1,672	1,465
BSC[b]	1	2	2
Total operating revenues from affiliates	$4,742	$4,848	$3,841
Purchased power from affiliates			
ComEd[c]	$ —	$ —	$ 9
Fuel from affiliates			
PECO[c]	1	1	1
Operating and maintenance from affiliates			
ComEd[c]	7	8	8
PECO[c]	7	7	8
BSC[b]	250	222	223
Total operating and maintenance from affiliates	$ 264	$ 237	$ 239
Interest expense to affiliates, net			
Exelon intercompany money pool[d]	$ 4	$ 3	$ 3
Equity in earnings (losses) of unconsolidated affiliates			
Sithe	$ —	$ —	$ (11)
TEG and TEP	(7)	(1)	(3)
NuStart Energy Development, LLC	(2)	—	—
Total equity in earnings (losses) of unconsolidated affiliates	$ (9)	$ (1)	$ (14)
Cash distribution paid to member	$ 609	$ 857	$ 662
Cash contribution received from member	25	843	17

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	December 31, 2006	December 31, 2005
Investments in affiliates		
TEG and TEP	$ 81	$ 90
Keystone	8	7
Conemaugh	7	6
NuStart Energy Development, LLC	1	2
Total investment in affiliates	$ 97	$ 105
Receivables from affiliates (current)		
Exelon [g]	$ 85	$ —
ComEd [a]	197	242
ComEd decommissioning [e]	—	11
PECO [a]	153	151
BSC [b]	2	7
Total receivables from affiliates (current)	$ 437	$ 411
Contributions to Exelon intercompany money pool [d]	$ 13	$ —
Payable to affiliate (current)		
Exelon [g]	$ —	$ 4
Borrowings from Exelon intercompany money pool [d]	$ —	$ 92
Payables to affiliates (noncurrent)		
ComEd decommissioning [f]	$1,760	$1,435
PECO decommissioning [f]	151	68
Total payables to affiliates (noncurrent)	$1,911	$1,503

(a) Generation has PPAs with ComEd and PECO, as amended, to provide the full energy requirements of ComEd and PECO. Generation's PPA with ComEd expired December 31, 2006. As a result of the expiration of the PPA and the results of the auctions, beginning in 2007, Generation is selling more power through bilateral agreements with other new and existing counterparties. See Note 18 of the Combined Notes to Consolidated Financial Statements for further detail. Effective April 1, 2004, Generation entered into a one-year gas supply agreement with PECO.

(b) Generation receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized. Some third-party reimbursements due to Generation are recovered through BSC.

(c) Generation purchases retail electric and ancillary services from ComEd and buys power from PECO for Generation's own use. Prior to joining PJM on May 1, 2004, ComEd also provided transmission services to Generation. Amounts charged by ComEd to Generation for transmission have been recorded as intercompany purchased power by Generation. Generation's PPA with ComEd expired December 31, 2006. See Note 18 of the Combined Notes to Consolidated Financial Statements for further detail regarding the PPAs.

(d) Generation participates in Exelon's intercompany money pool. Generation earns interest on its contributions to the money pool, and pays interest on its borrowings from the money pool at a market rate of interest.

(e) Generation had a receivable from ComEd representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation. This was fully paid in 2006.

(f) 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 customers. See Note 13—Asset Retirement Obligations for additional information.

(g) In order to facilitate payment processing, Exelon processes certain invoice payments on behalf of Generation. In addition, Generation has a receivable from Exelon for the allocation of tax benefits related to the capital loss carryback. The December 31, 2005 payable from Exelon for the allocation of tax benefits was settled in 2006. See Note 12—Income Taxes for additional information.

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ComEd

The financial statements of ComEd include related-party transactions as presented in the tables below:

	For the Years Ended December 31,		
	2006	2005	2004
Operating revenues from affiliates			
Generation[a]	$ 7	$ 8	$ 17
Enterprises[a]	—	—	1
ComEd Transitional Funding Trust	3	3	3
Total operating revenues from affiliates	$ 10	$ 11	$ 21
Purchased Power from affiliate			
PPA with Generation[b]	$2,929	$3,174	$2,374
Operation and maintenance from (to) affiliates			
BSC[c]	$ 220	$ 193	$ 192
Interest expense to affiliates, net			
ComEd Transitional Funding Trust	$ 47	$ 66	$ 85
ComEd Financing II	13	13	13
ComEd Financing III	13	13	13
UII[d]	—	—	(16)
Exelon intercompany money pool[e]	—	(3)	(3)
Other	(1)	(1)	(1)
Total interest expense to affiliates, net	$ 72	$ 88	$ 91
Equity in earnings (losses) of unconsolidated affiliates			
ComEd Funding LLC	$ (10)	$ (14)	$ (20)
ComEd Financing III	—	—	1
Total equity in earnings (losses) of unconsolidated affiliates	$ (10)	$ (14)	$ (19)
Capitalized costs			
BSC[c]	$ 81	$ 62	$ 62
Cash dividends paid to parent	$ —	$ 498	$ 457
Cash contributions received from parent	37	834	175

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	December 31, 2006	December 31, 2005
Receivables from affiliates (current)		
ComEd Transitional Funding Trust	$ 17	$ 14
Exelon [h]	—	23
Other	1	—
Total receivables from affiliates (current)	$ 18	$ 37
Investment in affiliates		
ComEd Funding LLC	$ 4	$ 18
ComEd Financing II	10	10
ComEd Financing III	6	6
Total investment in affiliates	$ 20	$ 34
Receivable from affiliates (noncurrent)		
Generation [f]	$ 1,760	$ 1,435
ComEd Transitional Funding Trust	14	12
Total receivable from affiliates (noncurrent)	$ 1,774	$ 1,447
Payables to affiliates (current)		
Generation decommissioning [g]	$ —	$ 11
Generation [a][b]	197	242
BSC [c]	10	14
ComEd Transitional Funding Trust	—	1
ComEd Financing II	6	6
ComEd Financing III	4	4
Other	2	—
Total payables to affiliates (current)	$ 219	$ 278
Borrowings from Exelon intercompany money pool [e]	$ —	$ 140
Long-term debt to ComEd Transitional Funding Trust and other financing trusts (including due within one year)		
ComEd Transitional Funding Trust	$ 648	$ 987
ComEd Financing II	155	155
ComEd Financing III	206	206
Total long-term debt due to financing trusts	$ 1,009	$ 1,348

(a) ComEd provides retail electric and ancillary services to Generation. ComEd provided electric and ancillary services to certain Enterprises companies which were sold in 2004. Prior to joining PJM on May 1, 2004, ComEd also provided transmission services to Generation and Enterprises.
(b) ComEd's full-requirements PPA, as amended, with Generation expired December 31 2006. See Note 18—Commitments and Contingencies for more information regarding the PPA.
(c) ComEd receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.

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(d) ComEd had a note and interest receivable with a variable rate equal to the one month forward LIBOR rate plus 50 basis points from UII, LLC (successor to Unicom Investments Inc.) relating to ComEd's December 1999 fossil plant sale. The note was paid in full during 2004.

(e) ComEd participated in Exelon's intercompany money pool. ComEd earned interest on its contributions to the money pool and paid interest on its borrowings from the money pool at a market rate of interest. As of January 10, 2006, ComEd suspended participation in the intercompany money pool.

(f) ComEd has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO at the end of decommissioning, such amounts are due back to ComEd for payment to ComEd's customers. See Note 13—Asset Retirement Obligations for additional information.

