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STANDARD INDUSTRIAL CLASSIFICATION: ASSET-BACKED SECURITIES [6189]
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FILED PURSUANT TO RULE 424(b)(5)
REGISTRATION NO. 333-60907

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED DECEMBER 4, 1998

\$3,400,000,000

COMED TRANSITIONAL FUNDING TRUST

\$424,967,313 CLASS A-1 5.38% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$425,032,687 CLASS A-2 5.29% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$258,860,915 CLASS A-3 5.34% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$421,139,085 CLASS A-4 5.39% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$598,510,714 CLASS A-5 5.44% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$761,489,286 CLASS A-6 5.63% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998
\$510,000,000 CLASS A-7 5.74% TRANSITIONAL FUNDING TRUST NOTES, SERIES 1998

OFFICIAL FILE

DOCKET NO. 10-0137
Staff Exhibit No. Cross 1

COMMONWEALTH EDISON COMPANY
SERVICER

The ComEd Transitional Funding Trust Transitional Funding Trust Notes, Series 1998 (the "Offered Notes") offered hereby will consist of the seven classes listed above. Each Offered Note will be secured primarily by, and payable from, the Intangible Transition Property owned by the Trust, as described under "Description of the Intangible Transition Property" herein and in the Prospectus and by the other Note Collateral described under "Security for the Notes" in the Prospectus.

THERE CURRENTLY IS NO SECONDARY MARKET FOR THE OFFERED NOTES, AND THERE IS NO ASSURANCE THAT ONE WILL DEVELOP. PROSPECTIVE INVESTORS SHOULD CONSIDER, AMONG OTHER THINGS, THE INFORMATION SET FORTH UNDER THE CAPTION "RISK FACTORS," WHICH BEGINS ON PAGE 28 IN THE PROSPECTUS.

THE OFFERED NOTES OFFERED HEREBY DO NOT CONSTITUTE A DEBT, LIABILITY OR OTHER OBLIGATION OF THE STATE OF ILLINOIS OR OF ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF COMMONWEALTH EDISON COMPANY OR ANY OF ITS AFFILIATES. NONE OF THE OFFERED NOTES OR THE UNDERLYING INTANGIBLE TRANSITION PROPERTY WILL BE GUARANTEED OR INSURED BY COMMONWEALTH EDISON COMPANY OR ITS AFFILIATES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNTS (2)	PROCEEDS TO TRUST (1) (3)
<S>	<C>	<C>	<C>
Per Class A-1 Note.....	99.97653%	0.25085%	99.72568%
Per Class A-2 Note.....	99.97842%	0.35000%	99.62842%
Per Class A-3 Note.....	99.97625%	0.40000%	99.57625%
Per Class A-4 Note.....	99.94876%	0.45000%	99.49876%
Per Class A-5 Note.....	99.93238%	0.50000%	99.43238%
Per Class A-6 Note.....	99.95144%	0.55000%	99.40144%
Per Class A-7 Note.....	99.97110%	0.65000%	99.32110%
Total.....	\$ 3,398,609,385	\$15,979,959	\$ 3,382,629,426

- (1) Plus accrued interest, if any, at the applicable Note Interest Rate from December 16, 1998.
 (2) The Grantee and ComEd have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
 (3) Before deducting estimated expenses of \$5,849,392 payable by the Trust.

The Offered Notes are offered severally by the Underwriters when, as and if issued by the Trust and subject to receipt and acceptance by the Underwriters and subject to their rights to reject orders in whole or in part. It is expected that the Offered Notes will be delivered on or about December 16, 1998, in book-entry form through the facilities of The Depository Trust Company, Cedel Bank, societe anoyne, and the Euroclear System.

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

SALOMON SMITH BARNEY

CHASE SECURITIES INC.

FIRST CHICAGO CAPITAL MARKETS, INC.

NATIONSBANC MONTGOMERY SECURITIES LLC
 BNY CAPITAL MARKETS,
 INC.

GARDNER RICH & COMPANY

LOOP CAPITAL MARKETS, LLC

MESIROW FINANCIAL, INC.

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 RAMIREZ & CO., INC.

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SIEBERT BRANDFORD SHANK & CO., LLC
 (A DIVISION OF MURIEL SIEBERT & CO., INC.)

</TABLE>

The date of this Prospectus Supplement is December 7, 1998.

<PAGE>

Interest on each Class of Offered Notes at the applicable Note Interest Rate will be distributable quarterly on March 25th, June 25th, September 25th and December 25th or, if any such day is not a Business Day, the next succeeding Business Day (each, a "Payment Date") commencing June 25, 1999. See "Description of the Offered Notes" herein.

The Offered Notes are part of a separate Series of ComEd Transitional Funding Trust Transitional Funding Trust Notes being offered by the Trust from time to time pursuant to a Prospectus dated December 4, 1998 (the "Prospectus"), of which this Prospectus Supplement is a part and which accompanies this Prospectus Supplement.

THE INTANGIBLE TRANSITION PROPERTY ASSIGNED TO THE TRUST BY THE GRANTEE AND CERTAIN OTHER ASSETS OF THE TRUST ARE THE SOLE SOURCE OF PAYMENTS ON THE OFFERED NOTES. NONE OF COMMONWEALTH EDISON COMPANY OR ITS AFFILIATES WILL HAVE ANY OBLIGATIONS IN RESPECT OF THE OFFERED NOTES OR THE INTANGIBLE TRANSITION PROPERTY, EXCEPT AS EXPRESSLY SET FORTH HEREIN AND IN THE PROSPECTUS.

THE TRANSITIONAL FUNDING ORDER AUTHORIZING THE ISSUANCE OF THE OFFERED NOTES DOES NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF ILLINOIS OR OF ANY OF ITS POLITICAL SUBDIVISIONS. THE ISSUANCE OF THE OFFERED NOTES UNDER THE FUNDING LAW SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICES OF THE OFFERED NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH OFFERED NOTES AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

Prospective investors should refer to the "Index of Principal Definitions" which begins on page S-24 herein and which begins on page 128 in the Prospectus for the location of the definitions of capitalized terms that appear in the Prospectus and this Prospectus Supplement.

S-2

<PAGE>

REPORTS TO HOLDERS

Unless and until the Offered Notes are no longer issued in book-entry form, the Servicer indirectly will provide to Cede & Co., as nominee of The Depository Trust Company ("DTC") and registered holder of the Offered Notes, and, upon request, to Participants of DTC, periodic reports concerning the Offered Notes. See "Servicing--Statements by Servicer" in the Prospectus. Such reports may be made available to the holders of interests in the Offered Notes (the "Noteholders") upon request to their Participants. Such reports will not constitute financial statements prepared in accordance with generally accepted accounting principles. The financial information provided to Noteholders will not be examined and reported upon, nor will an opinion thereon be provided, by any independent public accountant.

The Grantee, on behalf of the Trust, will file with the Securities and Exchange Commission (the "Commission") such periodic reports as are required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules, regulations or orders of the Commission thereunder. Copies of the Registration Statement and exhibits thereto may be obtained at the locations specified in the Prospectus under "Available Information" at prescribed rates. Information filed with the Commission can also be inspected at the Commission's site on the World Wide Web at <http://www.sec.gov>. The Grantee may discontinue filing periodic reports under the Exchange Act at the beginning of any fiscal year following the issuance of the Offered Notes if there are fewer than 300 holders of such Offered Notes.

S-3

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PROSPECTUS SUPPLEMENT SUMMARY

THE FOLLOWING PROSPECTUS SUPPLEMENT SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DETAILED INFORMATION APPEARING ELSEWHERE HEREIN AND IN THE PROSPECTUS. CERTAIN CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS PROSPECTUS SUPPLEMENT SUMMARY HAVE THE MEANINGS ASCRIBED TO SUCH TERMS ELSEWHERE IN THIS PROSPECTUS SUPPLEMENT OR, TO THE EXTENT NOT DEFINED HEREIN, HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PROSPECTUS. THE INDEX OF PRINCIPAL DEFINITIONS INCLUDED IN THIS PROSPECTUS SUPPLEMENT WHICH BEGINS ON PAGE S-24 SETS FORTH THE PAGES ON WHICH THE DEFINITIONS OF CERTAIN PRINCIPAL TERMS APPEAR.

<TABLE>

<S> Summary of Offered Notes..... <C> The ComEd Transitional Funding Trust Transitional Funding Trust Notes, Series 1998 (the "Offered Notes"). On the date of initial issuance of the Offered Notes (the "Series Issuance Date"), the Offered Notes will be issued as described below.

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CLASS	INITIAL PRINCIPAL AMOUNT	SCHEDULED MATURITY DATE	FINAL MATURITY DATE	NOTE INTEREST RATE
<S>	<C>	<C>	<C>	<C>
A-1.....	\$ 424,967,313	March 25, 2000	March 25, 2002	5.38%
A-2.....	425,032,687	June 25, 2001	June 25, 2003	5.29%
A-3.....	258,860,915	March 25, 2002	March 25, 2004	5.34%
A-4.....	421,139,085	June 25, 2003	June 25, 2005	5.39%
A-5.....	598,510,714	March 25, 2005	March 25, 2007	5.44%
A-6.....	761,489,286	June 25, 2007	June 25, 2009	5.63%
A-7.....	510,000,000	December 25, 2008	December 25, 2010	5.74%

</TABLE>

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<S> Transaction Overview..... <C> For a brief summary of the statutes and proceedings which form the basis for the issuance and sale of the Offered Notes by the Trust, and a diagram of the parties to the transaction, their roles and their various relationships to the other parties, investors are directed to the discussion under the heading "Prospectus Summary--Transaction Overview" in the Prospectus.

The Trust, whose primary asset will be Intangible Transition Property transferred to the Trust pursuant to the Sale Agreements, will issue the Offered Notes, which will be sold to the Underwriters. The Offered Notes will be secured primarily by, and payable from, all of the Intangible Transition Property (whether created by the Transitional Funding Order issued by the ICC on July 21, 1998 (the "1998 TFO") or any other Transitional Funding Order) which has been transferred to the Trust pursuant to a Sale Agreement. The Offered Notes also will be secured by the Grant Agreements, the Sale Agreements and the Servicing Agreement; the Collection Account and all amounts of cash or investment property on deposit therein or credited thereto from time to time; all rights to compel ComEd, as Servicer (or any successor), to file for and obtain adjustments to the IFC Charges in accordance with Section 18-104(d) of the Act, the Transitional Funding Orders, including the 1998 TFO and all IFC Tariffs, including the 1998 IFC Tariff (as hereinafter defined) filed with the ICC in connection therewith; all present and future claims, demands,

causes and choses in action in respect of any or all of the foregoing; and all

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S-4

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payments on or under and all proceeds in respect of any or all of the foregoing.

The IFC Charges are calculated to be sufficient over time to (a) pay interest and make Scheduled Payments on the Offered Notes, (b) pay all related fees and expenses of the Trust, including the Servicing Fee and any Quarterly Administration Fee, (c) replenish the Capital Subaccount up to the Required Capital Level, and (d) fund and maintain the Overcollateralization Subaccount up to the Required Overcollateralization Level. These payments are collectively referred to herein as the "Specified Payments". The IFC Charges will be increased in connection with the issuance of any additional Notes pursuant to any subsequent Transitional Funding Order, to a level calculated to be sufficient over time to make the Specified Payments in respect of all outstanding Notes.

To enhance the likelihood of timely recovery of the amounts necessary to make the Specified Payments, the IFC Charges may be increased from time to time through both Reconciliation Adjustments and True-Up Adjustments, as described in the Prospectus over the life of the Notes (including the Offered Notes). See "Description of the Intangible Transition Property--Adjustments to the IFC Charges" in the Prospectus.

Risk Factors..... Investors should consider the risks associated with an investment in the Offered Notes. For a discussion of certain material risks associated therewith, investors should review the discussion under "Risk Factors" which begins on page 28 of the Prospectus.

The Offered Notes..... The Offered Notes are the ComEd Transitional Funding Trust Transitional Funding Trust Notes, Series 1998. The Offered Notes are comprised of the seven classes listed on the cover page hereof (each, a "Class"). As of the Series Issuance Date, the aggregate principal balance of the Offered Notes (the "Original Note Principal Balance") will be \$3,400,000,000. Each Class of Offered Notes will have a principal balance (the "Class Principal Balance") equal to the initial amount of principal allocable to such Class, reduced by principal paid to such Class in accordance with the terms of the Indenture. See "Description of the Offered Notes" herein and "Description of the Notes" in the Prospectus.

None of the Offered Notes or the underlying Intangible Transition Property will be guaranteed or insured by ComEd or any of its affiliates. The 1998 TFO authorizing the issuance of the Offered Notes does not constitute a pledge of the full faith and credit of the State of Illinois or of any of its political subdivisions. The issuance of the Offered Notes under the Funding Law shall not directly, indirectly or contingently obligate the State of Illinois or any political subdivision, agency

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S-5

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or instrumentality thereof to levy or to pledge any form of taxation therefor or to make any appropriation for their payment. The Offered Notes will be payable solely by application of the proceeds of the Intangible Transition Property and the other Note Collateral held by the Indenture Trustee under the Indenture. If additional Notes (other than the Offered Notes) are subsequently issued under the Indenture, the Offered Notes will be at least PARI PASSU with such other Notes as to all of the Intangible Transition Property and the other Note Collateral. Any and all funds or property released by the Indenture Trustee pursuant to the Indenture will cease to be Note Collateral and will no longer be available for payment of the Offered Notes.

Servicer/Administrator..... Commonwealth Edison Company, an Illinois corporation ("ComEd") and a subsidiary of Unicom Corporation, an Illinois corporation, will act as the initial servicer (in such capacity, and together with any successor

servicer, the "Servicer") of the Intangible Transition Property pursuant to the terms of the Servicing Agreement, and as the initial administrator (in such capacity, and together with any successor administrator, the "Administrator") of the Trust and the Grantee pursuant to the terms of an Administration Agreement among the Trust, the Grantee and the Administrator (the "Administration Agreement"). For a more complete discussion of ComEd and its role as Servicer, see "The Servicer" herein and in the Prospectus.

Grantee.....	The grantee of the Intangible Transition Property will be ComEd Funding, LLC, a special purpose Delaware limited liability company (the "Grantee"), whose sole member is ComEd. Pursuant to the Sale Agreement entered into with respect to the issuance by the Trust of the Offered Notes, the Grantee will assign all of its right, title and interest in the Intangible Transition Property created by the 1998 TFO (the "1998 ITP"), the Servicing Agreement and certain other related assets to the Trust. For a more complete discussion of the Grantee, see "The Grantee" in the Prospectus.
Trust.....	The issuer of the Offered Notes will be the ComEd Transitional Funding Trust (the "Trust"), a Delaware business trust created under a Declaration of Trust (the "Trust Agreement") by the Delaware Trustee and the Beneficiary Trustees. For a more complete discussion of the Trust, see "The Trust" in the Prospectus.
Delaware Trustee.....	First Union Trust Company, National Association, acting not in its individual capacity, but solely as trustee under the Trust Agreement (the "Delaware Trustee").
Beneficiary Trustees.....	Ruth Ann M. Gillis and David R. Zahakaylo.
Indenture.....	The Offered Notes will be issued pursuant to the terms of the Indenture through the execution and delivery of a trustee's issuance certificate or a supplement to the Indenture. The 1998

</TABLE>

S-6

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 ITP, any other subsequent Intangible Transition Property created by subsequent Transitional Funding Orders and the other Note Collateral will be pledged under the Indenture for the benefit of the Noteholders. The Indenture will be qualified under the Trust Indenture Act of 1939.

Indenture Trustee.....	Harris Trust and Savings Bank, an Illinois banking corporation, (the "Indenture Trustee").
Intangible Transition Property....	As more fully described under "Description of the Intangible Transition Property" herein and in the Prospectus, the Intangible Transition Property, including the 1998 ITP, is the separate property right as set forth in the Funding Law and created under the Transitional Funding Orders, including the 1998 TFO, including, without limitation, the right, title and interest to impose and receive the IFC Charges authorized thereby and all related revenues, collections, claims, payment, money, or proceeds thereof, including all right, title, and interest under and pursuant to such Transitional Funding Orders.
IFC Charges.....	As more fully described under "Description of the Intangible Transition Property" and "Electric Industry Restructuring in Illinois--Instrument Funding Charges" in the Prospectus, IFC Charges are nonbypassable, usage-based, per kilowatt-hour charges to be imposed on each existing and future retail customer or class of retail customers in ComEd's service area in Illinois, or other person or group of persons obligated from time to time to pay to ComEd or any successor Applicable Rates, including any customers who enter into competitive contracts with ComEd to take non-tariffed services but would otherwise have been obligated to pay Applicable Rates (collectively, the "Customers"). The IFC Charges authorized in the 1998 TFO (the "1998 Authorized IFC Charges"), which ComEd believes are higher than will actually be required to make all payments on the Offered Notes based on certain assumptions contained in the 1998 TFO, are set forth in "Description of the Intangible Transition Property" herein.

As required by the Funding Law, any increase in the

amount of the IFC Charges for any of the IFC Customer Classes above the level of the 1998 Authorized IFC Charges for such IFC Customer Classes shall require ComEd or any successor Utility thereto to file an amendatory tariff adjusting the amounts otherwise billable by ComEd or such successor Utility for Applicable Rates to offset the amount of such excess (or, if ComEd or such successor Utility shall have previously filed any such amendatory tariffs, the incremental amount of such excess). However, the failure of such amendatory tariff to become effective for any reason shall not delay or impair the effectiveness of the increase in the IFC Charges.

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S-7

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In connection with the issuance and pricing of the Offered Notes, ComEd filed an IFC Tariff with the ICC (the "1998 IFC Tariff") which provides for, among other things, certain revisions to the IFC Charges. The actual initial cents per kilowatt-hour IFC Charge payable by each of the thirteen (13) IFC Customer Classes beginning on the Series Issuance Date is as follows:

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IFC CUSTOMER CLASS	IFC CHARGES (CENTS PER KWH)
<S>	<C>
Residential--No Space Heat.....	1.067
Residential--Space Heat.....	0.687
Standby Service.....	0.432
Interruptible Service.....	0.343
Street Lighting--Fixture Based Rates.....	1.460
Street Lighting--Dusk to Dawn and Traffic Signal.....	0.455
Railroads.....	0.620
Water-Supply and Sewage Pumping Service.....	0.584
In Lieu of Demand.....	1.034
0 to and including 100 kW Demand.....	0.812
Over 100 to and including 1,000 kW Demand.....	0.658
Over 1,000 to and including 10,000 kW Demand.....	0.595
Over 10,000 kW Demand.....	0.465

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Adjustments to the IFC Charges.... The Servicing Agreement and the 1998 TFO require the Servicer to calculate and implement two different kinds of adjustments to the IFC Charges: Reconciliation Adjustments and True-Up Adjustments, which are collectively referred to as the "Adjustments." The Adjustments to the IFC Charges will continue until all interest and principal on all the Offered Notes have been paid in full, subject only to the limitation of the maximum amount of Intangible Transition Property authorized by the ICC in the related Transitional Funding Order or Orders. In addition, the IFC Charges will be increased in connection with the issuance of additional Notes pursuant to any subsequent Transitional Funding Order, to a level calculated to be sufficient over time to provide for, among other things, payment of all interest and principal in respect of all outstanding Notes. For a detailed discussion of Adjustments to IFC Charges, see "Description of the Intangible Transition Property--Adjustments to the IFC Charges" in the Prospectus and "Description of the Intangible Transition Property-- Adjustments to the IFC Charges" herein.

Payment Dates..... Payments will be made to holders of the Offered Notes on each March 25th, June 25th, September 25th and December 25th or, if any such date is not a Business Day, the next succeeding Business Day), commencing June 25, 1999 (each, a "Payment Date").

Record Dates..... With respect to any Payment Date or date of any redemption, the Business Day preceding such Payment Date or other date if the Offered Notes are Book-Entry Notes or, if Definitive Notes

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S-8

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are issued, the last day of the preceding calendar month (each, a "Record Date").

Scheduled Maturity and Final Maturity Dates.....

The "Scheduled Maturity Date" for any Class will be the date when all principal and interest on such Class of Offered Notes is expected to be paid in full by the Trust. The "Final Maturity Date" for any Class corresponds to the date on which such Class of Offered Notes may be accelerated for failure to pay outstanding principal thereon. The Scheduled Maturity Date and the Final Maturity Date for each Class of Offered Notes are specified herein under "Description of the Offered Notes."

Failure to pay principal on any Class of Offered Notes in full by the Final Maturity Date shall constitute an Event of Default, and the Indenture Trustee may and, upon the written direction of the holders of not less than a majority in principal amount of all Notes of all Series then outstanding, shall declare the unpaid principal amount of all the Notes of all Series then outstanding to be due and payable. See "Description of the Notes--Events of Default" and "Ratings" in the Prospectus.

Issuance of Additional Series.....

The Trust may issue additional Series of Notes from time to time. An additional Series may be issued only upon satisfaction of the conditions described under "Description of the Notes-- Conditions of Issuance of Additional Series" in the Prospectus.

Interest.....

On each Payment Date, the Indenture Trustee shall pay pro rata to the Noteholders of each Class as of the related Record Date any unpaid interest payable on any prior Payment Dates (together with, to the extent permitted by applicable law, interest on such unpaid interest at the applicable Note Interest Rate), and interest in an amount equal to one-fourth of the product of (a) the applicable Note Interest Rate and (b) the applicable Class Principal Balance as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Noteholders on such preceding Payment Date; provided, however, that with respect to the initial Payment Date, interest on each outstanding Class Principal Balance will accrue from and including the Series Issuance Date to, but excluding, such initial Payment Date. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Offered Notes will be distributed prior to any distribution of principal on the Offered Notes. See "Description of the Offered Notes--Payments of Interest" herein and "Description of the Notes--Interest and Principal" in the Prospectus.

Principal.....

Unless an Event of Default has occurred and is continuing and the Offered Notes have been declared due and payable, on each Payment Date, the Indenture Trustee shall, as of the related Record Date and subject to availability of funds in the Collection Account, make principal payments on the Offered Notes in the following order and priority: (1) to the holders of

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S-9

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<C> the Class A-1 Notes, until the Class Principal Balance thereof has been reduced to zero; (2) to the holders of the Class A-2 Notes, until the Class Principal Balance thereof has been reduced to zero; (3) to the holders of the Class A-3 Notes, until the Class Principal Balance thereof has been reduced to zero; (4) to the holders of the Class A-4 Notes, until the Class Principal Balance thereof has been reduced to zero; (5) to the holders of the Class A-5 Notes, until the Class Principal Balance thereof has been reduced to zero; (6) to the holders of the Class A-6 Notes, until the Class Principal Balance thereof has been reduced to zero; (7) to the holders of the Class A-7 Notes, until the Class Principal Balance thereof has been reduced to zero; provided, however, that, unless an Event of Default has occurred and is continuing and the Offered Notes have been declared due and payable, in no event shall the principal payment on any Class on a Payment Date be greater than the Scheduled Payment for such Class and Payment Date. See "Description of the Offered Notes--Payments of Principal" herein and "Description of the Notes--Interest and Principal" in the Prospectus.

Optional Redemption.....

Pursuant to the terms of the Indenture, the Offered Notes may be redeemed on any Payment Date if, after giving effect to payments that would otherwise be made

on such date, the outstanding principal balance of the Offered Notes has been reduced to less than five percent (5%) of the initial principal balance thereof. The Notes may be so redeemed upon payment of the outstanding principal amount of the Notes and accrued but unpaid interest thereon as of the date of redemption. See "Description of the Offered Notes--Optional Redemption" herein.

Collection Account and Subaccounts.....

Upon issuance of the Offered Notes, a Collection Account will be established and held by the Indenture Trustee for the benefit of the Noteholders of all outstanding Series of Notes. The Collection Account will consist of four subaccounts: a general subaccount (the "General Subaccount"), a reserve subaccount (the "Reserve Subaccount"), a subaccount for the Overcollateralization Amount (the "Overcollateralization Subaccount"), and a capital subaccount (the "Capital Subaccount"). Unless the context indicates otherwise, references herein to the Collection Account include each of the subaccounts contained therein. Withdrawals from and deposits to these subaccounts will be made as described under "Security for the Notes--Allocations; Payments" in the Prospectus.

Credit Enhancement.....

The Offered Notes will benefit from the following forms of credit enhancement:

OVERCOLLATERALIZATION. The Overcollateralization Amount established in connection with the issuance of the Offered

</TABLE>

S-10

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Notes will be \$17,000,000, which is 0.50 percent of the initial aggregate Class Principal Balance for all of the Offered Notes. The IFC Charges will be set and adjusted at a rate that is intended to recover, among other things, the Overcollateralization Amount over the life of the Offered Notes according to the schedule set forth under "Description of the Offered Notes--Overcollateralization Amount" herein. Collections allocated to the Overcollateralization Amount for all Series of Notes, including the Offered Notes, will be held in the Overcollateralization Subaccount, as described further under "Security for the Notes--Description of Indenture Accounts--Overcollateralization Subaccount" in the Prospectus and any such amounts will be available to pay interest and make Scheduled Payments on all Series of Notes, including the Offered Notes, to the extent of any shortfalls in current IFC Collections and the Reserve Subaccount available for such payment. The amount required to be on deposit in the Overcollateralization Subaccount with respect to the Offered Notes as of any Payment Date, as specified in the schedule set forth under "Description of the Offered Notes--Overcollateralization Amount" herein, is referred to herein as the "Required Overcollateralization Level."

RESERVE SUBACCOUNT. IFC Collections available with respect to any Payment Date in excess of amounts necessary to make the Specified Payments (all as described under "Security for the Notes--Allocations; Payments" in the Prospectus), will be allocated to the Reserve Subaccount. On each Payment Date, the Indenture Trustee will draw on amounts in the Reserve Subaccount to the extent amounts available in the General Subaccount are insufficient to pay expenses of the Trust and to pay interest and make Scheduled Payments on the Notes and to make other payments and transfers in accordance with the terms of the Indenture.

CAPITAL SUBACCOUNT. Prior to or upon the issuance of the Offered Notes, the Grantee will transfer capital to the Trust in the amount of \$17,000,000, which is 0.50 percent of the initial aggregate Class Principal Balance for all of the Offered Notes. Such amount is the Required Capital Level with respect to the Offered Notes and, together with the Required Capital Level with respect to any other Series of Notes, will be deposited into the Capital Subaccount. Withdrawals from and deposits to the Capital Subaccount will be made as described under "Security for the Notes--Allocations; Payments" in the Prospectus.

Allocations and Payment.....

On each Payment Date, amounts on deposit in the Collection Account will be applied in the manner

described under "Security for the Notes--Allocations; Payments" in the Prospectus.

Servicing Compensation..... The Servicer will be entitled to receive a servicing fee on each Payment Date (the "Servicing Fee"), in an amount equal to (a) \$750,000, for so long as IFC Charges are billed

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S-11

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concurrently with charges otherwise billed by the Servicer to Customers (which ComEd and any successor thereto are required to do) and (b) \$5,000,000, if IFC Charges are not billed concurrently with charges otherwise billed by the Servicer to Customers. The Servicing Fee in clause (b) will only be payable if the Servicer is not ComEd or a successor thereto. The Servicing Fee will be paid prior to the payment of any amounts in respect of interest on and principal of the Offered Notes. The Servicer will be entitled to retain as additional compensation net investment income on IFC Payments received by the Servicer prior to remittance thereof to the Collection Account and the portion of late fees, if any, paid by Customers relating to the IFC Payments. See "Servicing--Servicing Compensation" herein and in the Prospectus.

No Servicer Advances..... The Servicer will not be obligated to make any advances of interest or principal on the Offered Notes.

Maturity, Weighted Average Life and Yield Considerations.....

The actual Payment Dates on which principal is paid on each Class of Offered Notes and, therefore, the weighted average life and yield to maturity on the Offered Notes may be affected by various factors. See "Certain Payment, Weighted Average Life and Yield Considerations" and "Description of the Intangible Transition Property--Adjustments to the IFC Charges" in the Prospectus.

Denominations..... Each Class of Offered Notes will be issued in minimum initial denominations of \$1,000 and in integral multiples thereof.

Book-Entry Notes..... The Offered Notes will initially be represented by one or more certificates registered in the name of Cede & Co. ("Cede") (each, a "Book-Entry Note"), the nominee of The Depository Trust Company ("DTC"), and available only in the form of book-entries on the records of DTC, its Participants and its Indirect Participants. Holders may also hold Book-Entry Notes of a Series through CEDEL or Euroclear (in Europe), if they are participants in such systems or indirectly through organizations that are participants in such systems. For a more complete discussion of the Book-Entry Notes, see "Risk Factors" and "Description of the Notes--Book-Entry Registration" in the Prospectus.

Ratings..... It is a condition of issuance of the Offered Notes that the Offered Notes be rated AAA by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., Aaa by Moody's Investors Service, Inc., AAA by Duff & Phelps Credit Rating Co. and AAA by Fitch IBCA, Inc. (each of such rating agencies, a "Rating Agency").

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. No person is obligated to maintain any rating on any Offered Note and, accordingly, there can be no assurance that the ratings assigned to any Class of Offered Notes upon initial

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S-12

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issuance thereof will not be revised or withdrawn by a Rating Agency at any time thereafter. If a rating of any Series or Class of Offered Notes is revised or withdrawn, the liquidity of such Series or Class of Offered Notes may be adversely affected. In general, the ratings address credit risk and do not represent any assessment of the rate of principal payments on the Offered Notes. See "Risk Factors--Nature of the Notes--Uncertain Payment Amounts and Weighted Average Life" in the Prospectus, "Certain Payment, Weighted Average Life and Yield Considerations" herein and in the Prospectus

and "Ratings" herein and in the Prospectus.