(g) ComEd had a payable to Generation representing ComEd's legal requirements to remit collections of nuclear decommissioning costs from its customers to Generation. This was fully paid in 2006.

(h) The December 31, 2005 receivable from Exelon for the allocation of tax benefits was settled in 2006. See Note 12 – Income Taxes for additional information.

PECO

The financial statements of PECO include related-party transactions as presented in the tables below:

	For Year Ended December 31, 2006	2005	2004
Operating revenues from affiliates [a]			
Generation	$ 8	$ 8	$ 9
PETT [b]	7	9	10
Total operating revenues from affiliates	$ 15	$ 17	$ 19
Purchased power from affiliate [c]			
Generation	$1,811	$1,670	$1,447
Fuel from affiliate [d]			
Generation	—	1	17
Operating and maintenance from affiliates [e]			
BSC	129	108	106
Generation	1	1	1
Total operating and maintenance from affiliates	$ 130	$ 109	$ 107
Interest expense to affiliates, net			
PETT	$ 180	$ 212	$ 235
PECO Trust III	6	6	6
PECO Trust IV	6	6	6
Other	1	(1)	—
Total interest expense to affiliates, net	$ 193	$ 223	$ 247
Equity in losses of unconsolidated affiliates			
PETT	$ (9)	$ (16)	$ (25)
Capitalized costs [f]			
BSC	$ 54	$ 41	$ 22
Cash dividends paid to parent	$ 502	$ 469	$ 391
Cash contributions received from parent	181	250	312

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	December 31, 2006	December 31, 2005
Receivable from affiliate (current)		
Exelon	$ —	$ 13
Contributions to Exelon intercompany money pool[f]	—	8
Investment in affiliates		
PETT	54	63
PECO Energy Capital Corporation	4	4
PECO Trust IV	6	6
Total investment in affiliates	$ 64	$ 73
Receivable from affiliate (noncurrent)		
Generation decommissioning[g]	$ 151	$ 68
Borrowings from Exelon intercompany money pool[f]	$ 45	$ —
Payables to affiliates (current)		
Generation[c]	$ 153	$ 151
BSC[e]	48	26
Exelon	1	—
PECO Trust III	1	1
Total payables to affiliates (current)	$ 203	$ 178
Long-term debt to PETT and other financing trusts (including due within one year)		
PETT	$2,404	$2,975
PECO Trust III	81	81
PECO Trust IV	103	103
Total long-term debt to financing trusts	$2,588	$3,159
Shareholders' equity—receivable from parent[h]	$1,090	$1,232

(a) PECO provides energy to Generation for Generation's own use.
(b) PECO receives a monthly service fee from PETT based on a percentage of the outstanding balance of all series of transition bonds.
(c) PECO has entered into a PPA with Generation. See Note 18—Commitments and Contingencies for more information regarding the PPA.
(d) Effective April 1, 2004, PECO entered into a one-year gas procurement agreement with Generation.
(e) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.
(f) PECO participates in Exelon's intercompany money pool. PECO earns interest on its contributions to the money pool and pays interest on its borrowings from the money pool at a market rate of interest.
(g) PECO has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct, whereby, to the extent the assets associated with decommissioning are greater than the applicable ARO at the end of decommissioning, such amounts are due back to PECO for payment to PECO's customers. See Note 13—Asset Retirement Obligations.
(h) PECO has a non-interest bearing receivable from Exelon related to the 2001 corporate restructuring. The receivable is expected to be settled over the years 2007 through 2010.

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22. Quarterly Data (Unaudited) (Exelon, Generation, ComEd and PECO)

Exelon

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

	Operating Revenues		Operating Income (Loss)		Income (Loss) Before the Cumulative Effect of Changes In Accounting Principles		Net Income (Loss)	
	2006	2005	2006	2005	2006	2005	2006	2005
Quarter ended:								
March 31	$3,861	$ 3,561	$ 818	$ 931	$400	$ 521	$400	$ 521
June 30	3,697	3,484	1,202	897	644	514	644	514
September 30 (a)	4,401	4,473	438	1,312	(44)	725	(44)	725
December 31 (a)	3,696	3,838	1,063	(416)	592	(795)	592	(837)

(a) Results of operations for the third quarter of 2006 and the fourth quarter of 2005 included a $776 million and $1.2 billion, respectively, impairment of ComEd's goodwill.

	Average Basic Shares Outstanding (in millions)		Earnings (Losses) per Basic Share Before the Cumulative Effect of Changes in Accounting Principles		Net Income (Loss) per Basic Share	
	2006	2005	2006	2005	2006	2005
Quarter ended:						
March 31	669	666	$ 0.60	$ 0.78	$ 0.60	$ 0.78
June 30	670	670	0.96	0.77	0.96	0.77
September 30 (a)	671	670	(0.07)	1.08	(0.07)	1.08
December 31 (a)	672	668	0.88	(1.19)	0.88	(1.25)

(a) Results of operations for the third quarter of 2006 and the fourth quarter of 2005 included a $776 million and $1.2 billion, respectively, impairment of ComEd's goodwill.

	Average Diluted Shares Outstanding (in millions)		Earnings (Losses) per Diluted Share Before the Cumulative Effect of Changes in Accounting Principles		Net Income (Loss) per Diluted Share	
	2006	2005	2006	2005	2006	2005
Quarter ended:						
March 31	675	675	$ 0.59	$ 0.77	$ 0.59	$ 0.77
June 30	676	677	0.95	0.76	0.95	0.76
September 30 (a)	671	677	(0.07)	1.07	(0.07)	1.07
December 31 (a)	677	668	0.87	(1.19)	0.87	(1.25)

(a) Results of operations for the third quarter of 2006 and the fourth quarter of 2005 included a $776 million and $1.2 billion, respectively, impairment of ComEd's goodwill.

Exelon Corporation and Subsidiary Companies
Exelon Generation Company, LLC and Subsidiary Companies
Commonwealth Edison Company and Subsidiary Companies
PECO Energy Company and Subsidiary Companies

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

The following table presents the New York Stock Exchange—Composite Common Stock Prices and dividends by quarter on a per share basis:

	2006				2005			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
High price	$ 63.62	$ 61.98	$ 58.86	$ 59.90	$ 56.00	$ 57.46	$ 52.01	$ 47.18
Low price	57.83	56.74	51.13	52.79	46.62	49.60	44.14	41.77
Close	61.89	60.54	56.83	52.90	53.14	53.44	51.33	45.89
Dividends	0.400	0.400	0.400	0.400	0.400	0.400	0.400	0.400

Generation

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

	Operating Revenues		Operating Income		Income Before Cumulative Effect of a Change in Accounting Principle		Net Income	
	2006	2005	2006	2005	2006	2005	2006	2005
Quarter ended:								
March 31	$2,220	$ 2,020	$ 468	$ 506	$ 268	$ 320	$ 268	$ 320
June 30	2,214	2,105	818	456	500	296	500	296
September 30	2,635	2,711	668	575	394	335	394	335
December 31	2,074	2,210	443	316	245	177	245	147

ComEd

The data shown below includes all adjustments that ComEd 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)	
	2006	2005	2006	2005	2006	2005	2006	2005
Quarter ended:								
March 31	$1,426	$1,386	$ 169	$ 188	$ 54	$ 70	$ 54	$ 70
June 30	1,453	1,488	292	254	127	109	127	109
September 30 (a)	1,840	1,948	(338)	463	(506)	224	(506)	224
December 31 (a)	1,381	1,442	432	(919)	213	(1,079)	213	(1,088)

(a) Results of operations for the third quarter of 2006 and the fourth quarter of 2005 included a $776 million and $1.2 billion, respectively, impairment of goodwill.

Exelon Corporation and Subsidiary Companies
Exelon Generation Company, LLC and Subsidiary Companies
Commonwealth Edison Company and Subsidiary Companies
PECO Energy Company and Subsidiary Companies

Combined Notes to Consolidated Financial Statements—(Continued)
(Dollars in millions, except per share data unless otherwise noted)

PECO

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

	Operating Revenues		Operating Income		Income Before Cumulative Effect Of a Change in Accounting Principle		Net Income on Common Stock	
	2006	2005	2006	2005	2006	2005	2006	2005
Quarter ended:								
March 31	$ 1,407	$ 1,295	$ 210	$ 274	$ 93	$ 129	$ 92	$ 128
June 30	1,148	1,044	205	225	93	110	92	109
September 30	1,379	1,322	237	320	134	166	133	165
December 31	1,235	1,249	213	231	121	115	120	111

23. Subsequent Events

On January 15, 2007, ComEd paid $145 million to retire its 7.650% notes at maturity.

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

Exelon, Generation, ComEd, and PECO

None.

ITEM 9A. CONTROLS AND PROCEDURES

Exelon, Generation, ComEd, and PECO

During the fourth quarter of 2006, 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 accumulated and 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 as appropriate to allow timely decisions regarding required disclosure, 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.

Accordingly, as of December 31, 2006, 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, 2006. As a result of that assessment, management determined that there were no material weaknesses as of December 31, 2006 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.

On October 13, 2006, PECO completed the Common Customer System project, which moved the PECO customer accounts into the existing ComEd customer information management system (CIMS) to provide a common customer billing system for Exelon. This implementation impacted various processes and controls, which were tested as part of management's assessment and report on the effectiveness of its internal control over financial reporting as of December 31, 2006 as discussed above.

ITEM 9B. OTHER INFORMATION

Exelon

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

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, 2006.

Directors, Director Nomination Process, and Audit Committee

The information required under ITEM 10 concerning directors and nominees for election as directors at Exelon's annual meeting of shareholders (Item 401 of Regulation S-K), the director nomination process (Item 407(c)(3)) and the audit committee (Item 407(d)(4) and (d)(5) is incorporated herein by reference to information to be contained in Exelon's definitive 2007 proxy statement (2007 Exelon Proxy Statement) to be filed with the SEC before April 29, 2007 pursuant to Regulation 14A under the Securities Exchange Act of 1934.

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*. The Code of Business Conduct will be made available, without charge, in print to any shareholder who requests such document from Katherine K. Combs, Senior Vice President, Corporate Governance 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*, 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 2006.

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, 2006.

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 to be incorporated by reference to the 2007 Exelon Proxy Statement.

Code of Ethics

The Exelon Code of Business Conduct is the code of ethics that applies to all officers and employees of Generation. See discussion of Exelon's Code of Ethics above.

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, 2006.

Directors

Frank M. Clark. Age 61. Chairman and Chief Executive Officer since November 28, 2005. Previously Vice President and Chief of Staff of Exelon and President of ComEd; Senior Vice President, distribution, customer and market services and external affairs of ComEd; Senior Vice President of ComEd and Unicom; Vice President of ComEd; Governmental Affairs Vice President; and Governmental Affairs Manager. Also a director of Aetna, Inc. and Waste Management, Inc.

James W. Compton. Age 69. Director of Commonwealth Edison Company since September 18, 2006. Chicago Urban League President and Chief Executive Officer from 1978 through 2006; Chicago Urban League Development Corporation President and Chief Executive Officer.

Sue L. Gin. Age 65. Director of Commonwealth Edison Company since November 28, 2005. Member of the audit committee. Founder, Owner, Chairman and Chief Executive Officer of Flying Food Group, LLC (in-flight catering company). Other directorships: Centerplate, Inc. She is also a director of Exelon.

Edgar D. Jannotta. Age 75. Director of Commonwealth Edison Company since November 28, 2005. Member of the audit committee. Chairman of William Blair & Company, L.L.C. (investment banking and brokerage company) since March 2001. Senior Director from 1996 through February 2001. Also a director of Aon Corporation and Molex, Inc. He is also a director of Exelon.

Edward J. Mooney. Age 65. Director of Commonwealth Edison Company since October 16, 2006. Former Delegue General–North America of Suez Lyonnaise, and former chairman and chief executive officer of Nalco Chemical Company since March 2000. Also a director of Northern Trust Corporation, FMC Corporation, FMC Technologies, Inc. and Cabot Microelectronics Corporation.

John W. Rogers, Jr. Age 49. Director of Commonwealth Edison Company since November 28, 2005. Chair of the audit committee. Founder, Chairman and CEO of Ariel Capital Management, Inc., LLC (an institutional money management firm). Also a director of Aon Corporation and McDonalds Corporation. He is also a director of Exelon.

Jesse H. Ruiz. Age 42. Director of Commonwealth Edison Company since October 16, 2006. Partner at the law firm Garden Carton & Douglas; Chairman of the Illinois State Board of Education.

Richard L. Thomas. Age 76. Director of Commonwealth Edison Company since November 28, 2005. Member of the audit committee. Retired Chairman of First Chicago NBD Corporation (banking and financial services) and the First National Bank of Chicago. Also a director of SABRE Holdings Corporation. He is also a director of Exelon.

Audit Committee

The ComEd audit committee consists of John W. Rogers, Jr., its Chair, Sue L. Gin, Edgar D. Jannotta and Richard L. Thomas. Although ComEd is a controlled subsidiary of Exelon and is accordingly not required to have an audit committee, the ComEd board established an audit committee for the limited purpose of reviewing financial disclosures. The other ordinary functions of an audit committee, including oversight of the independent accountant, are carried out by the audit committee of the Exelon board of directors.

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 See discussion of Exelon's Code of Ethics above.

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*, 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, 2006.

Directors

Since the merger date, the board of directors of PECO has been comprised solely of employees of Exelon, ComEd, PECO, or their subsidiaries. These individuals receive no additional compensation for serving as directors of PECO.

John W. Rowe. Age 61. Director and Chief Executive Officer of Exelon Corporation since October 20, 2000; Chairman since April 2002; President from October 20, 2000 through May 2003 and from November 2004 to the present. Former Chairman, President and CEO of Unicom Corporation and Commonwealth Edison Company. Former President and CEO of New England Electric System. Also a director of The Northern Trust Company and Sunoco, Inc.

Denis P. O'Brien. Age 46. 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. Age 56. Director since March 15, 2004. Executive Vice President of Exelon Corporation since February 1, 2004. President and CEO of Exelon Energy Delivery and Exelon Generation. 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 to be incorporated by reference to the 2007 Exelon Proxy Statement.

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. See discussion of Exelon's Code of Ethics above.

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*, or in a report on Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives of the Compensation Program

The compensation committee reviews, administers and oversees executive compensation and employee benefit plans and programs, including annual and long-term incentives and executive compensation policies. The compensation committee makes recommendations to the independent directors regarding the compensation of the chairman and Chief Executive Officer (CEO), the president (if different from the CEO) and executive vice presidents. The compensation committee acts pursuant to a charter that has been approved by our board of directors. The charter is posted on Exelon's website, *www.exeloncorp.com*, select the Investor Relations page and the Corporate Governance tab. The committee uses the services of a compensation consultant, Towers Perrin, which reports directly to the compensation committee.