Taxation of the Notes..... ComEd has received a ruling from the IRS holding that, among other things, the Offered Notes will be obligations of ComEd for federal income tax purposes. In the opinion of Sidley & Austin, interest paid on the Offered Notes generally will be taxable to a United States Noteholder as ordinary interest income at the time it accrues or is received in accordance with such United States Noteholder's method of accounting for United States federal income tax purposes. Such opinion assumes, based on the ruling from the IRS described above, that the Notes will constitute indebtedness of ComEd for federal income tax purposes. See "Material United States Federal Tax Consequences" herein and in the Prospectus.

ERISA Considerations..... The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") impose various requirements on employee benefit plans and certain other plans and arrangements subject to ERISA, and on persons who are fiduciaries with respect to such plans and arrangements, in connection with the investment of assets which are deemed to be "plan assets" for purposes of ERISA or Section 4975 of the Code, unless a statutory or administrative exemption is available. A fiduciary of any employee benefit plan or other plan or arrangement that is subject to ERISA or Section 4975 of the Code, before purchasing the Notes, should therefore determine that an investment in the Notes is consistent with the fiduciary duties of ERISA and does not violate the prohibited transaction provisions of ERISA or the Code.

</TABLE>

S-13

<PAGE>

DESCRIPTION OF THE OFFERED NOTES

GENERAL

The Offered Notes, together with any Notes of any other Series which may hereafter be issued by the Trust (collectively, the "Notes"), will be issued by the Trust pursuant to the Indenture and the trustee's issuance certificate or series supplement, if any, thereto. Pursuant to the Indenture, further trustee's issuance certificates or series supplements may be executed in order for the Trust to issue additional Series of Notes. In connection with the issuance of any additional Series of Notes pursuant to a subsequent Transitional Funding Order, the IFC Charges will be increased to a level calculated to be sufficient over time to provide for, among other things, payment of all interest and principal in respect of all outstanding Notes. This summary should be read together with the material under the heading "Description of the Notes" in the Prospectus.

The Offered Notes will be comprised of the following seven Classes:

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CLASS	INITIAL PRINCIPAL AMOUNT	SCHEDULED MATURITY DATE	FINAL MATURITY DATE	NOTE INTEREST RATE
<S>	<C>	<C>	<C>	<C>
A-1.....	\$ 424,967,313	March 25, 2000	March 25, 2002	5.38%
A-2.....	425,032,687	June 25, 2001	June 25, 2003	5.29%
A-3.....	258,860,915	March 25, 2002	March 25, 2004	5.34%
A-4.....	421,139,085	June 25, 2003	June 25, 2005	5.39%
A-5.....	598,510,714	March 25, 2005	March 25, 2007	5.44%
A-6.....	761,489,286	June 25, 2007	June 25, 2009	5.63%
A-7.....	510,000,000	December 25, 2008	December 25, 2010	5.74%

</TABLE>

SECURITY

To secure the payment of principal of and interest on the Offered Notes, the Trust has granted to the Indenture Trustee, for the benefit of the holders of the Notes (the "Noteholders"), a security interest in all of the Trust's right, title and interest in and to the 1998 ITP, any subsequent Intangible Transition Property created under any subsequent Transitional Funding Order and the other Note Collateral. If additional Notes (other than the Offered Notes) are subsequently issued, the Offered Notes will be at least PARI PASSU with such other Notes as to all of the Intangible Transition Property and the other Note Collateral. The Note Collateral is described more specifically under "Security for the Notes--Pledge of Note Collateral" in the Prospectus.

PAYMENTS OF INTEREST

Interest on each Class of the Offered Notes will accrue from the Series Issuance Date at the rates set forth on the cover page and above (each, a "Note Interest Rate"), in each case payable quarterly on each Payment Date of each year, commencing June 25, 1999.

On each Payment Date, Noteholders of each Class of Offered Notes will be entitled to receive pro rata any unpaid interest payable on any prior Payment Dates (together with, to the extent permitted by applicable law, interest on such unpaid interest at the applicable Note Interest Rate), and interest in an amount equal to one-fourth of the product of (a) the applicable Note Interest Rate and (b) the applicable Class Principal Balance as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Noteholders on such preceding Payment Date; provided, however, that with respect to the initial Payment Date, interest on each outstanding Class Principal Balance will accrue from and including the Series Issuance Date to but excluding such first Payment Date. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. See "Description of the Notes--Interest and Principal" in the Prospectus.

S-14

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PAYMENTS OF PRINCIPAL

Unless an Event of Default has occurred and is continuing and the Offered Notes have been declared due and payable, on each Payment Date, each Class of the Offered Notes will be entitled to receive payments of principal as follows:

- (1) to the holders of the Class A-1 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (2) to the holders of the Class A-2 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (3) to the holders of the Class A-3 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (4) to the holders of the Class A-4 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (5) to the holders of the Class A-5 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (6) to the holders of the Class A-6 Notes, until the Class Principal Balance thereof has been reduced to zero;
- (7) to the holders of the Class A-7 Notes, until the Class Principal Balance thereof has been reduced to zero;

provided, however, that, unless an Event of Default has occurred and is continuing and the Offered Notes have been declared due and payable, in no event shall the principal payment on any Class on a Payment Date be greater than the Scheduled Payment for such Class and Payment Date.

Principal will be payable at the Corporate Trust Office of the Indenture Trustee in the City of Chicago, Illinois, or at the office or agency of the Indenture Trustee maintained for such purposes in the Borough of Manhattan, the City of New York.

The following Expected Amortization Schedule sets forth the scheduled outstanding Class Principal Balance for each Class of the Offered Notes at each Payment Date from the Series Issuance Date to the Scheduled Maturity Date for such Class. In preparing the following table, it has been assumed, among other things, that (a) the Offered Notes are issued on December 16, 1998, (b) payments on the Offered Notes are made on each Payment Date, commencing June 25, 1999, (c) the Servicing Fee equals \$750,000 per Payment Date, (d) there are no net earnings on amounts on deposit in the Collection Account, (e) Operating Expenses, Quarterly Administration Fees, and amounts owed to the Delaware Trustee and the Indenture Trustee are in the aggregate \$135,000 on each Payment Date, and all such amounts are payable in arrears, and (f) all IFC Collections are deposited in the Collection Account in accordance with ComEd's forecasts.

S-15

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EXPECTED AMORTIZATION SCHEDULE
OUTSTANDING PRINCIPAL BALANCE

<TABLE>
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PAYMENT DATE	CLASS A-1	CLASS A-2	CLASS A-3	CLASS A-4	CLASS A-5	CLASS A-6	CLASS A-7
<S>	<C>						
Series Issuance Date.....	\$ 424,967,313	\$ 425,032,687	\$ 258,860,915	\$ 421,139,085	\$ 598,510,714	\$ 761,489,286	\$ 510,000,000
June 25, 1999.....	284,967,313	425,032,687	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
September 25, 1999.....	187,921,918	425,032,687	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
December 25, 1999.....	94,967,313	425,032,687	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
March 25, 2000.....	0	425,032,687	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
June 25, 2000.....	0	340,000,000	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
September 25, 2000.....	0	254,541,398	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
December 25, 2000.....	0	170,000,000	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
March 25, 2001.....	0	81,515,431	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
June 25, 2001.....	0	0	258,860,915	421,139,085	598,510,714	761,489,286	510,000,000
September 25, 2001.....	0	0	174,657,533	421,139,085	598,510,714	761,489,286	510,000,000
December 25, 2001.....	0	0	88,860,915	421,139,085	598,510,714	761,489,286	510,000,000
March 25, 2002.....	0	0	0	421,139,085	598,510,714	761,489,286	510,000,000
June 25, 2002.....	0	0	0	340,000,000	598,510,714	761,489,286	510,000,000
September 25, 2002.....	0	0	0	255,965,598	598,510,714	761,489,286	510,000,000
December 25, 2002.....	0	0	0	170,000,000	598,510,714	761,489,286	510,000,000
March 25, 2003.....	0	0	0	81,204,132	598,510,714	761,489,286	510,000,000
June 25, 2003.....	0	0	0	0	598,510,714	761,489,286	510,000,000

September 25, 2003.....	0	0	0	0	514,475,567	761,489,286	510,000,000
December 25, 2003.....	0	0	0	0	428,510,714	761,489,286	510,000,000
March 25, 2004.....	0	0	0	0	339,850,103	761,489,286	510,000,000
June 25, 2004.....	0	0	0	0	258,510,714	761,489,286	510,000,000
September 25, 2004.....	0	0	0	0	174,439,914	761,489,286	510,000,000
December 25, 2004.....	0	0	0	0	88,510,714	761,489,286	510,000,000
March 25, 2005.....	0	0	0	0	0	761,489,286	510,000,000
June 25, 2005.....	0	0	0	0	0	680,000,000	510,000,000
September 25, 2005.....	0	0	0	0	0	595,890,076	510,000,000
December 25, 2005.....	0	0	0	0	0	510,000,000	510,000,000
March 25, 2006.....	0	0	0	0	0	421,643,811	510,000,000
June 25, 2006.....	0	0	0	0	0	340,000,000	510,000,000
September 25, 2006.....	0	0	0	0	0	255,850,516	510,000,000
December 25, 2006.....	0	0	0	0	0	170,000,000	510,000,000
March 25, 2007.....	0	0	0	0	0	81,803,853	510,000,000
June 25, 2007.....	0	0	0	0	0	0	510,000,000
September 25, 2007.....	0	0	0	0	0	0	425,816,557
December 25, 2007.....	0	0	0	0	0	0	340,000,000
March 25, 2008.....	0	0	0	0	0	0	251,959,273
June 25, 2008.....	0	0	0	0	0	0	170,000,000
September 25, 2008.....	0	0	0	0	0	0	85,769,907
December 25, 2008.....	0	0	0	0	0	0	0

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PAYMENT DATE	SERIES 1998
<S>	<C>
Series Issuance Date.....	\$3,400,000,000
June 25, 1999.....	3,260,000,000
September 25, 1999.....	3,162,954,605
December 25, 1999.....	3,070,000,000
March 25, 2000.....	2,975,032,687
June 25, 2000.....	2,890,000,000
September 25, 2000.....	2,804,541,398
December 25, 2000.....	2,720,000,000
March 25, 2001.....	2,631,515,431
June 25, 2001.....	2,550,000,000
September 25, 2001.....	2,465,796,618
December 25, 2001.....	2,380,000,000
March 25, 2002.....	2,291,139,085
June 25, 2002.....	2,210,000,000
September 25, 2002.....	2,125,965,598
December 25, 2002.....	2,040,000,000
March 25, 2003.....	1,951,204,132
June 25, 2003.....	1,870,000,000
September 25, 2003.....	1,785,964,853
December 25, 2003.....	1,700,000,000
March 25, 2004.....	1,611,339,389
June 25, 2004.....	1,530,000,000
September 25, 2004.....	1,445,929,200
December 25, 2004.....	1,360,000,000
March 25, 2005.....	1,271,489,286
June 25, 2005.....	1,190,000,000
September 25, 2005.....	1,105,890,076
December 25, 2005.....	1,020,000,000
March 25, 2006.....	931,643,811
June 25, 2006.....	850,000,000
September 25, 2006.....	765,850,516
December 25, 2006.....	680,000,000
March 25, 2007.....	591,803,853
June 25, 2007.....	510,000,000
September 25, 2007.....	425,816,557
December 25, 2007.....	340,000,000
March 25, 2008.....	251,959,273
June 25, 2008.....	170,000,000
September 25, 2008.....	85,769,907
December 25, 2008.....	0

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There can be no assurance that the Class Principal Balances of the Offered Notes will be reduced as indicated in the foregoing table, and the actual reductions in such Class Principal Balances may be slower (or, if an Event of Default occurs and is continuing and the Offered Notes have been declared due and payable, faster) than those indicated in the chart. See "Risk Factors" in the Prospectus for a discussion of various factors which may, individually or in the aggregate, affect the rate of reductions of the Class Principal Balances of the Offered Notes.

The entire unpaid principal amount of the Offered Notes will be due and payable on the date on which an Event of Default has occurred and is continuing, if the Indenture Trustee or holders of not less than a majority in principal amount of the Notes of all Series then outstanding have declared the Offered Notes to be immediately due and payable. See "Security for the Notes--Events of Default; Rights Upon Event of Default" in the Prospectus.

OPTIONAL REDEMPTION

The Offered Notes may be redeemed on any Payment Date commencing with the Payment Date on which the outstanding principal balance of the Offered Notes (after giving effect to payments that would otherwise be made on such date) has been reduced to less than five percent of the initial principal balance of the Offered Notes. Notice of such redemption will be given by the Trust to the Indenture Trustee and the Rating Agencies not less than 25 days nor more than 50

days prior to the date of

S-16

<PAGE>

redemption, and written notice shall also be given to each holder of Offered Notes to be redeemed by first-class mail, postage prepaid, mailed not less than five days nor more than 25 days prior to the applicable date of redemption.

OVERCOLLATERALIZATION AMOUNT

The 1998 TFO provides that the Trust, as the assignee of the Intangible Transition Property, is entitled to collect an additional amount (for the Offered Notes, the "Overcollateralization Amount"), which is intended to enhance the likelihood that payments on the Offered Notes will be made in accordance with their respective Expected Amortization Schedules. The Overcollateralization Amount established in connection with the issuance of the Offered Notes will be \$17,000,000, which is 0.50 percent of the initial aggregate principal amount of the Offered Notes. The Overcollateralization Amount is scheduled to be collected over the life of the Offered Notes in accordance with the Schedule set forth hereinbelow. The Required Overcollateralization Level for the Offered Notes on each Payment Date is as follows:

REQUIRED OVERCOLLATERALIZATION LEVEL SCHEDULE

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PAYMENT DATE	REQUIRED OVERCOLLATERALIZATION LEVEL	PAYMENT DATE	REQUIRED OVERCOLLATERALIZATION LEVEL
Jun. 1999	\$ 850,000	Jun. 2004	\$ 9,350,000
Sep. 1999	1,275,000	Sep. 2004	9,775,000
Dec. 1999	1,700,000	Dec. 2004	10,200,000
Mar. 2000	2,125,000	Mar. 2005	10,625,000
Jun. 2000	2,550,000	Jun. 2005	11,050,000
Sep. 2000	2,975,000	Sep. 2005	11,475,000
Dec. 2000	3,400,000	Dec. 2005	11,900,000
Mar. 2001	3,825,000	Mar. 2006	12,325,000
Jun. 2001	4,250,000	Jun. 2006	12,750,000
Sep. 2001	4,675,000	Sep. 2006	13,175,000
Dec. 2001	5,100,000	Dec. 2006	13,600,000
Mar. 2002	5,525,000	Mar. 2007	14,025,000
Jun. 2002	5,950,000	Jun. 2007	14,450,000
Sep. 2002	6,375,000	Sep. 2007	14,875,000
Dec. 2002	6,800,000	Dec. 2007	15,300,000
Mar. 2003	7,225,000	Mar. 2008	15,725,000
Jun. 2003	7,650,000	Jun. 2008	16,150,000
Sep. 2003	8,075,000	Sep. 2008	16,575,000
Dec. 2003	8,500,000	Dec. 2008	17,000,000
Mar. 2004	8,925,000		

OTHER CREDIT ENHANCEMENT

RESERVE SUBACCOUNT. IFC Collections available with respect to any Payment Date in excess of amounts necessary to make the Specified Payments (all as described under "Security for the Notes-- Allocations; Payments" in the Prospectus) will be allocated to the Reserve Subaccount. On each Payment Date, the Indenture Trustee will draw on amounts in the Reserve Subaccount, to the extent amounts available in the General Subaccount are insufficient to pay expenses of the Trust and to pay interest and make Scheduled Payments on the Notes and to make other payments and transfers in accordance with the terms of the Indenture.