The compensation committee has designed Exelon's executive compensation program to attract and retain outstanding executives. The compensation programs are designed to motivate and reward senior management for achieving financial, operational and strategic success consistent with Exelon's goal of being the best group of electric generation and electric and gas delivery companies in the country, thereby building value for shareholders. Exelon's compensation program has three principles, as described below:

1. A substantial portion of compensation should be performance-based.

The compensation committee has adopted a pay-for-performance philosophy, which places an emphasis on pay-at-risk. Exelon's compensation program is designed to reward superior performance, that is, meeting or exceeding financial and operational goals set by the compensation committee. When excellent performance is achieved, pay will increase. Failure to achieve the target goals established by the compensation committee will result in lower pay. There are pay-for-performance features in both cash and equity-based compensation. Mr. Rowe, the chairman, president and CEO, and the other named executive officers (NEOs) listed in the Summary Compensation Table participate in an annual incentive plan that provides cash compensation based on the achievement of performance goals established each year by the compensation committee. Mr. Rowe has an annual incentive target of 100% of his base salary, while the other NEOs have annual incentive targets of 50% to 75% of their base salaries. With respect to equity compensation, a substantial portion of each NEO's equity–based compensation is in the form of performance share units that are paid to the extent that longer–range performance goals set by the compensation committee are met, with the balance delivered in stock options that vest on the basis of the passage of time. As a result, 85% of Mr. Rowe's 2006 target total direct compensation (base salary plus annual and long–term incentive compensation) was at–risk. Similarly, of the other NEOs' 2006 target total direct compensation, approximately 65% to 80% was at–risk.

2. A substantial portion of compensation should be granted as equity–based awards.

The compensation committee believes that a substantial portion of compensation should be in the form of equity–based awards in order to align the interests of the NEOs with Exelon's shareholders. The objective is to make the NEOs think and act like owners. A significant portion of equity–based compensation is in the form of performance share units that are paid if, and only to the extent that, specific performance goals established by the compensation committee are met. The balance of their equity–based compensation is in the form of options to purchase Exelon common stock, which gain value only to the extent that the market price of Exelon's stock increases following the grant date and the executive remains with the company for a sufficient period of time for the options to vest. As detailed below, the portion of compensation delivered in the form of equity varies among the CEO and the other NEOs.

3. Exelon's compensation program should enable the company to compete for and retain outstanding executive talent.

Exelon's shareholders are best served when we can successfully recruit and retain talented executives with compensation that is competitive and fair. The compensation committee strives to deliver total direct compensation at the median (the 50th percentile), which is deemed to be the competitive level of pay of executives in comparable positions at certain peer companies with which we compete for executive talent. If Exelon's performance is at target, the compensation will be targeted at the 50th percentile; if Exelon's performance is above target, the compensation will be targeted above the 50th percentile, and if performance is below target, the compensation will be targeted below the 50th percentile. This concept reinforces the pay–for–performance philosophy. In addition, the compensation committee compares the total direct compensation of the NEOs to each other and to other senior executives of the company to assess internal parity and considers their tenure in position and experience.

Each year the compensation committee commissions a study to benchmark total direct compensation against a peer group of companies. This analysis is conducted by a leading global compensation consulting firm, Towers Perrin, and includes an assessment of competitive compensation levels at high–performing energy services companies and other large, capital asset–intensive companies in general industry, since the company competes for executive talent with companies in both groups.

The peer group criteria include having revenue similar to Exelon's, market capitalization generally greater than $5 billion, and a balance of industry segments. The members of the peer group are reviewed each year to determine whether their inclusion continues to be appropriate. Generally the peer group is comprised of 24 companies: 12 general industry companies and 12 energy services companies. The companies were selected by the compensation committee from the Towers Perrin Energy Services Industry Executive Compensation Database and their Executive Compensation

Database. The general industry companies currently include: 3M, Abbott Laboratories, BellSouth Corp., Caterpillar Inc., General Mills Inc., Honeywell International, International Paper, Johnson Controls Inc., PepsiCo Inc., PPG Industries, Inc., Union Pacific Corp., and Weyerhaeuser Company. The energy services companies included American Electric Power, Centerpoint Energy, Dominion Resources, Inc., Duke Energy Corp., Edison International, Entergy Corp., FirstEnergy, PG&E Corp., Public Service Enterprise Group Incorporated, Southern Co., TXU Corp., and Xcel Energy, Inc.

In addition to this study, the compensation committee has periodically benchmarked and refined the company's severance and change in control arrangements and perquisites programs.

Elements of Compensation

This section is an overview of our compensation program for NEOs. It describes the various elements and discusses matters relating to those items, including why the compensation committee chooses to include items in the compensation program. The next section describes how 2006 compensation was determined and awarded to the NEOs.

Exelon's executive compensation program is comprised of four elements: base salary; annual incentives; long–term incentives; and other benefits.

Cash compensation is comprised of base salary and annual incentives. Equity compensation is delivered through long–term incentives. Together, these elements are designed to balance short–term and longer–range business objectives and to align NEOs' financial rewards with shareholders' interests. Approximately 30% to 55% of NEOs' total target direct compensation is delivered in the form of cash. Equity compensation accounts for approximately 45% to 70% of NEO total target direct compensation. The range in the mix of cash and equity compensation is consistent with competitive compensation practices among companies in the peer group. The compensation committee believes that this mix of cash and equity compensation strikes the right balance of incentives to pursue specific short and long–term performance goals that drive shareholder value.

Base Salary

Base salaries for Exelon's NEOs are determined based on individual responsibility, performance and experience, with reference to the salaries of executives in similar positions in the peer group. Generally, salaries are targeted to approximate the median (50th percentile) salary levels for comparable executives at the companies included in the peer group. The compensation committee also takes into consideration unique circumstances required to attract and retain talent. Exelon's compensation program for NEOs is designed so that approximately 15% to 35% of NEO total direct compensation is in the form of base salary, consistent with practices at the companies in the peer group. The compensation committee reviews and recommends to the full board of directors the level of NEOs' base salaries at its meeting in January of each year, when the results of the prior year are known. The independent directors of the Exelon board, on the recommendations of the compensation committee with input from the CEO, determine NEOs' base salaries. In addition, Mr. Rowe has been delegated authority from the compensation committee to adjust base salaries for retention purposes or unique circumstances for officers who are not executive vice presidents or higher.

Annual Incentives

Annual incentive compensation is made available to all salaried employees, including NEOs, all non–represented hourly employees and represented employees to the extent provided in their applicable collective bargaining agreement. It is designed to provide incentives for achieving short–term financial and operational goals for the company as a whole, and for subsidiaries, individual business units and operating groups, as appropriate. Under the annual incentive program, cash awards are made to NEOs and other employees if, and only to the extent that, performance conditions set by the compensation committee are met. The amount of the annual incentive target opportunity is expressed as a percentage of the officer's or employee's base salary, and actual awards are determined using the base salary at the end of the year. In establishing targets for the annual incentive plan, the compensation committee considers several factors, including:

- The recommendations of management as to annual incentive goals that are consistent with Exelon's business plans for the following year,
- The targets set, and achievement level in prior years, and
- The advice of Towers Perrin as to compensation practices at other companies in the peer group.