CAPITAL SUBACCOUNT. Prior to or upon the issuance of the Offered Notes, the Grantee will transfer capital to the Trust in the amount of \$17,000,000, which is 0.50 percent of the initial aggregate Class

S-17

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Principal Balance for all of the Offered Notes. Such amount is the Required Capital Level with respect to the Offered Notes and, together with the Required Capital Level with respect to any other Series of Notes, will be deposited into the Capital Subaccount. Withdrawals from and deposits to the Capital Subaccount will be made as described under "Security for the Notes--Allocations; Payments" in the Prospectus.

ALLOCATIONS; PAYMENTS

On each Payment Date, the Indenture Trustee will, at the direction of the Servicer, apply all amounts on deposit in the Collection Account in the manner described under "Security for the Notes--Allocations; Payments" in the Prospectus.

DESCRIPTION OF THE INTANGIBLE TRANSITION PROPERTY

1998 TFO

The Funding Law authorizes the ICC to issue the 1998 TFO in favor of the Grantee at the request of ComEd to create and establish the 1998 ITP and to permit the Trust to finance the 1998 ITP through the issuance of the Offered Notes. The total dollar amount of 1998 ITP authorized by the 1998 TFO is \$6.323

billion, which represents the maximum dollar amount of IFC Charges which may be applied and invoiced over time by the Servicer on behalf of the Trust without further action by the ICC. In its application for the 1998 TFO based on certain assumptions set forth therein, ComEd estimated \$4.931 billion as the amount of IFC Charges which would be necessary to be billed through the Scheduled Maturity Date of all Classes of Offered Notes in order to pay interest and principal on the Offered Notes. The 1998 TFO also permits the sale of the Offered Notes in an aggregate principal amount not to exceed \$3.4 billion. The 1998 TFO is final and is no longer subject to appeal.

The 1998 TFO creates and establishes, among other things, the 1998 ITP and authorizes the imposition and collection of the IFC Charges, which constitute separate nonbypassable usage-based charges expressed in cents per kilowatt-hour payable by Customers in an aggregate amount sufficient to repay in full the Offered Notes, fund the Overcollateralization Subaccount and pay all related fees and expenses. The 1998 TFO entitles the Trust, as the assignee of the 1998 ITP from the Grantee, to receive the payments made pursuant to the IFC Charges, from all Customers through December 31, 2008 or, if later, until the Trust has received IFC Collections sufficient to retire all the outstanding Offered Notes and cover related fees and expenses. Subsequent Transitional Funding Orders may authorize and create additional Intangible Transition Property and additions to the IFC Charges in order to pay interest and principal on other Series of Notes to be issued in connection therewith, together with related fees, expenses and the Required Overcollateralization Level and Required Capital Level established with respect to such Series of Notes.

The 1998 Authorized IFC Charges set forth in the 1998 TFO (which may be increased by the ICC in connection with the issuance of a subsequent Transitional Funding Order) which ComEd believes are

S-18

<PAGE>
higher than will actually be required to make all payments on the Offered Notes, based on certain assumptions contained in the 1998 TFO, are as follows:

<TABLE>
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IFC CUSTOMER CLASS	IFC CHARGE (CENTS PER KWH)
<S>	<C>
Residential--No Space Heat.....	1.476
Residential--Space Heat.....	0.950
Standby Service.....	0.701
Interruptible Service.....	0.464
Street Lighting--Fixture Based Rates.....	2.375
Street Lighting--Dusk to Dawn and Traffic Signal.....	0.740
Railroads.....	1.047
Water-Supply and Sewage Pumping Service.....	0.963
In Lieu of Demand.....	1.399
0 to and including 100 kW Demand.....	1.099
Over 100 to and including 1,000 kW Demand.....	0.869
Over 1,000 to and including 10,000 kW Demand.....	0.805
Over 10,000 kW Demand.....	0.623

As required by the Funding Law, any increase in the amount of the IFC Charges for any of the IFC Customer Classes above the level of the 1998 Authorized IFC Charges for such IFC Customer Class set forth in the immediately preceding table shall require ComEd or any successor Utility thereto to file an amendatory tariff adjusting the amounts otherwise billable by ComEd or such successor Utility for Applicable Rates to offset the amount of such excess (or, if ComEd or such successor Utility shall have previously filed any such amendatory tariffs, the incremental amount of such excess).

In connection with the issuance and pricing of the Offered Notes, ComEd filed the 1998 IFC Tariff with the ICC which provides for, among other things, certain revisions to the IFC Charges. The actual initial cents per kilowatt-hour IFC Charge payable by each of the thirteen (13) IFC Customer Classes beginning on the Series Issuance Date is as follows:

<TABLE>
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IFC CUSTOMER CLASS	IFC CHARGE (CENTS PER KWH)
<S>	<C>
Residential--No Space Heat.....	1.067
Residential--Space Heat.....	0.687
Standby Service.....	0.432
Interruptible Service.....	0.343
Street Lighting--Fixture Based Rates.....	1.460
Street Lighting--Dusk to Dawn and Traffic Signal.....	0.455
Railroads.....	0.620
Water-Supply and Sewage Pumping Service.....	0.584
In Lieu of Demand.....	1.034
0 to and including 100 kW Demand.....	0.812
Over 100 to and including 1,000 kW Demand.....	0.658
Over 1,000 to and including 10,000 kW Demand.....	0.595
Over 10,000 kW Demand.....	0.465

ADJUSTMENTS TO THE IFC CHARGES

The Servicing Agreement and the 1998 TFO require the Servicer to calculate and implement Adjustments to the IFC Charges which are designed to enhance the likelihood that the IFC Collections which are remitted to the Collection Account will be sufficient to make the Specified Payments. In

S-19

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addition, the IFC Charges will be increased in connection with the issuance of additional Notes pursuant to any subsequent Transitional Funding Order, to a level calculated to be sufficient over time to provide for, among other things, payment of all interest and principal in respect of all outstanding Notes.

The first kind of adjustment, a "Reconciliation Adjustment," will be calculated by the Servicer within the two-week period preceding every other Payment Date, commencing on June 25, 1999 (each such Payment Date, a "Reconciliation Payment Date").

The second kind of adjustment to the IFC Charges, a "True-Up Adjustment," will be calculated by the Servicer within the two-week period preceding every Payment Date which is not a Reconciliation Payment Date, commencing on September 25, 1999 (each such Payment Date, a "True-Up Payment Date") only if, as of the True-Up Payment Date, the aggregate outstanding principal balance of the Notes exceeds the scheduled aggregate outstanding principal balance of the Notes set forth on the Expected Amortization Schedule by the greater of 5% and \$1.

The changes in IFC Charges, if any, resulting from a Reconciliation Adjustment and any True-Up Adjustment will take effect on the first billing day of the month following the applicable Reconciliation Payment Date or True-Up Payment Date.

See "Description of the Intangible Transition Property--Adjustments to the IFC Charges" in the Prospectus.

THE SERVICER

For a discussion of the Servicer, see "The Servicer" in the Prospectus.

SERVICING

GENERAL

The Servicer will manage, service and administer, and make collections in respect of, the Intangible Transition Property pursuant to the Servicing Agreement between the Servicer and the Grantee. The Servicer may not resign from its obligations and duties under the Servicing Agreement unless certain requirements are met. The 1998 TFO does not require approval by the ICC of such resignation. For a detailed discussion of the Servicer's procedures, the manner in which payments from Customers are remitted to the Collection Account, and related matters, see "Servicing" in the Prospectus.

NO SERVICER ADVANCES

The Servicer will not make any advances of interest or principal on the Offered Notes.

SERVICING COMPENSATION

The Servicer will be entitled to receive a servicing fee on each Payment Date in an amount equal to (a) \$750,000, for so long as IFC Charges are billed concurrently with charges otherwise billed by the Servicer to Customers (which ComEd and any successor thereto are required to do) and (b) \$5,000,000, if IFC Charges are not billed concurrently with charges otherwise billed by the Servicer to Customers. The Servicing Fee in clause (b) will only be payable if the Servicer is not ComEd or a successor thereto. The Servicing Fee (together with any portion of the Servicing Fee that remains unpaid from prior Payment Dates) will be paid solely to the extent funds are available therefor as described under "Security for the Notes--Allocations; Payments" in the Prospectus. The Servicing Fee will be paid prior to the payment of any amounts in respect of interest on and principal of the Offered Notes. The Servicer will be entitled to retain as additional compensation net investment income on IFC Payments received by the Servicer prior to remittance thereof to the Collection Account and the portion of late fees, if any, paid by Customers relating to the IFC Payments.

S-20

<PAGE>

STATEMENTS BY SERVICER

For each Remittance Date and each Payment Date, the Servicer will provide the statements and reports described under "Servicing--Statements by Servicer" in the Prospectus.

MATERIAL UNITED STATES FEDERAL TAX CONSEQUENCES

ComEd has received a ruling from the IRS holding that, among other things, (a) the Trust's issuance of the Offered Notes will not result in gross income to ComEd and (b) the Offered Notes will be obligations of ComEd. See "Material United States Federal Tax Consequences" in the Prospectus.

The Indenture provides that a Noteholder and any persons holding a beneficial interest in an Offered Note, by acquiring any Offered Note or interest therein, agrees to treat the Offered Note as indebtedness of ComEd

secured by the Note Collateral for purposes of federal, state and local income and franchise taxes, and any other taxes imposed upon, measured by, or based upon gross or net income, unless otherwise required by appropriate taxing authorities.

For a discussion of material United States federal income and estate tax consequences relevant to the purchase, ownership and disposition of the Notes by the initial beneficial owners thereof, see "Material United States Federal Tax Consequences" in the Prospectus.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Trust has agreed to sell to each of the Underwriters named below (the "Underwriters"), and each of the Underwriters, for whom Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Smith Barney Inc. are acting as representatives, has severally agreed to purchase, the respective principal amounts of the Offered Notes set forth opposite its name below.

<TABLE>

<CAPTION>

NAME OF UNDERWRITER	CLASS A-1 NOTES	CLASS A-2 NOTES	CLASS A-3 NOTES	CLASS A-4 NOTES	CLASS A-5 NOTES	CLASS A-6 NOTES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Goldman, Sachs & Co.....	\$ 267,729,407	\$ 267,770,593	\$ 163,082,376	\$ 265,317,624	\$ 377,061,750	\$ 479,738,250
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	38,247,058	38,252,942	23,297,482	37,902,518	53,865,964	68,534,036
Salomon Smith Barney Inc....	38,247,058	38,252,942	23,297,482	37,902,518	53,865,964	68,534,036
Chase Securities Inc.....	16,998,693	17,001,307	10,354,437	16,845,563	23,940,429	30,459,571
First Chicago Capital Markets, Inc.....	16,998,693	17,001,307	10,354,437	16,845,563	23,940,429	30,459,571
NationsBanc Montgomery Securities LLC.....	16,998,693	17,001,307	10,354,437	16,845,563	23,940,429	30,459,571
BNY Capital Markets, Inc....	8,499,346	8,500,654	5,177,219	8,422,781	11,970,214	15,229,786
Gardner Rich & Company.....	4,249,673	4,250,327	2,588,609	4,211,391	5,985,107	7,614,893
Loop Capital Markets, LLC...	4,249,673	4,250,327	2,588,609	4,211,391	5,985,107	7,614,893
Mesirow Financial, Inc.....	4,249,673	4,250,327	2,588,609	4,211,391	5,985,107	7,614,893
Ramirez & Co., Inc.....	4,249,673	4,250,327	2,588,609	4,211,391	5,985,107	7,614,893
Siebert Brandford Shank & Co., LLC (A Division of Muriel Siebert & Co., Inc.).....	4,249,673	4,250,327	2,588,609	4,211,391	5,985,107	7,614,893
TOTAL.....	\$ 424,967,313	\$ 425,032,607	\$ 258,860,915	\$ 421,139,085	\$ 598,510,714	\$ 761,489,286

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NAME OF UNDERWRITER	CLASS A-7 NOTES	SERIES 1998 TOTAL
<S>	<C>	<C>
Goldman, Sachs & Co.....	\$ 321,300,000	\$2,142,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	45,900,000	306,000,000
Salomon Smith Barney Inc....	45,900,000	306,000,000
Chase Securities Inc.....	20,400,000	136,000,000
First Chicago Capital Markets, Inc.....	20,400,000	136,000,000
NationsBanc Montgomery Securities LLC.....	20,400,000	136,000,000
BNY Capital Markets, Inc....	10,200,000	68,000,000
Gardner Rich & Company.....	5,100,000	34,000,000
Loop Capital Markets, LLC...	5,100,000	34,000,000
Mesirow Financial, Inc.....	5,100,000	34,000,000
Ramirez & Co., Inc.....	5,100,000	34,000,000
Siebert Brandford Shank & Co., LLC (A Division of Muriel Siebert & Co., Inc.).....	5,100,000	34,000,000
TOTAL.....	\$ 510,000,000	\$3,400,000,000

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Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and to pay for all of the Offered Notes offered hereby, if any are taken.

S-21

<PAGE>

The Underwriters propose to offer the Offered Notes in part directly to retail purchasers at the initial public offering price set forth on the cover page of this Prospectus Supplement, and in part to certain securities dealers at such price less a concession not in excess of 0.150 percent of the principal amount of the Class A-1 Notes, 0.210 percent of the principal amount of the Class A-2 Notes, 0.240 percent of the principal amount of the Class A-3 Notes, 0.270 percent of the principal amount of the Class A-4 Notes, 0.300 percent of

the principal amount of the Class A-5 Notes, 0.330 percent of the principal amount of the Class A-6 Notes and 0.390 percent of the principal amount of the Class A-7 Notes. The Underwriters may allow and such dealers may reallow a concession, not in excess of 0.100 percent of the principal amount of the Class A-1 Notes, 0.125 percent of the principal amount of the Class A-2 Notes, 0.150 percent of the principal amount of the Class A-3 Notes, 0.175 percent of the principal amount of the Class A-4 Notes, 0.200 percent of the principal amount of the Class A-5 Notes, 0.225 percent of the principal amount of the Class A-6 Notes and 0.250 percent of the principal amount of the Class A-7 Notes. After the Offered Notes are released for sale to the public, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Offered Notes are a new issue of securities with no established trading market. The Offered Notes will not be listed on any securities exchange. The Trust has been advised by the Underwriters that they intend to make a market in the Offered Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Offered Notes.

In connection with the offering, the Underwriters may purchase and sell the Offered Notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Offered Notes; and syndicate short positions involve the sale by the Underwriters of a greater number of Offered Notes than they are required to purchase from the Trust in the offering. The Underwriters also may impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of the Offered Notes sold in the offering for their account may be reclaimed by the syndicate if such Offered Notes are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Offered Notes, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time.