The goals under the annual incentive program are developed through an iterative process. Management, including the CEO, the CFO, other NEOs and subsidiary and business unit leadership, develop recommendations for goals that are aligned with Exelon's business plan. Threshold, target and distinguished (i.e. maximum) achievement levels are established for each goal. Threshold is set at the minimally acceptable level of performance. Target is set consistent with the achievement of the business plan objectives. Distinguished is set at a level that significantly exceeds the business plan and has a low probability of payout.

Towers Perrin reviews the incentive practices at other companies in the peer group and makes recommendations as to appropriate levels of annual incentive compensation and structures for incentive targets that are competitive with our peer companies. The compensation committee reviews the recommendations of management and Towers Perrin for the conceptual design of the annual incentive program and establishes the final goals. In doing so, the compensation committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to warrant meaningful incentive payments for management, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program for the NEOs. Awards under the annual incentive program are made at the compensation committee meeting held in January, after the performance for the year has been determined. In making awards, the compensation committee has the discretion to reduce or not pay annual incentive compensation even if the targets are met. For example, 2003 annual incentive awards were reduced 30% for senior leadership, 25% for vice presidents and 20% for non–executive employees to impose some accountability for impairment of investments in Sithe and Boston Generating that adversely affected GAAP earnings. No such reduction was imposed in 2006.

The goals under the annual incentive program typically include a mixture of operating earnings per share, business unit and operating group financial measures and operating key performance indicators. The goals are weighted differently depending upon the importance of the goal to the level of the participant and his or her subsidiary or business unit. The weighting also reflects the compensation committee's view as to the appropriate balance of central corporate goals, such as operating earnings, and business unit and operating group financial measures and operating key performance indicators. Operating earnings may be adjusted for non–operating charges and other one–time, unusual and non–recurring items that are not indicative of the company's ongoing performance. The compensation committee approves all adjustments. Generally, the items excluded from adjusted operating earnings for compensation purposes are the same as the items excluded from adjusted (non–GAAP) operating earnings that the company reports to investors in its quarterly earnings releases, although the compensation committee sometimes exercises discretion to include items for compensation purposes that are excluded for reporting purposes in the earnings releases. For information concerning the goals applicable to the 2006 annual incentives, please see the table within the other NEOs' 2006 Annual Incentives section below.

Actual incentive payments can vary from 0 (if the threshold is not uniformly met) to 50% of target (if the threshold is met), 100% of target (if the target is met or exceeded), and capped at 200% of target (the maximum possible payment if performance is uniformly "distinguished"), but with respect to NEOs, also cannot exceed the amount available to each NEO under an incentive pool established by the compensation committee to fund NEO awards. Awards are interpolated to the extent performance falls between the threshold, target, and distinguished levels. In addition, the compensation committee has the discretion to apply an individual performance multiplier that can be used to adjust awards from minus 50% to plus 10%, subject to the maximum 200% of the target opportunity and the amounts available under the incentive pool.

Long–term Incentives

As noted above, the compensation committee believes that a substantial portion of long–term compensation also should be performance–based, using goals established by the compensation committee. Long–term incentives are made available to executives and key management employees who affect the long–term success of the company. The long–term incentives are designed to provide incentives and rewards closely related to the interests of Exelon's shareholders, as measured by the performance of Exelon's total shareholder return and stock price appreciation. To further align the interests of the recipients of long–term incentive compensation, including the NEOs, with our shareholders, our long–term incentive compensation programs are equity–based. The compensation committee has adopted additional policies based on its desire to align the interests of NEOs and other officers with the interests of our shareholders, such as our guidelines for stock ownership and restrictions on stock sales, as described below.

Long–term incentives for Exelon's executives are generally based on a combination of non–qualified options to purchase Exelon common stock and performance share units awarded under the company's shareholder–approved long–term incentive plan. The compensation committee grants a portion of the long–term incentive compensation in the form of performance share units that are awarded only if, and to the extent that, performance conditions established by the compensation committee are met. The balance of long–term incentive compensation is in the form of time–vested stock options. The use of both forms of long–term incentives is consistent with the practices in our peer group, as reported by Towers Perrin. The stock options provide value only if, and to the extent that, the market price of Exelon's common stock increases following the grant. In this way, stock options align the interests of the option holders with our shareholders, so that option holders only gain if our shareholders gain. The mix of long–term incentives varies from year to year. The mix depends on the compensation committee's assessment of the appropriate balance between cash and equity–based incentive compensation and short and long–term incentives, as well as the competitive compensation practices of companies in the peer group identified by Towers Perrin in its report to the compensation committee. In 2005, the mix of long–term incentive value was 50% stock options and 50% performance shares. In 2006, the compensation committee determined that the value mix should be changed to 35% stock options and 65% performance shares based on trends in long–term incentive compensation practices that Towers Perrin reported to the compensation committee. This trend is due in part to the effect of the implementation of SFAS No. 123–R on the accounting for equity–based compensation.

Stock Options

A portion of the long–term incentive opportunity is delivered in the form of stock options to align management and shareholder interests, support a long–term perspective and planning process and attract, motivate and retain executive talent. Stock options correlate well with shareholder interests because they gain value only to the extent that the stock price increases above the exercise price. 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. The target for the number of options awarded is determined by the portion of the long–term incentive value attributable to stock options and a theoretical value of each option determined by the compensation committee using a Black–Scholes valuation formula. Options vest in equal annual installments over a four–year period and have a term of ten years. Time vesting adds a retention element to our stock option program. Stock option repricing is prohibited by policy or terms of the company's long–term incentive plans. Accordingly, no options have been repriced. Stock option awards are generally granted at the regularly scheduled January compensation committee meeting when the committee reviews results for the preceding year and establishes the compensation program for the coming year. The compensation committee has delegated to the CEO the authority to make off–cycle awards to an employee who is not subject to the limitations of Section 162(m), is not an executive officer for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and is not an executive vice president or higher of Exelon, provided that such authority is limited to making grants of up to 1,200,000 options in the aggregate and 20,000 options per recipient in any year. These grants are ratified by the compensation committee. On rare occasions, stock options are granted to new hires on the date they commence employment. This delegated authority was used to make seven grants in 2006, none of which were to NEOs. All grants to the NEOs must be approved by the full board of directors, which acts after receiving a recommendation from the compensation committee, except grants to Mr. Rowe, which must be approved by the independent directors, who act after receiving recommendation from the compensation committee.

Performance Share Units

The compensation committee established a performance share unit award program contingent on performance as measured against predetermined objectives over a multi–year measurement period with the value fluctuating with stock price changes as well as performance against objectives. At the beginning of each year, the compensation committee and the board of directors establish targets for performance share unit awards for each executive. The performance goals are based on total shareholder return for Exelon as compared to the companies in the Standard & Poor's 500 Index and the Dow Jones Utility Index for the three–year period ending on December 31 of that year and may include other measures. For information concerning the goals applicable to the 2006 long–term performance share unit awards, please see the Long–term Incentives section below. Actual awards are determined at the January meeting of the compensation committee and the board of directors after the end of the performance period when the extent of achievement of the performance goals is known. One third of the awarded performance shares vests upon the award date with the balance vesting in January of the next two years. The vesting schedule is designed to add a retention factor to the program. The form of payment provides for payment in Exelon common stock to executives with lower levels of stock ownership, with increasing portions of the payments being made in cash as executives' stock ownership levels increase in excess of the ownership guidelines. This payment structure serves to deliver the long–term compensation in cash where the executive has substantially greater than the required stock ownership and provides the executive with liquidity and the opportunity for diversification.