Under the terms of the Underwriting Agreement, the Trust has agreed to reimburse the Underwriters for certain expenses.

The Grantee and ComEd have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act.

RATINGS

It is a condition of issuance of the Offered Notes that the Offered Notes be rated AAA by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., Aaa by Moody's Investors Service, Inc., AAA by Duff & Phelps Credit Rating Co. and AAA by Fitch IBCA, Inc.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency. No person is obligated to maintain the rating on any Offered Note, and, accordingly, there can be no assurance that the ratings assigned to any Class of Offered Notes upon initial issuance will not be revised or withdrawn by a Rating Agency at any time thereafter. If a rating of any Class of Offered Notes is revised or withdrawn, the liquidity of such Class of Offered Notes may be adversely affected. In general, ratings address credit risk and do not represent any assessment of the rate of principal payments.

S-22

<PAGE>

LEGAL MATTERS

Certain legal matters relating to the issuance of the Offered Notes and certain legal matters relating to the United States federal income tax consequences of the issuance of the Offered Notes will be passed upon for the Trust by Sidley & Austin, Chicago, Illinois, counsel to ComEd. Certain legal matters relating to the Trust and the issuance of the Offered Notes will be passed upon for the Trust by Foley & Lardner, Chicago, Illinois, counsel to ComEd, and for the Underwriters by Winston & Strawn, Chicago, Illinois. Winston & Strawn acts from time to time as counsel to ComEd and its affiliates in certain matters unrelated to the offering of the Offered Notes.

S-23

<PAGE>

INDEX OF PRINCIPAL DEFINITIONS

Set forth below is a list of the defined terms used in this Prospectus Supplement and defined herein and the pages on which the definitions of such terms may be found herein. Certain defined terms used in this Prospectus Supplement are defined in the Prospectus. See "Index of Principal Definitions" in the Prospectus.

<TABLE>
<CAPTION>

DEFINED TERM	DEFINED ON PAGE
<S>	<C>
1998 Authorized IFC Charges.....	S-7
1998 IFC Tariff.....	S-8
1998 ITP.....	S-6
1998 TFO.....	S-4

Adjustments..... S-8
 Administration Agreement..... S-6
 Administrator..... S-6
 Book-Entry Note..... S-12
 Capital Subaccount..... S-10
 Cede..... S-12
 Class..... S-5
 Class Principal Balance..... S-5
 Code..... S-13
 ComEd..... S-6
 Customers..... S-7
 Delaware Trustee..... S-6
 DTC..... S-12
 ERISA..... S-13
 Final Maturity Date..... S-9
 General Subaccount..... S-10
 Grantee..... S-6
 Indenture Trustee..... S-7
 Note Interest Rate..... S-14
 Noteholders..... S-14
 Notes..... S-14
 Offered Notes..... S-4
 Original Note Principal Balance..... S-5
 Overcollateralization Amount..... S-17
 Overcollateralization Subaccount..... S-10
 Payment Date..... S-8
 Rating Agency..... S-12
 Reconciliation Adjustment..... S-20
 Reconciliation Payment Date..... S-20
 Record Date..... S-9
 Required Overcollateralization Level..... S-11
 Reserve Subaccount..... S-10
 </TABLE>

S-24

<PAGE>
 <TABLE>
 <CAPTION>

DEFINED TERM	DEFINED ON PAGE
<S>	<C>
Scheduled Maturity Date.....	S-9
Series Issuance Date.....	S-4
Servicer.....	S-6
Servicing Fee.....	S-11
Specified Payments.....	S-5
True-Up Adjustment.....	S-20
True-Up Payment Date.....	S-20
Trust.....	S-6
Trust Agreement.....	S-6
Underwriters.....	S-21
</TABLE>	

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S-25

<PAGE>
 PROSPECTUS

COMED TRANSITIONAL FUNDING TRUST
 TRANSITIONAL FUNDING TRUST NOTES
 ISSUABLE IN SERIES

COMMONWEALTH EDISON COMPANY
 SERVICER

The ComEd Transitional Funding Trust Transitional Funding Trust Notes (the "Notes") offered hereby in an aggregate principal amount of up to \$4,000,000,000 may be sold from time to time in series (each, a "Series"), each of which may be comprised of one or more classes (each, a "Class"), as described in the related Prospectus Supplement. Each Series of Notes will be issued by the ComEd Transitional Funding Trust (the "Trust"), a Delaware business trust to be created under a Declaration of Trust (the "Trust Agreement") by a Delaware trustee to be named in the related Prospectus Supplement (the "Delaware Trustee").

(CONTINUED ON FOLLOWING PAGE)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PROSPECTIVE INVESTORS SHOULD CONSIDER, AMONG OTHER THINGS, THE INFORMATION SET FORTH UNDER THE CAPTION "RISK FACTORS," WHICH BEGINS ON PAGE 28 HEREIN.

THE NOTES OFFERED HEREBY DO NOT CONSTITUTE A DEBT, LIABILITY OR OTHER OBLIGATION OF THE STATE OF ILLINOIS OR OF ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF COMMONWEALTH EDISON COMPANY OR ANY OF ITS AFFILIATES. NONE OF THE NOTES OR THE UNDERLYING INTANGIBLE TRANSITION PROPERTY WILL BE GUARANTEED OR INSURED BY COMMONWEALTH EDISON COMPANY OR ITS AFFILIATES.

THE INTANGIBLE TRANSITION PROPERTY ASSIGNED TO THE TRUST BY THE GRANTEE, CERTAIN OTHER ASSETS OF THE TRUST AND PAYMENTS ON ANY RELATED SWAP AGREEMENT WILL BE THE SOLE SOURCE OF PAYMENTS ON THE NOTES. NEITHER COMMONWEALTH EDISON COMPANY NOR ANY OF ITS AFFILIATES WILL HAVE ANY OBLIGATIONS IN RESPECT OF THE NOTES OR THE INTANGIBLE TRANSITION PROPERTY, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN THE RELATED PROSPECTUS SUPPLEMENT.

TRANSITIONAL FUNDING ORDERS AUTHORIZING THE ISSUANCE OF THE NOTES DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF ILLINOIS OR OF ANY OF ITS POLITICAL SUBDIVISIONS. THE ISSUANCE OF THE NOTES UNDER THE FUNDING LAW SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

THIS PROSPECTUS MAY NOT BE USED TO CONSUMMATE SALES OF SECURITIES OFFERED HEREBY UNLESS ACCOMPANIED BY THE RELATED PROSPECTUS SUPPLEMENT.

Prospective investors should refer to the "Index of Principal Definitions" which begins on page 128 herein for the location of the definitions of capitalized terms that appear in this Prospectus.

December 4, 1998

<PAGE>
(CONTINUED FROM PREVIOUS PAGE)

The Notes will be secured primarily by the Intangible Transition Property, as described under "Prospectus Summary--Intangible Transition Property" and "Description of the Intangible Transition Property." The Intangible Transition Property, among other things, will represent a current right to receive certain nonbypassable usage-based per kilowatt-hour charges to be imposed against certain customers of Commonwealth Edison Company. Collection of these charges will be the primary source of payment of principal and interest on the Notes.

The Trust will issue to investors separate Series of Notes from time to time upon terms determined at the time of sale and described in the related Prospectus Supplement. Each Series of Notes may be issuable in one or more Classes. A Series may include Classes which differ as to the interest rate, timing, sequential order and amount of distributions of principal or interest, or both, or otherwise. As more specifically described under "Security for the Notes--Allocations; Payments," the Trust will use all payments made with respect to Intangible Transition Property (including investment earnings thereon) to pay certain expenses described herein, interest due on the Notes and principal payable on the Notes, allocated among the Series and Classes of Notes based on the priorities described herein and in the related Prospectus Supplement, except that investment earnings on amounts on deposit in the Collection Account shall, to the extent such amounts are not otherwise required to make other payments described herein, or in the related Prospectus Supplement, be paid to the Trust or as it directs. All principal not previously paid, if any, on any Note will be due and payable on the Final Maturity Date of such Note. While the specific terms of any Series of Notes (and the Classes, if any, thereof) will be described in the related Prospectus Supplement, the terms of such Series and any Classes thereof will not be subject to prior review by, or consent of, the Noteholders of any previously issued Series.

Offers of the Notes of a Series may be made through one or more different methods, including offerings through underwriters, as described under "Plan of Distribution" herein and "Underwriting" in the related Prospectus Supplement. There will have been no secondary market for the Notes of any Series prior to the offering thereof. There can be no assurance that a secondary market for any Series of Notes will develop or, if one does develop, that it will continue. It is not anticipated that any of the Notes will be listed on any securities exchange.

No dealer, salesperson, or any other person has been authorized to give any information, or to make any representations, other than those contained in this Prospectus or the related Prospectus Supplement and, if given or made, such information or representations must not be relied upon as having been authorized by ComEd, the Trust, the Grantee or any dealer, salesperson or any other person. Neither the delivery of this Prospectus or the related Prospectus Supplement nor any sale made hereunder or thereunder shall under any circumstances create an implication that there has been no change in the information herein or therein since the date hereof. This Prospectus and the related Prospectus Supplement do not constitute an offer to sell or a solicitation of an offer to buy any security in any jurisdiction in which it is unlawful to make such offer or

solicitation.

UNTIL 90 DAYS AFTER THE DATE OF EACH PROSPECTUS SUPPLEMENT, ALL DEALERS EFFECTING TRANSACTIONS IN THE NOTES, WHETHER OR NOT PARTICIPATING IN THE DISTRIBUTION THEREOF, MAY BE REQUIRED TO DELIVER THIS PROSPECTUS AND THE RELATED PROSPECTUS SUPPLEMENT. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS SUPPLEMENT AND PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

2

<PAGE>

AVAILABLE INFORMATION

The Grantee, as depositor of the Trust, has filed with the Securities and Exchange Commission (the "Commission") a registration statement (as amended, the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Notes. This Prospectus, which forms a part of the Registration Statement, and any Prospectus Supplement describe all material terms of each document filed as an exhibit to the Registration Statement; however, this Prospectus and any Prospectus Supplement do not contain all of the information contained in the Registration Statement and the exhibits thereto. Any statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference. For further information, reference is made to the Registration Statement and the exhibits thereto, which are available for inspection without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at its regional offices located as follows: Chicago Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and New York Regional Office, 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of the Registration Statement and exhibits thereto may be obtained at the above locations at prescribed rates. Information filed with the Commission can also be inspected at the Commission's site on the World Wide Web at <http://www.sec.gov>.

The Grantee will file with the Commission such periodic reports with respect to each Series of Notes as are required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules, regulations or orders of the Commission thereunder. The Grantee may discontinue filing periodic reports under the Exchange Act at the beginning of any fiscal year following the issuance of the Notes of any Series if there are fewer than 300 holders of such Notes.

REPORTS TO HOLDERS

Unless and until the Notes are no longer issued in book-entry form, the Servicer will provide to Cede & Co., as nominee of The Depository Trust Company ("DTC") and registered holder of the Notes, and, upon request, to Participants of DTC, periodic reports concerning the Notes. See "Security For the Notes--Reports to Noteholders." Such reports may be made available to the holders of interests in the Notes (the "Noteholders") upon request to their Participants. Such reports will not constitute financial statements prepared in accordance with generally accepted accounting principles. The financial information provided to Noteholders will not be examined and reported upon, nor will an opinion thereon be provided, by any independent public accountant.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

All reports and other documents filed by the Grantee, on behalf of the Trust, pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference in this Prospectus and to be part hereof. Any statement contained herein or in a Prospectus Supplement, or in a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded for purposes of this Prospectus and any Prospectus Supplement to the extent that a statement contained herein, in any Prospectus Supplement or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus or any Prospectus Supplement.

The Grantee will provide without charge to each person to whom a copy of this Prospectus is delivered, on the written or oral request of any such person, a copy of any of or all the documents incorporated herein by reference (other than exhibits to such documents). Requests for such copies

3

<PAGE>

should be directed to the Grantee, at ComEd Funding, LLC at Ten South Dearborn Street, 37th Floor, Chicago, Illinois 60603, or by telephone at (312) 394-7937, Attention: David Zahakaylo.

PROSPECTUS SUPPLEMENT

The Prospectus Supplement for a Series of Notes will describe the following terms of such Series and, if applicable, the Classes thereof: (a) the designation of the Series and, if applicable, the Classes thereof, (b) the principal amount, (c) the annual rate at which interest accrues, or if the Trust has entered into a Swap Agreement with respect to such Series, the index on which a variable rate of interest will be based, (d) the dates on which payments

of interest and principal are scheduled to occur, (e) the Scheduled Maturity Date and the Final Maturity Date of such Series, (f) the initial Reconciliation Payment Date and initial True-Up Payment Date of such Series, (g) the issuance date of the Series, (h) the place or places for the payment of principal and interest, (i) the authorized denominations, (j) the provisions for optional redemption of such Series, (k) the Expected Amortization Schedule for principal of such Series and, if applicable, the Classes thereof, (l) the IFC Charges as of the date of issuance of such Series of Notes and the portion of total IFC Charges authorized and initially imposed in connection with such issuance, (m) the total dollar amount of Intangible Transition Property authorized by the related Transitional Funding Order, (n) any other material terms of such Series and any Class thereof that are not inconsistent with the provisions of the Notes and that will not result in any Rating Agency reducing or withdrawing its then current rating of any outstanding Series or Class of Notes, (o) the identity of the Indenture Trustee and the Delaware Trustee, and (p) the terms of any Swap Agreement executed solely to permit the issuance of Floating Rate Notes and the identity of any swap counterparty related thereto.

4

<PAGE>

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE
<S>	<C>
AVAILABLE INFORMATION.....	3
REPORTS TO HOLDERS.....	3
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.....	3
PROSPECTUS SUPPLEMENT.....	4
TABLE OF CONTENTS.....	5
PROSPECTUS SUMMARY.....	8
RISK FACTORS.....	28
Uncertainties Associated with Unusual Asset Type.....	28
Legal Challenges which Could Adversely Affect Noteholders.....	28
Possible Payment Delays or Losses as a Result of Amendment or Repeal of Amendatory Act or Breach of State Pledge.....	29
Limit on Amount of Intangible Transition Property Available to Pay Notes.....	30
Potential Servicing Issues.....	31
Uncertainties Related to the Electric Industry Generally.....	33
Uncertainties Caused by Changing Regulatory and Legislative Environment.....	36
Reduction in Amount of Revenue From Applicable Rates.....	36
Bankruptcy and Creditors' Rights Issues.....	39
Nature of the Notes.....	42
ELECTRIC INDUSTRY RESTRUCTURING IN ILLINOIS.....	45
General.....	45
Amendatory Act Overview.....	45
Transition Charges.....	46
Transition Period.....	47
Alternative Retail Electric Suppliers.....	48
Competitive Services.....	49
Instrument Funding Charges; Private Contracts.....	49
Federal Initiatives; Increased Competition.....	50
DESCRIPTION OF THE INTANGIBLE TRANSITION PROPERTY.....	51
Creation of Intangible Transition Property Under the Funding Law.....	51
Limitations on the Amounts of Transitional Funding Instruments, Intangible Transition Property and Instrument Funding Charges Which Can Be Authorized; Permitted Use of Proceeds.....	52
Imposition and Collection of Instrument Funding Charges; Adjustments Thereto.....	54
Transitional Funding Order Issued at the Request of ComEd.....	55
Transactions Pursuant to the Transitional Funding Orders.....	56
Nonbypassable IFC Charges.....	57
Adjustments to the IFC Charges.....	57
Sale and Assignment of Intangible Transition Property.....	59
Grant Agreement.....	60
Representations and Warranties of ComEd.....	61
Covenants of ComEd.....	63
Amendment of Grant Agreements.....	64
Indemnification Obligations of ComEd.....	65
Sale Agreement.....	65
Representations And Warranties of Grantee.....	66

</TABLE>

5

<PAGE>
<TABLE>
<CAPTION>

	PAGE
<S>	<C>
Covenants of the Grantee.....	67
Amendment of Sale Agreements.....	69
Indemnification Obligations of the Grantee.....	70
CERTAIN PAYMENT, WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS.....	71

THE TRUST.....	72
THE GRANTEE.....	73
Managers.....	74
THE SERVICER.....	75
General.....	75
ComEd Customer Base, Electric Energy Consumption and Base Rates.....	75
Forecasting Electricity Consumption.....	79
Forecast Variance.....	79
Credit Policy; Billing; Collections; Restoration of Service.....	81
Loss and Delinquency Experience.....	83
Delinquencies.....	85
Year 2000 Issues.....	85
SERVICING.....	89
Servicing Procedures.....	89
Servicing Standards and Covenants.....	90
Remittances to Collection Account.....	91
No Servicer Advances.....	92
Servicing Compensation.....	92
Alternative Retail Electric Suppliers and Other Third-Party Collectors.....	92
Servicer Representations and Warranties.....	94
Statements by Servicer.....	94
Evidence as to Compliance.....	94
Certain Matters Regarding the Servicer.....	95
Servicer Defaults.....	95
Rights upon Servicer Default.....	96
Waiver of Past Defaults.....	96
Successor Servicer.....	96
Amendment.....	97
Termination.....	97
DESCRIPTION OF THE NOTES.....	98
General.....	98
Interest and Principal.....	99
Payments on the Notes.....	99
Floating Rate Notes.....	100
No Third-Party Credit Enhancement.....	101
Registration and Transfer of the Notes.....	101
Book-Entry Registration.....	101
Definitive Notes.....	104
Optional Redemption.....	105
Conditions of Issuance of Additional Series and Acquisition of Subsequent Intangible Transition Property.....	105
List of Noteholders.....	106

</TABLE>

6

<PAGE>
<TABLE>
<CAPTION>

	PAGE
<S>	
SECURITY FOR THE NOTES.....	107
General.....	107
Pledge of Note Collateral.....	107
Security Interest in Note Collateral.....	107
Description of Indenture Accounts.....	109
Allocations; Payments.....	111
State Pledge.....	112
Reports to Noteholders.....	113
Supplemental Indentures.....	113
Certain Covenants of the Delaware Trustee and the Trust.....	114
Events of Default; Rights Upon Event of Default.....	115
Actions by Noteholders.....	117
Annual Compliance Statement.....	117
MATERIAL UNITED STATES FEDERAL TAX CONSEQUENCES.....	118
Tax Consequences to United States Noteholders.....	118
Tax Consequences to Non-United States Noteholders.....	119
Backup Withholding and Information Reporting.....	122
ERISA CONSIDERATIONS.....	124
USE OF PROCEEDS.....	125
PLAN OF DISTRIBUTION.....	126
RATINGS.....	126
LEGAL MATTERS.....	126
EXPERTS.....	127
INDEX OF PRINCIPAL DEFINITIONS.....	128
INDEX OF FINANCIAL STATEMENTS.....	F-1

</TABLE>

7

<PAGE>

PROSPECTUS SUMMARY

THE FOLLOWING PROSPECTUS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS AND BY REFERENCE TO THE INFORMATION WITH RESPECT TO EACH SERIES OF NOTES CONTAINED IN THE RELATED PROSPECTUS SUPPLEMENT. CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS PROSPECTUS SUMMARY HAVE THE MEANINGS ASCRIBED TO SUCH TERMS ELSEWHERE IN THIS PROSPECTUS. THE INDEX OF PRINCIPAL DEFINITIONS WHICH BEGINS ON PAGE 128 SETS FORTH THE PAGES ON WHICH THE DEFINITIONS OF CERTAIN PRINCIPAL TERMS APPEAR.

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Transaction Overview.....

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The Illinois Electric Utility Transitional Funding Law of 1997 (the "Funding Law") permits Illinois electric utilities (collectively, the "Utilities"), including Commonwealth Edison Company, an Illinois corporation ("ComEd"), and other permitted issuers, including the Trust, to issue transitional funding instruments, such as the Transitional Funding Trust Notes (the "Notes"). The Funding Law was one portion of Public Act 90-561 (the "Amendatory Act") which amended the Illinois Public Utilities Act (as so amended, the "Act") and became law on December 16, 1997.

Pursuant to the Funding Law, the Illinois Commerce Commission (the "ICC") has issued and may hereafter issue one or more Transitional Funding Orders in favor of the Grantee at the request of ComEd each of which provides, or will provide, among other things, for the creation of Intangible Transition Property and the vesting thereof in the Grantee. The Intangible Transition Property created by each Transitional Funding Order, among other things, represents the right to impose and receive certain nonbypassable usage-based charges (expressed in cents per kilowatt-hour) from Customers, and all related revenues, collections, claims, payments, money or proceeds thereof. These charges are nonbypassable in that Customers cannot avoid paying them regardless of from whom their electricity is purchased; provided, however, that such charges must be deducted from amounts which could otherwise be billed by ComEd (or its successor) or other provider of electric service to such Customers on account of its tariffed rates (or, in the case of Customers not taking tariffed services on account of private contracts, from the charges and rates for the equivalent services provided by ComEd).

ComEd will enter into one or more Agreements Relating to Grant of Intangible Transition Property (each, a "Grant Agreement" and collectively, the "Grant Agreements") relating to the grant by the ICC to the Grantee of all of the rights in and to the Intangible Transition Property created by the related Transitional Funding Order and containing certain representations, warranties and covenants with respect to such Intangible Transition Property.

Pursuant to one or more Intangible Transition Property Sale Agreements between the Grantee and the Trust (each, a "Sale

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Agreement" and collectively, the "Sale Agreements"), the Grantee has assigned or may further assign its rights in, to and under the Intangible Transition Property created by the related Transitional Funding Order, the Servicing Agreement and certain other related assets to the Trust. The Trust, whose primary asset will be all of the Intangible Transition Property transferred to the Trust pursuant to the Sale Agreements, will issue the Notes, which will be sold to the underwriters named in each Prospectus Supplement.

The Notes will be secured primarily by all of the Intangible Transition Property. The Notes also will be secured by the Grant Agreements, the Sale Agreements and the Intangible Transition Property Servicing Agreement between the Servicer and the Grantee (the "Servicing Agreement"); the Collection Account and all amounts of cash or investment property on deposit therein or credited thereto from time to time; with respect to Floating Rate Notes only, any interest rate exchange agreements (each, a "Swap Agreement") entered into with respect to the issuance of such Floating Rate Notes; all rights to compel ComEd, as Servicer (or any successor), to file for and obtain adjustments to the IFC Charges in

accordance with Section 18-104(d) of the Act, the Transitional Funding Orders and all tariffs filed with the ICC in connection therewith (each an "IFC Tariff"); all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing; and all payments on or under and all proceeds in respect of any or all of the foregoing. See "Security for the Notes."

The IFC Charges will be calculated and adjusted from time to time to generate projected revenues expected to be sufficient over time to (a) pay interest and make Scheduled Payments on the Notes, (b) pay all related fees and expenses of the Trust, including the Servicing Fee and any Quarterly Administration Fee, (c) replenish the Capital Subaccount up to the Required Capital Level, and (d) fund and maintain the Overcollateralization Subaccount up to the Required Overcollateralization Level. These payments are collectively referred to herein as the "Specified Payments."

To enhance the likelihood of timely recovery of the amounts necessary to make the Specified Payments, the IFC Charges may be adjusted from time to time through Reconciliation Adjustments and True-Up Adjustments, as described under "Description of the Intangible Transition Property-- Adjustments to the IFC Charges" over the term of each Series of Notes.

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9

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The following diagram represents a general summary of the parties to the transactions contemplated hereby, their roles and their various relationships to the other parties.

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Risk Factors..... <C>
Investors should consider the risks associated with an investment in the Notes. For a discussion of certain material risks associated therewith, investors should review the discussion under "Risk Factors," which begins on page 28.

Servicer/Administrator..... ComEd, a subsidiary of Unicom Corporation, an Illinois corporation ("Unicom"), will act as the initial servicer (in such capacity, and together with any successor servicer, the "Servicer") of the Intangible Transition Property pursuant to the terms of the Servicing Agreement, and as the initial administrator (in such capacity, and together with any successor administrator, the "Administrator") of the Trust and the Grantee pursuant to the terms of an Administration Agreement among the Trust, the Grantee and the Administrator (the "Administration Agreement").

ComEd is a public utility primarily engaged in the business of generating, transmitting and distributing electric energy to customers in Northern Illinois, including the Chicago metropolitan area. See "The Servicer."

Grantee..... The grantee of the Intangible Transition Property will be ComEd Funding, LLC, a special purpose Delaware limited liability

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10

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company (the "Grantee"), whose sole member is ComEd. In accordance with the Funding Law and each Transitional Funding Order, the Grantee shall be a grantee of the Intangible Transition Property, authorized to assign such Intangible Transition Property to the Trust as an assignee. Pursuant to a Sale Agreement, the Grantee will sell and assign to the Trust all of its right, title and interest in such Intangible Transition Property, the Servicing Agreement and certain other related assets.

Trust..... The issuer of the Notes will be the ComEd Transitional Funding Trust (the "Trust"), a Delaware business trust. In accordance with the Funding Law and the related Transitional Funding Order, the Trust shall be entitled

to receive the Intangible Transition Property created by such Transitional Funding Order as assignee of the Grantee, and shall be authorized to issue Notes as transitional funding instruments.

Trust Assets..... The assets of the Trust will consist of the Intangible Transition Property and the other Note Collateral, including capital transferred by the Grantee in an amount specified in each Prospectus Supplement which will be sufficient to meet certain requirements of the Indenture (the "Indenture") between the Trust and the Indenture Trustee.

Delaware Trustee..... A Delaware entity (the "Delaware Trustee") shall be named as trustee under the Declaration of Trust (the "Trust Agreement"), as set forth in each Prospectus Supplement. The Delaware Trustee will manage the Trust pursuant to the Trust Agreement.

Beneficiary Trustees..... The individuals named in the related Prospectus Supplement as Beneficiary Trustees shall serve as Beneficiary Trustees (each, a "Beneficiary Trustee") of the Trust. The Beneficiary Trustees will execute and file the Registration Statement and certain related documents, register the Notes with the applicable state securities commissions and take other necessary or appropriate related actions.

The Notes..... The Notes will be issued in series (each, a "Series") and each Series of Notes may be issued in one or more classes (each, a "Class"). Each Series and Class of Notes will be in an initial aggregate principal amount, and will bear interest at a rate described in the related Prospectus Supplement and will be at least PARI PASSU in right of payment with any subsequent Series and Class of Notes. The Notes will be issued under the Indenture.

The Indenture provides that collections received with respect to the Intangible Transition Property ("IFC Collections") will be used, among other things, to pay (a) fees payable to the Delaware Trustee, the Indenture Trustee, the Servicer and the Administrator; (b) all other fees, costs, expenses and indemnities of the Trust ("Operating Expenses"); and (c) interest (including amounts, if any, payable with respect to

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any Swap Agreement entered into with respect to the issuance of any Floating Rate Notes) due on the Notes and principal payable on the Notes, allocated among the Series and Classes of Notes based on the priorities described herein and in the related Prospectus Supplement, until each outstanding Series and Class of Notes is retired. However, as described under "Description of the Notes--Interest and Principal," unless an Event of Default has occurred and is continuing and the Notes have been declared due and payable, principal on the Notes on any Payment Date will only be paid until the outstanding principal balance of the Notes has been reduced to the principal balance specified in the Expected Amortization Schedule for such Payment Date.

To the extent that, with respect to any Payment Date, amounts on deposit in certain subaccounts of the Collection Account are insufficient to reduce the principal balance of the Notes to the amount required pursuant to the Expected Amortization Schedule on such Payment Date, the amount of such deficiency will be deferred to a subsequent Payment Date without a default occurring under the Indenture. All principal not previously paid, if any, on a Note is due and payable on the Final Maturity Date of such Note.

Each Series of Notes is non-recourse, and will be secured only by, and payable solely out of the proceeds of, Intangible Transition Property, together with the other Note Collateral. If additional Notes are subsequently issued, the previously issued and outstanding Notes will be at least PARI PASSU with such subsequently issued Notes as to all of the Intangible Transition Property and the other Note Collateral. Any and all funds or property released by the Indenture Trustee pursuant to the Indenture will cease to be Note Collateral and will no longer be available for payment of the Notes. See "Description of the Notes" and "Security for the Notes."

A Series of Notes may include two or more Classes of Notes which differ as to the interest rate and the timing, sequential order and amount of payments of principal or interest or both or otherwise.

In addition, a Series of Notes may include one or more Classes of Notes that accrue interest at a variable rate based on the index described in the related Prospectus Supplement (the "Floating Rate Notes"). See "Description of the Notes-- Floating Rate Notes."

While the specific terms of any Series of Notes (and the Classes thereof, if any) will be described in the related Prospectus Supplement, the terms of such Series and any Classes thereof will not be subject to prior review by, or consent of, the Noteholders of any previously issued Series of Notes.

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12

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All Notes of the same Series will be identical in all respects except for the denominations thereof, unless such Series is comprised of two or more Classes, in which case all Notes of the same Class will be identical in all respects except for the denominations thereof.

No additional Notes will be issued or shall be secured, directly or indirectly, by the Intangible Transition Property and the other Note Collateral unless, among other things, each Rating Agency with respect to any outstanding Notes shall have affirmed the then current rating of all such outstanding Notes in connection with the issuance of such additional Notes.

So long as any Notes are outstanding, the Noteholders will direct the Indenture Trustee as to matters in which the Noteholders are permitted or required to take action; provided, however, that the Indenture Trustee will be permitted to take certain actions specified in the Indenture without the direction of the Noteholders. See "Security for the Notes--Actions by Noteholders."

None of the Notes or the underlying Intangible Transition Property will be guaranteed or insured by ComEd or any of its affiliates. Transitional Funding Orders authorizing the issuance of the Notes do not constitute a pledge of the full faith and credit of the State of Illinois or of any of its political subdivisions. The issuance of the Notes under the Funding Law shall not directly, indirectly or contingently obligate the State of Illinois or any political subdivision thereof to levy or to pledge any form of taxation therefor or to make any appropriation for their payment.