Restricted Stock & Restricted Stock Units

In limited cases, the compensation committee has determined that it is necessary to grant restricted shares of Exelon common stock or restricted stock units to executives as a means to recruit and retain talent. They may be used for new hires to offset annual or long–term incentives that are forfeited from a previous employer. They are also used as a retention vehicle and are subject to forfeiture if the executive voluntarily terminates.

Executive stock ownership and trading requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock by the later of five years after their employment or promotion to their current position. For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Guidelines section in Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Exelon has adopted a policy requiring officers, executive vice presidents and above, who wish to sell Exelon common stock to do so only through Rule 10b5–1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Section 10b5–1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5–1 stock trading plans reduces the potential for accusations of trading on the basis of material, non–public information that could damage the reputation of the company. All of the NEOs have such plans, and their exercises during 2006 are reflected in the "Option Exercises and Stock Vested" table below. Because Mr. Rowe retains a portion of the shares obtained upon the exercise of stock options, the number of shares he owns increases through his stock trading plan. Exelon's stock trading policy does not permit short sales or hedging.

Other Benefits

Other benefits offered by Exelon include such things as qualified and non–qualified deferred compensation programs, post–termination compensation, retirement benefit plans and perquisites. The company also provides other benefits such as medical and dental coverage and life insurance to each NEO to generally the same extent as such benefits are provided to other Exelon employees, except that executives pay a higher percentage of their total medical premium. These benefits are intended to make our executives more efficient and effective and provide for their health, well–being and retirement planning needs. The compensation committee reviews these other benefits to confirm that they are reasonable and competitive in light of the overall goal of designing the compensation program to attract and retain talent while maximizing the interests of our shareholders.

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation and equity awards to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and certain key managers. Exelon maintains non–qualified deferred compensation plans that are open to certain highly–compensated employees, including the NEOs.

The Deferred Compensation Plan is a non–qualified plan that permits executives and key managers to defer base salary, annual incentive, and contributions that would be made to the Exelon Corporation Employee Savings Plan (the company's tax–qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Deferred Compensation Plan permits participants to defer taxation of a portion of their income. It benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Employee Savings Plan is tax–qualified under Sections 401(a) and 401(k) of the Internal Revenue Code. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to contribute, in a relatively tax–efficient manner. The amount of compensation that can be taken into account under a tax–qualified plan is limited under the Internal Revenue Code, which also limits amounts that can be deferred in any year. Subject to the applicable Internal Revenue Code limitations, participating management employees may contribute up to a total of 50% of base salary each year on a pre–tax, Roth or after–tax basis (or any combination thereof). In addition, the company will match the contributions dollar for dollar up to the first 5% of base salary deferred each pay period. The Deferred Compensation Plan (described above) includes a feature that provides for the deferral and payment, out of general assets, of an amount substantially equal to the difference between the amount that, in the absence of the Internal Revenue Code limitations, would have been allocated to an employee's Employee Savings Plan account as pre–tax contributions plus matching contributions, and the amount actually allocated under the Employee Savings Plan. The company maintains the excess matching feature of the Deferred Compensation Plan to enable management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS for purposes of Federal tax policy.

The Stock Deferral Plan permits executives to defer the receipt of shares awarded under the company's performance share unit award program. Performance shares paid in cash cannot be deferred.

In response to declining plan enrollment and the administrative complexity of compliance with Section 409A of the Internal Revenue Code, the compensation committee approved amendments to the Deferred Compensation and Stock Deferral Plans at its December 4, 2006 meeting. For more information about the amendments, please see ITEM 15. Exhibits and Financial Statement Schedules.

Change In Control and Severance Benefits

The compensation committee believes that change in control employment agreements and severance benefits are an important part of Exelon's compensation structure for NEOs. The compensation committee believes that these agreements will help to secure the continued employment and dedication of the NEOs, notwithstanding any concern they might have at such time regarding their own continued employment, prior to or following a change in control. The compensation committee also believes that these agreements and the Exelon Corporation Senior Management Severance Plan are important as recruitment and retention devices, as all or nearly all of the companies with which Exelon competes for executive talent have similar protections in place for their senior leadership.

Under the terms of his employment agreement, Mr. Rowe has benefits similar to those provided under the change in control employment agreements and the Exelon Corporation Senior Management Severance Plan. Additional information regarding the change in control employment agreements, the change in control and severance terms of Mr. Rowe's employment agreement, and the Exelon Corporation Senior Management Severance Plan, including definitions of key terms and a quantification of benefits that would have been received by our NEOs had termination occurred on December 31, 2006, is found in the "Potential Payments upon Termination or Change–in–Control" section below.

Retirement Benefit Plans

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 represented employees. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans to both reduce future retirement benefit cost and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain represented employees hired on or after such date, as well as management employees hired prior to such date who elected to transfer from their traditional pension plan to the cash balance plan.

The amount of compensation that can be taken into account under the tax–qualified retirement plans is limited under the Internal Revenue Code and was $220,000 for 2006. As permitted by the Employee Retirement Income Security Act of 1974, as amended (ERISA), Exelon also sponsors non–qualified supplemental pension plans (the SERP) that allow the payment, out of general assets, to certain highly–compensated individuals of any benefits calculated under the applicable tax–qualified plan benefit formula that exceed these limits. Exelon maintains the SERP to restore benefits to the level they otherwise would have been were it not for the limits established by the IRS for purposes of Federal tax policy.

For purposes of the SERP, Mr. Skolds received an additional 7 1/2 years of credited service upon his 5th anniversary of employment and will receive an additional 7 1/2 years upon his 10th anniversary in 2010. These credited years of service were awarded to him when he came to work for Exelon in 2000 to compensate Mr. Skolds for the pension benefits from his former employer that he surrendered to come to work for the company. Mr. Mehrberg received an additional 10 years of credited service for purposes of the SERP upon his fifth anniversary. He was awarded these credited years of service in 2002 as a retention incentive. Mr. Crane received an additional eight years of credited service for purposes of the SERP through December 31, 2006 as part of his employment offer that provides one additional year of service credit for each year of employment to a maximum of 10 additional years.

Under his employment agreement, Mr. Rowe is entitled to receive a special supplemental executive retirement plan benefit (the SERP benefit) upon termination of employment for any reason other than for cause. The SERP benefit was negotiated with Mr. Rowe in 1998 as part of his initial employment agreement to attract him from a previous employer, where he also served as CEO. The 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 earned 20 years of service on March 16, 1998 and one additional year of service on each anniversary of that date occurring prior to his termination of employment.

As of January 1, 2004, Exelon ceased the practice of granting additional years of credited service to executives under the non–qualified pension plans that supplement the Exelon Corporation Retirement Program for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date. Service credits available under employment, change in control or severance agreements or arrangements (or any successor arrangements) in effect as of January 1, 2004 are not affected by this policy. To attract a new executive, Exelon is permitted to grant additional years of service under the SERP related to its cash balance pension plan to make the executive whole for retirement benefits lost from another employer by joining Exelon, provided such a grant is disclosed to shareholders. To date, Exelon has not made any such grant.

The compensation committee believes that the pension plans and the SERP are an important part of the NEO compensation program. These plans serve a critically important role in the retention of senior executives, as benefits thereunder increase for each year that these executives remain employed. The plans thereby encourage our most senior executives to remain employed and continue their work on behalf of the shareholders.