See "Description of the Notes."

Indenture.....	The Notes will be issued pursuant to the terms of the Indenture, and the Intangible Transition Property and the other Note Collateral will be pledged under the Indenture for the benefit of the Noteholders.
Indenture Trustee.....	The entity named as trustee under the Indenture, as set forth in each Prospectus Supplement (the "Indenture Trustee"). The Indenture Trustee acts for and on behalf of the Noteholders pursuant to the Indenture.
Rating Agency.....	Each nationally recognized statistical rating organization which rates any Series of Notes upon request of the Trust (each, a "Rating Agency") as set forth in the Prospectus Supplement related thereto.
Transitional Funding Orders.....	The ICC has issued and may hereafter issue one or more financing orders in favor of the Grantee at the request of ComEd (each, a "Transitional Funding Order"). Each Transitional Funding Order will provide for, among other things, the creation of Intangible Transition Property and the vesting thereof in the Grantee. Although it is anticipated that all

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13

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Transitional Funding Orders will be identical in all material respects, since the issuance thereof is subject

to the discretion of the ICC, there may be variations between Transitional Funding Orders. If the findings in any subsequent Transitional Funding Order differ materially from the findings in the Transitional Funding Order disclosed in this Prospectus, all of such differences will be disclosed in the related Prospectus Supplement.

Intangible Transition Property.... Each Transitional Funding Order obtained by ComEd from the ICC will create and establish a certain dollar amount of Intangible Transition Property. The Prospectus Supplement related to an issuance of Notes will identify the Transitional Funding Order and the total dollar amount of Intangible Transition Property authorized thereby, which will represent the maximum dollar amount of IFC Charges which may be applied and invoiced under such Transitional Funding Order over time by the Servicer on behalf of the Trust without further action by the ICC.

The right to impose, and collect payments of, the IFC Charges from the Customers (such payments, whether collected directly from Customers or through third-party collection agents, including ARES, being the "IFC Payments") gives rise to a separate property right as set forth in the Funding Law. This property is created, and vested in the Grantee, by a Transitional Funding Order and, together with the related items described in this paragraph, is referred to herein generally as the "Intangible Transition Property." The Intangible Transition Property includes the right, title and interest to impose and receive IFC Charges, and all related revenues, collections, claims, payments, money, or proceeds thereof, including all right, title, and interest under and pursuant to the Transitional Funding Order which created such Intangible Transition Property.

IFC Charges..... Under the Act, each Transitional Funding Order will provide for the establishment, imposition and collection of nonbypassable, usage-based, per kilowatt-hour charges on designated consumers of electricity (the "IFC Charges"). Specifically, each such order will provide that IFC Charges will be imposed on each existing and future retail customer or class of retail customers in ComEd's service area (I.E., ComEd's geographic service area as of January 1, 1998 and any other locations in which it was then providing electric utility services to Customers) in Illinois, or other person or group of persons obligated, from time to time, to pay to ComEd or any successor Applicable Rates (including any customers who enter into contracts with ComEd to take non-tariffed services but would otherwise have been obligated to pay Applicable Rates) (collectively, the "Customers"). Of amounts collected from the Customers, only the portion of amounts collected that

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<C> comprise the IFC Charges, as adjusted from time to time, will be available to make payments on the Notes. IFC Charges will be deducted and stated separately from Applicable Rates.

"Applicable Rates" means all charges for tariffed services owed to ComEd (I.E., charges owed under any tariffs now or hereafter filed with the ICC), including, without limitation, charges for "base rates," "delivery services" and "transition charges" (including lump-sum payments of such charges) as each such term is defined in the Act. Applicable Rates do not include late charges or charges set forth in those tariffs which are filed specifically and primarily to collect amounts related to decommissioning expense, taxes, franchise fees or other franchise cost additions, costs imposed by local governmental units which are allocated and charged to customers within the boundaries of such governmental units' jurisdictions, renewable energy resources and coal technology development assistance charges, energy assistance charges for the Supplemental Low-Income Energy Assistance Fund, reimbursement for the costs of optional or non-standard facilities and reimbursement for the costs of optional or non-standard meters, or monies that will be paid to third parties (after deduction of allowable administrative, servicing or similar fees) (collectively, "Excluded Amounts"). Payments owed to the Grantee or the Trust in respect of IFC Charges do not constitute Excluded Amounts.

To the extent any Applicable Rates reflect compensation

owed by ComEd for power or energy generated by a person or entity other than ComEd, the IFC Charges will be deducted and stated separately from such Applicable Rates without giving effect to such compensation. Administrative, servicing and similar fees referred to in the parenthetical above means fees which ComEd is expressly authorized under its current agreements with third parties or by statute, tariff or otherwise to deduct from monies owed to such parties to cover its cost of processing such third-party payments. Charges associated with Excluded Amounts are generally the subject of separate riders to ComEd's rates, such that increases in such charges are collected through an increase in the amount permitted to be collected under such rider, rather than through an increased share of the Applicable Rates. As a result, any increase in Excluded Amounts should not result in a material decrease in the amount of Applicable Rates available to cover the amount of IFC Charges.

Each Transitional Funding Order will provide that neither ComEd nor any successor Utility may enter into any contract with any Customer obligated (or who would, but for such contract, be obligated) to pay IFC Charges if, as a result thereof, such Customer would not receive services subject to Applicable Rates, unless the contract provides that the

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Customer will pay an amount to the Grantee or its assigns, as applicable, equal to the amount of IFC Charges that would have been billed if the services provided under such contract were services subject to Applicable Rates. Each Transitional Funding Order will further provide that any revenues received by ComEd or a successor Utility from such contracts entered into with Customers paying IFC Charges shall, to the extent of the authorized amount of the IFC Charges included therein, be deemed to be proceeds of, and included in, the Intangible Transition Property created by the related Transitional Funding Order. See "Electric Industry Restructuring in Illinois-- Instrument Funding Charges; Private Contracts."

The IFC Charges will be calculated and adjusted from time to time to generate projected revenues expected to be sufficient to make the Specified Payments. In each case, the IFC Charges will be assessed for the benefit of the Trust as assignee of all of the Grantee's right, title and interest in the Intangible Transition Property. Such IFC Charges will be collected by the Servicer, either directly from Customers or from an ARES or other third-party collection agent that collects such amounts from Customers, as part of its normal collection activities and will be deposited into the Collection Account under the terms of the Indenture and the Servicing Agreement on each Monthly Remittance Date or Daily Remittance Date, as the case may be.

The Funding Law provides that, notwithstanding any other provision of law, once a Transitional Funding Order has become final and nonappealable, none of such Transitional Funding Order, the Intangible Transition Property created and established thereby or the IFC Charges authorized to be imposed and collected thereunder shall be subject to any reduction, postponement, impairment or termination by any subsequent action of the ICC.

Adjustments to IFC Charges.....

The Servicing Agreement and each Transitional Funding Order will require the Servicer to calculate and implement adjustments to the IFC Charges which are designed to enhance the likelihood that the IFC Collections which are remitted to the Collection Account will be sufficient to make the Specified Payments.

Each Transitional Funding Order will provide for a "Reconciliation Adjustment" to the IFC Charges which will be calculated by the Servicer within the two-week period preceding every other Payment Date, commencing on the Payment Date indicated in the related Prospectus Supplement (each such Payment Date, a "Reconciliation Payment Date").

Each Transitional Funding Order will also provide for a "True-Up Adjustment" to the IFC Charges which will be calculated by the Servicer within the two-week period preceding every

</TABLE>

16

<PAGE>

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Payment Date which is not a Reconciliation Payment Date commencing on the Payment Date indicated in the related Prospectus Supplement (each such Payment Date, a "True-Up Payment Date") only if, as of the True-Up Payment Date, the aggregate outstanding principal balance of the Notes exceeds the scheduled aggregate outstanding principal balance of the Notes set forth on the Expected Amortization Schedule by 5%, or such greater amount as may be set forth in the related Prospectus Supplement.

Changes in IFC Charges, if any, resulting from a Reconciliation Adjustment and any True-Up Adjustment (collectively, the "Adjustments") will take effect on the first billing day of the month following the applicable Reconciliation Payment Date or True-Up Payment Date.

The IFC Charges will, subject to Adjustment as provided herein, continue to be imposed and collected until all interest on and principal of all Series of the Notes have been paid in full, subject only to the limitation of the maximum amount of Intangible Transition Property authorized by the ICC in the related Transitional Funding Order or Orders, and will be based on expected IFC Collections which are calculated in accordance with the Servicer's normal servicing procedures using data available through the end of the prior monthly period.

All Adjustments shall be implemented pursuant to the IFC Tariff filed by ComEd in connection with the related Transitional Funding Order. As required by the Funding Law, if, as a result of any Adjustment, the IFC Charge, as so adjusted, will exceed the amount per kilowatt-hour of the IFC Charge authorized by the ICC in any Transitional Funding Order, then ComEd shall be obligated to file amendatory tariffs (each, an "Amendatory Tariff") adjusting the amounts otherwise billable by ComEd for Applicable Rates, to offset the amount of such excess (or, if ComEd shall have previously filed any such Amendatory Tariffs, the incremental amount of such excess). However, the failure of such Amendatory Tariff to become effective for any reason shall not delay or impair the effectiveness of any such Adjustments.

See "Description of the Intangible Transition Property--Adjustments to the IFC Charges."

State Pledge.....

Pursuant to the Funding Law, the State of Illinois pledges to and agrees with the Noteholders that the State of Illinois will not in any way limit, alter, impair or reduce the value of the Intangible Transition Property created by, or the IFC Charges approved by, any Transitional Funding Order so as to impair the terms of any contract made by ComEd, the Grantee or the Trust with the Noteholders or in any way impair their rights and remedies, until the Notes, together with the interest, premium

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17

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and other fees, costs and charges related thereto, are fully paid and discharged (the "State Pledge"). The Funding Law authorizes issuers, such as the Trust, to include these pledges and agreements of the State in any contract with the holders of the transitional funding instruments, and the pledges and agreements shall be so included in the Indenture and the Notes for the benefit of the Noteholders. See "Security for the Notes--State Pledge."

Payment Dates.....

The payment dates on Notes of each Series will be the quarterly dates specified in the related Prospectus Supplement (each, a "Payment Date"). If such specified date is not a Business Day, then the Payment Date shall be the next succeeding Business Day.

Record Dates.....

With respect to any Payment Date or date of any redemption, the Business Day preceding such Payment Date or other date if the Notes are Book-Entry Notes or, if Definitive Notes are issued, the last day of the preceding calendar month (each, a "Record Date").

Scheduled Maturity and Final Maturity Dates.....	For each Series or Class of Notes, the related Prospectus Supplement will specify a Scheduled Maturity Date and a Final Maturity Date. The "Scheduled Maturity Date" will be the date when all principal and interest on such Series or Class of Notes is expected to be paid in full by the Trust. The "Final Maturity Date" corresponds to the date on which such Series or Class of Notes may be accelerated for failure to pay outstanding principal thereon, which may be up to two years after the Scheduled Maturity Date for such Series or Class. The Funding Law provides that the authority of the Trust to impose and collect IFC Charges shall continue until such time as all Notes have been paid in full.
Issuance of Additional Series.....	The Trust may issue additional Series of Notes from time to time; provided, however, the Trust may not issue in excess of \$3.4 billion in aggregate principal amount of Notes prior to August 1, 1999, and thereafter may not issue in excess of \$6.8 billion of Notes (less the initial amount of any previously issued Notes). A subsequent Transitional Funding Order would authorize additional Intangible Transition Property and an increase in the authorized amount of IFC Charges in connection with such issuance. See "Description of the Intangible Transition Property--Transitional Funding Order Issued to ComEd." An additional Series may be issued only upon satisfaction of the conditions described under "Description of the Notes--Conditions of Issuance of Additional Series." Each Series of Notes will be secured solely by the Intangible Transition Property and the other Note Collateral. An Event of Default with respect to one Series of Notes (or one or more Classes thereof) may adversely affect

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18

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other outstanding Classes and Series of Notes since such event will be considered an Event of Default with respect to all Series of Notes and each such Class or Series will be entitled only to its ratable portion of the Intangible Transition Property and the other Note Collateral as determined under the Indenture. In addition, all Intangible Transition Property owned by the Trust will secure all Series of Notes and any remedial action taken by Noteholders of one Series will affect the other Series.

Interest.....	Unless otherwise specified in the related Prospectus Supplement, interest on each Series of Notes (and, if applicable, each Class thereof) will accrue and be payable in arrears at the interest rate for such Series (or Class), or calculated in the manner, specified in the related Prospectus Supplement.
---------------	--

Principal.....	Principal of each Series of Notes (and, if applicable, each Class thereof) will be paid to the Noteholders of such Series (or Class) in the amounts and on the Payment Dates specified in the related Prospectus Supplement, but only to the extent that amounts in the Collection Account are available therefor, and subject to the other limitations described herein. See "Security for the Notes--Allocations: Payments." The related Prospectus Supplement will set forth a schedule of the expected amortization of principal of such Series of Notes and, if applicable, the Classes thereof (for any Series or Class, the "Expected Amortization Schedule"). Unless an Event of Default has occurred and is continuing and the Notes have been declared due and payable, on any Payment Date, subject to availability of funds in the Collection Account, the Trust will make principal payments on the Notes only until the outstanding principal balances thereof have been reduced to the principal balances specified in the applicable Expected Amortization Schedules for such Payment Date (each, a "Scheduled Payment"). However, if insufficient IFC Collections are received with respect to any Payment Date, and amounts in the Collection Account are not sufficient to make up the shortfall, principal of any Series or Class of Notes may be paid later than reflected in the related Expected Amortization Schedule, as described herein and in the related Prospectus Supplement. See "Risk Factors--Nature of the Notes-- Uncertain Payment Amounts and Weighted Average Life" and "Certain Payment, Weighted Average Life and Yield Considerations."
----------------	---

Events of Default.....	The Indenture provides that any of the following events will constitute an "Event of Default" with respect to
------------------------	---

any Series of Notes: (a) a default for five days in the payment of any interest on any Note; (b) a default in the payment of the then unpaid principal of any Note on the Final Maturity Date for such Note; (c) a default in the payment of the optional redemption price for

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19

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any Note on the optional redemption date therefor; (d) a default in the observance or performance in any material respect of any covenant or agreement of the Trust made in the Indenture and the continuation of any such default for a period of 30 days after notice thereof is given to the Trust by the Indenture Trustee or to the Trust and the Indenture Trustee by the holders of at least 25 percent in principal amount of the Notes of such Series then outstanding; (e) any representation or warranty made by the Trust in the Indenture or in any certificate delivered pursuant thereto or in connection therewith having been incorrect in a material respect as of the time made, and such breach not having been cured within 30 days after notice thereof is given to the Trust by the Indenture Trustee or to the Trust and the Indenture Trustee by the holders of at least 25 percent in principal amount of the Notes of such Series then outstanding; (f) certain events of bankruptcy, insolvency, receivership or liquidation of the Trust; (g) a breach by the State of Illinois or any of its agencies (including the ICC), officers or employees of the State Pledge; and (h) any other event designated as such in the trustee's issuance certificate or series supplement relating to such Series.