Perquisites

Exelon provides limited perquisites intended to serve specific business needs for the benefit of Exelon; however, it is understood that some may be used for personal reasons as well. When perquisites are utilized for personal reasons, the cost or value 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 in which case the company may reimburse the officer for the taxes due on the imputed income. The Summary Compensation Table and related footnotes below detail the perquisites provided and summarize their incremental cost to the company. In 2005, Towers Perrin reviewed Exelon's perquisites program. Although specific data for Exelon's peer group was not available, Towers Perrin based its analysis on survey data for large energy and general industry companies. Towers Perrin found that Exelon's perquisite program was competitive. The compensation committee reviewed the costs of the perquisite program and determined the costs to be appropriate for a company of Exelon's size.

At its January 22, 2007 meeting, the compensation committee approved the phase–out of most executive perquisites, effective January 1, 2008. The eliminated perquisites will include: leased vehicles (existing leases allowed to expire), financial and estate planning, tax preparation and health and dining/airline club memberships. The phase–out approach includes a one–time transition payment in January 2008. The CEO will not receive a transition payment. Exelon will continue to provide executive physicals, parking in downtown Chicago, supplemental long term disability insurance and executive life insurance for those with existing policies. Exelon will continue to provide Mr. Rowe with 50 hours of personal travel per year on the corporate aircraft and executive chauffeur services because of the time commitments his position requires.

How The Amount of 2006 Compensation Was Determined

This section describes how 2006 compensation was determined and awarded to the NEOs.

CEO compensation

Exelon's CEO participates in the same programs and receives compensation based on the same factors as the other NEOs. However, Mr. Rowe's overall compensation reflects a greater degree of policy and decision–making authority and a higher level of responsibility with respect to the strategic direction and financial and operating results of Exelon. As such, the independent directors of the Exelon board, on the recommendations of the Exelon corporate governance committee, conducted a thorough review of Mr. Rowe's performance in 2006. The review considered performance requirements in the areas of finance and operations, strategic planning and implementation, succession planning and organizational goals, communications and external relations, board relations, leadership, and shareholder relations. Mr. Rowe prepared a detailed self–assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company's vision and goals. The factors considered included goals with respect to protecting the current value of the company, including delivering superior operating performance in terms of safety, reliability, customer satisfaction and efficiency, supporting competitive markets, protecting the value of our generation assets, and building healthy, self–sustaining delivery companies. The factors considered also included four goals relating to growing long–term value, including organizational improvement, aligning financial management policies with the changing profile of the company, rigorously evaluating new growth opportunities, and advancing an environmental strategy that leverages Exelon's carbon position. The Exelon board considered, in particular, strong results in operating earnings, Exelon's leading market capitalization, and successful nuclear and fossil operations, as well as the successful implementation of a new billing system at PECO and improvements in communications and external relations. It also considered areas where results were less than hoped for, such as the failure to obtain acceptable merger approvals, the regulatory difficulties in Illinois, and the need to continue improving delivery reliability.

How base salary was determined

Base salaries for the executives were determined based on individual performance and experience, with reference to the salaries of executives in similar positions in the peer group.

Mr. Rowe's 2006 Base Salary. The independent directors of the Exelon board, on the recommendations of the compensation committee and the corporate governance committee, determined Mr. Rowe's base salary for serving as the CEO by considering:

- a review of benchmark levels of base pay, which were provided by the compensation committee's consultant;

- Mr. Rowe's length of service as CEO at Exelon and other companies in the industry;
- performance achieved against financial and operational goals; and
- the performance assessment discussed above.

Mr. Rowe's annualized base salary was increased by 4% to $1,300,000 effective March 1, 2006.

Other Named Executives' 2006 Base Salaries. At its January 23, 2006 meeting, the compensation committee reviewed base salary data for the other NEOs listed in the Summary Compensation Table as compared to compensation data at the 50th and 75th percentile of the proposed peer group for the then–planned merger of Exelon and PSEG. However, in light of the delay in closing the proposed merger, the compensation committee recommended that base salaries for several of the named executive officers be increased modestly in 2006, with a further review of base salaries to be conducted after the closing of the merger to determine whether more substantial increases would be appropriate in light of increased responsibilities for the NEOs. Accordingly, the following NEOs received base salary increases during 2006:

Exelon, Generation and PECO

Name	Base Salary	Percent Increase	Effective Date
Skolds	$ 635,000	4.1%	3/1/2006
Young	550,000	3.8%	3/1/2006
Mehrberg	560,000	3.7%	3/1/2006
McLean	445,000	3.5%	3/1/2006
Crane	510,000	5.2%	3/1/2006
O'Brien	400,000	6.7%	3/1/2006

ComEd

Name	Base Salary	Percent Increase	Effective Date
Costello	$ 375,000	11.9%	8/1/2006

Due to the termination of the Merger, no further base salary increases occurred for NEOs in 2006. Messrs. Clark, McDonald, Mitchell and Hilzinger received pay increases in late 2005 and did not receive base salary increases in 2006.

How 2006 annual incentives were determined

For 2006, the annual incentive payments to Mr. Rowe and each of nine other senior executives were funded by a notional incentive pool established by the Exelon compensation committee under the Annual Incentive Plan for Senior Executives, a shareholder–approved plan, which is intended to comply with Section 162(m). The incentive pool was funded with 1.5% of Exelon's operating income, the same percentage used in 2005, but was not fully distributed to participants because the committee decided on substantially lesser awards.

Annual incentive payments for 2006 to Messrs. Rowe, Skolds, Young and Mehrberg were made from the portion of the incentive pool available to fund awards for each of them based on the company's operating earnings per share, adjusted for non–operating charges and other one–time, unusual and non–recurring items. The compensation committee reviewed 2006 earnings and decided not to include the effects of certain items in adjusting earnings for purposes of making awards under the annual incentive plan, such as, certain changes in GAAP, mark–to–market adjustments, investments in synthetic–

fuel producing facilities, significant impairments of intangible assets, certain losses on sales of businesses, AmerGen nuclear decommissioning obligation, impacts of certain regulatory recoveries and certain costs associated with the terminated merger with PSEG. 2006 annual incentive payments for other NEOs were based upon a combination of adjusted operating earnings per share and other company and business unit financial and operating measures. For executives with general corporate responsibilities, the goal was adjusted operating earnings per share so that they would focus their efforts on overall corporate performance. For executives with specific business unit responsibilities, the goals were a mix of earnings per share (so that they would focus on overall corporate performance) and business unit financial and/or operating measures, depending on the nature of their responsibilities. The following table summarizes the goals and weights applicable to the NEOs.

Exelon, Generation and PECO

Name	Adjusted Operating Earnings Per Share*1	Generation Operating Net Income*2	Exelon Energy Delivery (EED) Financial Measures*3	EED Operational Measures*4	Composite of All EED & Generation Goals*5	Business Services Company Expense vs. Budget*6	ComEd Financial Measures*7
Rowe	100%						
Skolds	100%						
Young	100%						
Mehrberg	100%						
Clark	20%			40%			40%
McLean	50%	50%					
Crane	50%	50%					
O'Brien	25%		25%	50%			
Hilzinger	25%				30%	45%	

ComEd

Name	Adjusted Operating Earnings Per Share*1	ComEd Financial Measures*7	EED Operational Measures*4	Composite of All EED & Generation Goals*5	Business Services Company Expense vs. Budget*6
Clark	20%	40%	40%		
McDonald	20%	40%	40%		
Mitchell	20%	40%	40%		
Costello	20%	40%	40%		
Hilzinger	25%			30%	45%

Footnotes

*1 The adjusted operating earnings per share threshold, for a 50% payout, was $2.75; the target, for a 100% payout, was $3.15; distinguished, for a 200% payout, was $3.45.

*2 The Generation Operating Net Income (in $ millions) threshold, for a 50% payout, was $1,001; the target, for a 100% payout, was $1,170; distinguished, for a 200% payout, was $1,271.

*3 The EED Financial Measures are comprised of EED Total Cost (O&M and Capital) and EED Net Income. For the EED Total Cost goal (as a % of budget), the threshold for a 50% payout, was 103%; the target, for a 100% payout, was 100%; distinguished, for a 200% payout, was 98%. For the EED Net Income goal, the threshold (in $ millions), for a 50% payout, was $920; the target, for a 100% payout, was $1,004; distinguished, for a 200% payout, was $1,070.

*4 EED Operational Measures are comprised of EED Customer Average Interruption Duration Index (CAIDI), EED System Average Interruption Frequency Index (SAIFI) and EED OSHA Recordable Rate. For the EED CAIDI goal, the threshold (in minutes), for a 50% payout, was 120; the target, for a 100% payout, was 99; distinguished, for a 200% payout, was 90. For the EED SAIFI goal, the threshold (expressed as total number of customer interruptions divided by the total number of customers served), for a 50% payout, was 1.24; the target, for a 100% payout, was 1.08; distinguished, for a 200% payout, was 1.00. For the EED OSHA Recordable Rate goal (calculated as recordable x 200,000 divided by exposure hours), the threshold, for a 50% payout, was 2.66; the target, for a 100% payout, was 1.68; distinguished, for a 200% payout, was 1.51.

*5 The Composite of All EED & Generation goals is comprised of EED Net income, EED Total Cost, EED CAIDI, EED SAIFI, EED OSHA Recordable Rate, Generation Operating Net Income, Nuclear Total Net Operating Expenses, Nuclear Fleet-Wide Capacity Factor, Power Net Operating Expense, Commercial Availability-Fossil Fleet, Equivalent Availability-Hydro, and Power Team Operating Margin.

*6 The BSC Expense vs. Budget goal is comprised of the BSC Operating Expense vs. Budget goal and Finance Group Operating Expense vs. Budget goal. Both goals are expressed as a percent of budget and the threshold for a 50% payout, was 105%; the target, for a 100% payout, was 100%; distinguished, for a 200% payout, was 97%.

*7 The ComEd Financial Measures are comprised of ComEd Total Cost (operating and maintenance expense and capital) and ComEd Net Income. For the ComEd Total Cost goal (as a % of budget), the threshold for a 50% payout, was 103%; the target, for a 100% payout, was 100%; distinguished, for a 200% payout, was 98%. For the ComEd Net Income goal, the threshold (in $ millions), for a 50% payout, was $465; the target, for a 100% payout, was $536; distinguished, for a 200% payout, was $590.

Annual incentive payments were also based on customer satisfaction as measured by performance on the American Customer Satisfaction Index (ACSI) Proxy objective, and individual performance.

The ACSI Proxy captures the overall opinions from customers in all segments—residential, large commercial and industrial and small commercial and industrial. If the ACSI Proxy fell below the 3rd Quartile of peer group utilities, AIP awards would have been reduced by 2.5%. If the ACSI Proxy rose from the 3rd Quartile to the 2nd Quartile, the AIP Awards would have been increased by 5%. An independent research firm tabulates the ACSI Proxy score after asking customers to rate their utility using three survey measures: How satisfied customers are with the company overall; the extent to which the company falls short or exceeds customers' expectations; and how close the company is to their ideal energy utility company.

For the evaluation period of Q1 2006 through Q3 2006, the company achieved a score of 70.7, which was in the 2nd quartile. As a result of meeting the 2006 customer satisfaction objective of the Annual Incentive Program (AIP), all annual incentive payments were increased by 5%.

Mr. Rowe's 2006 Annual Incentive. Taking into account the performance review discussed above, the compensation committee and the corporate governance committee recommended, and the independent directors of the Exelon board approved, an award of $1,851,800 for Mr. Rowe, which is 129.5% of his target annual incentive opportunity and in addition the effect of an individual performance multiplier (IPM) of 110%. The individual performance multiplier is used at the discretion of the compensation committee to adjust awards from minus 50% to plus 10% subject to the maximum 200% of target opportunity and the amount available to fund his award under the incentive pool.

Other Named Executive Officers' 2006 Annual Incentives. The compensation committee recommended and the board of directors approved the following awards for the other NEOs:

Exelon, Generation and PECO

Name	% of Target Opportunity (Pre IPM)	IPM	Award
Skolds	129.5%	100%	$616,744
Young	129.5%	100%	498,575
Mehrberg	129.5%	100%	507,640
Clark	114.2%	100%	326,584
McLean	143.5%	100%	383,145
Crane	143.5%	110%	483,021
O'Brien	86.6%	110%	228,654
Hilzinger	137.7%	105%	227,757

Name	% of Target Opportunity (Pre IPM)	IPM	Award
Clark	114.2%	100%	$326,584
McDonald	114.2%	105%	179,850
Mitchell	114.2%	105%	298,551
Costello	114.2%	100%	214,107
Hilzinger	137.7%	105%	227,757

With respect to the NEOs in the above tables, individual performance multipliers above 100% were approved and recommended by the compensation committee based upon favorable assessments of their performance and input from the CEO. Under the terms of the Annual Incentive Program, the individual performance multiplier is used to adjust awards from minus 50% to plus 10% subject to the maximum 200% of target opportunity and the amounts available under the incentive pool. Awards under the annual incentive plan are shown in the Summary Compensation Table below under the column headed "Non-Equity Incentive Plan Compensation" to the extent attributable to the extent of meeting the performance measures, and in the column headed "Bonus" to the extent attributable to the individual performance multipliers.

Long-term incentives

For 2006, the compensation committee changed the mix of long-term incentive awards from 50% stock options and 50% performance share awards to 35% stock options and 65% performance share awards, based on the results of the Towers Perrin study and emerging long-term incentive trends among Exelon's peer companies.

Stock option awards

Exelon granted non-qualified stock options to key management employees, including the NEOs except Mr. Rowe, on January 23, 2006. These options were awarded at an exercise price of $58.55, which was the closing price on the January 23, 2006 grant date. At Mr. Rowe's request, the compensation committee determined that he would not receive stock options for 2006. This was not offset with any other form of compensation.

Exelon performance share unit awards

The 2006 Long-Term Performance Share Unit Award Program was based on two measures, Exelon's three-year Total Shareholder Return (TSR), compounded monthly, as compared to the TSR for the companies listed in the Dow Jones Utility Index (60% of the award), and Exelon's three-year TSR, as compared to the companies in the Standard and Poor's 500 Index (40% of the award). As a result of the planned merger with PSEG, the compensation committee decided to eliminate The Exelon Way cash savings goal that was a component of the 2005 performance share award program.

Payouts are determined based on the following scale: The threshold TSR Position Ranking, for a 50% of target payout, was the 25th percentile; the target, for a 100% payout, was 50th percentile; and distinguished, for a 200% payout, was the 75th percentile, with payouts interpolated for performance falling between the threshold, target, and distinguished levels.

Exelon exceeded target performance levels with respect to both TSR measures. For the performance period of January 1, 2004 through December 31, 2006, Exelon's relative ranking of TSR as compared to the Dow Jones Utility Index was between the target and the distinguished level (68.7 percentile ranking or 174.8% of target payout). For the same time period, the company's relative