If an Event of Default (other than as specified in clause (g) above) has occurred and is continuing with respect to the Notes, the Indenture Trustee may and, upon the written direction of the holders of not less than a majority in principal amount of the Notes then outstanding shall, declare the unpaid principal amount of all the Notes of all Series then outstanding to be immediately due and payable. If an Event of Default as specified in clause (g) above has occurred, the Servicer shall be obligated to institute (and the Indenture Trustee, for the benefit of the Noteholders, shall be entitled and empowered to institute) any suits, actions or proceedings at law, in equity or otherwise, to enforce the State Pledge and to collect any monetary damages as a result of a breach thereof, and each of the Servicer and the Indenture Trustee may prosecute any such suit, action or proceeding to final judgment or decree.

See "Security for the Notes--Events of Default; Rights Upon Event of Default" and "Ratings."

Optional Redemption.....

Pursuant to the terms of the Indenture, any Series of Notes may be redeemed on any Payment Date if, after giving effect to payments that would otherwise be made on such date, the outstanding principal balance of such Series of Notes has been reduced to less than five percent (5%) of the initial principal balance thereof.

If specified in the Prospectus Supplement related to any Series or Class of Notes, the Indenture may also permit the redemption of any such Series or Class of Notes in full on any Payment Date on or prior to December 31, 2004 using proceeds received from the issuance of any additional Series

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20

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or Class of Notes (the "New Notes"). The New Notes will be payable solely out of the Intangible Transition Property and the other Note Collateral and will have no more than a PARI PASSU lien thereon VIS-A-VIS all existing Series of Notes.

In addition, a Series of Notes shall be subject to redemption if and to the extent provided in the related Prospectus Supplement.

No redemption shall be permitted under the Indenture unless each Rating Agency with respect to any Notes that will remain outstanding after such redemption shall have affirmed the then current rating of all such outstanding

Notes. Upon any redemption of any Series or Class of Notes, the Trust will have no further obligations under the Indenture with respect thereto.

The Notes may be so redeemed upon payment of the outstanding principal amount of the Notes and accrued but unpaid interest thereon as of the date of redemption.

See "Description of the Notes--Optional Redemption."

Establishment of Collection Account and Subaccounts.....

Pursuant to the Indenture, a Collection Account will be established and held by the Indenture Trustee for the benefit of the Noteholders. The Collection Account will consist of four subaccounts: a general subaccount (the "General Subaccount"), a reserve subaccount (the "Reserve Subaccount"), a subaccount for the Overcollateralization Amount (the "Overcollateralization Subaccount"), and a capital subaccount (the "Capital Subaccount"). Unless the context indicates otherwise, references herein to the Collection Account include each of the subaccounts contained therein. Withdrawals from and deposits to these subaccounts will be made as described under "Security for the Notes--Allocations; Payments."

General Subaccount.....

The General Subaccount will hold all funds held in the Collection Account that are not held in the other three subaccounts. The Servicer will remit all IFC Collections to the General Subaccount on each Monthly Remittance Date or Daily Remittance Date, as required under the Servicing Agreement. On each Payment Date, the Indenture Trustee will draw on amounts in the General Subaccount to pay expenses of the Trust and to pay interest and make Scheduled Payments on the Notes and to make other payments and transfers in accordance with the terms of the Indenture.

Reserve Subaccount.....

IFC Collections available with respect to any Payment Date in excess of amounts necessary to make the Specified Payments will be allocated to the Reserve Subaccount. On each Payment Date, the Indenture Trustee will draw on amounts in the Reserve Subaccount, to the extent amounts available in the General Subaccount are insufficient to pay expenses of the

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Trust and to pay interest and make Scheduled Payments on the Notes and to make other payments and transfers in accordance with the terms of the Indenture.

Overcollateralization Subaccount.....

In order to enhance the likelihood that payments on the Notes will be made in accordance with their Expected Amortization Schedules, each Transitional Funding Order will permit the Servicer to set the IFC Charges at levels that are expected to produce IFC Collections in amounts that exceed the amounts expected to be required to pay interest and make Scheduled Payments on the Notes and to pay all related fees and expenses of the Trust, including the Servicing Fee and any Quarterly Administration Fee, in order to collect an additional amount (for any Series, the "Overcollateralization Amount") specified in the related Prospectus Supplement. The Overcollateralization Amount established in connection with each Series of Notes will not be less than 0.50 percent of the initial principal balance of such Series of Notes, collected over the expected life of the Notes of such Series according to a schedule set forth in the related Prospectus Supplement. The Overcollateralization Amount for all Series of Notes will be held in the Overcollateralization Subaccount, as described further under "Security for the Notes--Description of Indenture Accounts--Overcollateralization Subaccount." The amount required to be on deposit in the Overcollateralization Subaccount as of any Payment Date with respect to each Series, as specified in the schedule set forth in the related Prospectus Supplement, is referred to herein as the "Required Overcollateralization Level." On each Payment Date, the Indenture Trustee will draw on amounts in the Overcollateralization Subaccount, if any, to the extent amounts available in the General Subaccount and the Reserve Subaccount are insufficient to pay expenses of the Trust and to pay interest and make Scheduled Payments on the Notes. If amounts on deposit in the Overcollateralization Subaccount are used to pay such

expenses and make such payments, the Overcollateralization Subaccount will be replenished on subsequent Payment Dates to the extent IFC Collections exceed amounts required to make payments or transfers having a higher priority of payment, as more fully described under "Security for the Notes--Allocations; Payments."

Capital Subaccount..... Prior to or upon the issuance of each Series of Notes, the Grantee will transfer capital to the Trust which will equal 0.50 percent of the initial principal amount of such Series of Notes. Such amount in the aggregate for all Series of Notes (with respect to each Series, the "Required Capital Level") will be deposited into the Capital Subaccount. On each Payment Date, the Indenture Trustee will draw on amounts in the Capital Subaccount, if any, to the extent amounts available in the General Subaccount, the Reserve Subaccount and the Overcollateralization Subaccount are insufficient to pay

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expenses of the Trust and to pay interest and make Scheduled Payments on the Notes and to make other payments and transfers in accordance with the terms of the Indenture. If amounts on deposit in the Capital Subaccount are used to make such payments and transfers, the Capital Subaccount will be replenished on subsequent Payment Dates to the extent IFC Collections exceed amounts required to make such payments and transfers having a higher priority of payment, as more fully described under "Security for the Notes-- Allocations; Payments."

Collections..... The IFC Tariffs allow the Trust to begin to impose and collect the IFC Charges concurrently with the issuance of the Notes of any Series (each, a "Series Issuance Date"). The IFC Charges shall be imposed and collected based upon the entire electricity consumption of Customers included in bills issued to Customers on and after such Series Issuance Date, including that portion of the applicable Billing Period during which electric service was provided prior to such Series Issuance Date.

The Servicing Agreement provides, among other things, that the Servicer will collect the IFC Payments on behalf of the Trust, as assignee of the Grantee. The Servicer will remit all IFC Payments to the Collection Account within two Servicer Business Days of receipt unless the Monthly Remittance Conditions are met, in which case the Servicer will remit to the Collection Account on the Servicer Business Day immediately preceding the tenth day of each month, all IFC Payments received by the Servicer during the immediately preceding Billing Period. See "Servicing--Remittances to Collection Account."

Because the Servicer does not track cash collections on bills rendered within a particular Billing Period, amounts remitted to the Collection Account with respect to IFC Charges included in bills issued to Customers during each Billing Period will be based upon the actual amounts billed for each class of Customers and the Servicer's estimation of write-offs and delinquencies for each class of Customers, all in accordance with the Servicing Standard.

The Servicer also will be required pursuant to the Servicing Agreement to periodically reconcile the amount of IFC Payments actually received against the IFC Payments remitted by the Servicer to the Collection Account. See "Servicing-- Remittances to Collection Account."

The "Servicing Standard" will be set forth in the Servicing Agreement and shall require the Servicer to calculate, collect, apply, remit and reconcile proceeds of the Intangible Transition Property, including IFC Payments, and other Note Collateral for the benefit of the Trust and the Noteholders (a) with the same

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degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account,

(b) in accordance with procedures and requirements established by the ICC for collection of electric utility tariffs, and (c) in accordance with the other terms of the Servicing Agreement.

Allocations and Payments..... On each Payment Date, amounts in the Collection Account, including net earnings thereon, will be allocated as shown in the following diagram, which provides a general summary of the flow of funds from the Customers through the Servicer to the Collection Account, and the various allocations therefrom. For a more detailed discussion, see "Security for the Notes-- Allocations; Payments."

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Servicing..... <C>
The Servicer is responsible for servicing, managing and receiving IFC Payments in accordance with the Servicing Standard. Pending deposit into the Collection Account, all IFC Payments received by the Servicer may be invested by the Servicer at its own risk and for its own benefit, and need not be segregated from other funds of the Servicer. See "Servicing-- Remittances to Collection Account."

It is possible that certain third-party collection agents may collect payments (including IFC Charges) from Customers and that certain ARES may also bill charges for such payments. In the latter case, the Servicer will bill each such ARES for the full amount of IFC Charges, and other charges owed to the Servicer in its individual capacity. In order to enhance the likelihood that the collection of IFC Charges by the Servicer will not be adversely affected as a result of the collection of the IFC

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24

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Charges by ARES and other third-party collection agents, the ICC will approve certain procedures in each Transitional Funding Order regarding the remittance obligations of such third parties. See "Servicing--Alternative Retail Electric Suppliers and Other Third-Party Collectors."

To the extent that there is a shortfall in the amount received by the Servicer from (a) Customers it bills directly or (b) a third-party collection agent, including an ARES, such shortfall will be allocated by the Servicer FIRST, to the Trust and ComEd pro rata, based on the amount of Customers' bills constituting IFC Charges, and the amount constituting other fees and charges not constituting IFC Charges owed to ComEd or any successor, respectively, until all kilowatt-hour charges, other than late charges, are paid, and SECOND, such amount of late charges shall be allocated to ComEd. In the event that an ARES or another Utility provides consolidated billing to Customers for both the services provided by such ARES or other Utility and services provided by ComEd, partial payments made to an ARES by such Customers are required by the Act to be credited first to amounts due to ComEd's tariffed services (including IFC Charges collected on behalf of Noteholders), and the Servicer will allocate such payments as otherwise described above.

Servicing Compensation..... The Servicer will be entitled to receive a servicing fee on each Payment Date (the "Servicing Fee"), in the amount specified in the related Prospectus Supplement. The Servicing Fee will be paid prior to the payment of any amounts in respect of interest on and principal of the Notes. The Servicer will be entitled to retain as additional compensation net investment income on IFC Payments received by the Servicer prior to remittance thereof to the Collection Account and the portion of late fees, if any, paid by Customers relating to the IFC Payments. See "Servicing--Servicing Compensation."

No Servicer Advances..... The Servicer will not be obligated to make any advances of interest or principal on the Notes.

Denominations..... Each Series of Notes (and, if applicable, each Class thereof) will be issued in the minimum initial denominations set forth in the related Prospectus Supplement and in integral multiples thereof.

Book-Entry Notes..... Each Series of Notes (and, if applicable, each Class

thereof) may be issued in definitive form or may be represented by one or more notes registered in the name of Cede & Co. ("Cede") (each, a "Book-Entry Note" and collectively, the "Book-Entry Notes"), the nominee of The Depository Trust Company ("DTC"), and available only in the form of book-entries on the records of DTC, participating members thereof ("Participants") and other entities, such as banks, brokers, dealers and trust companies, that clear through or maintain custodial

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<C> relationships with a Participant, either directly or indirectly ("Indirect Participant"). If so indicated in the applicable Prospectus Supplement, Noteholders may also hold Book-Entry Notes of a Series through CEDEL or Euroclear (in Europe), if they are participants in such systems or indirectly through organizations that are participants in such systems. Notes representing Book-Entry Notes will be issued in definitive form only under the limited circumstances described herein and in the related Prospectus Supplement. With respect to the Book-Entry Notes, all references herein to "Noteholders" reflect the rights of owners of the Book-Entry Notes as they may indirectly exercise such rights through DTC and Participants, except as otherwise specified herein. See "Risk Factors" and "Description of the Notes--Book-Entry Registration."

Ratings.....

It is a condition of issuance of each Series of Notes (and, if applicable, each Class thereof) that at the time of issuance such Series (or Class) receive the rating indicated in the related Prospectus Supplement, which will be in one of the four highest categories, from one or more of the Rating Agencies specified therein. See "Ratings" in the related Prospectus Supplement.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. No person is obligated to maintain any rating on any Note and, accordingly, there can be no assurance that the ratings assigned to any Series (or Class) of Notes upon initial issuance thereof will not be revised or withdrawn by a Rating Agency at any time thereafter. If a rating of any Series (or Class) of Notes is revised or withdrawn, the liquidity of such Series (or Class) of Notes may be adversely affected. In general, the ratings address credit risk and do not represent any assessment of the rate of principal payments on the Notes. See "Risk Factors--Nature of the Notes--Uncertain Payment Amounts and Weighted Average Life," "Certain Payment, Weighted Average Life and Yield Considerations" and "Ratings."

Taxation of the Notes.....

In the opinion of Sidley & Austin, interest paid on the Notes generally will be taxable to a United States Noteholder (as hereinafter defined) as ordinary interest income at the time it accrues or is received in accordance with such United States Noteholder's method of accounting for United States federal income tax purposes. Such opinion assumes that, based on a ruling or tax opinion described under "Material United States Federal Tax Consequences," the Notes will constitute indebtedness of ComEd for federal income tax purposes.

See "Material United States Federal Tax Consequences" herein and in the related Prospectus Supplement.

ERISA Considerations.....

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue

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<C> Code of 1986, as amended (the "Code") impose various requirements on employee benefit plans and certain other plans and arrangements subject to ERISA, and on persons who are fiduciaries with respect to such plans and arrangements, in connection with the investment of assets which are deemed to be "plan assets" for purposes of ERISA or Section 4975 of the Code, unless a statutory or administrative exemption is available. A fiduciary of any employee benefit plan or other plan or arrangement that is subject to ERISA or Section 4975 of the Code,

before purchasing the Notes, should therefore determine that an investment in the Notes is consistent with the fiduciary duties of ERISA and does not violate the prohibited transaction provisions of ERISA or the Code. See "ERISA Considerations" herein and in the related Prospectus Supplement.

</TABLE>

27

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RISK FACTORS

THE RISK FACTOR DISCLOSURE IN THIS PROSPECTUS AND IN ANY PROSPECTUS SUPPLEMENT, TO THE EXTENT DISCLOSURE IS INCLUDED THEREIN, SUMMARIZES ALL MATERIAL RISK FACTORS. INVESTORS SHOULD CONSIDER, AMONG OTHER THINGS DISCLOSED IN THIS PROSPECTUS, THE FOLLOWING FACTORS IN CONNECTION WITH THE PURCHASE OF THE NOTES.

UNCERTAINTIES ASSOCIATED WITH UNUSUAL ASSET TYPE

There is no historical performance data for an asset type such as the Intangible Transition Property in the State of Illinois and the Servicer does not have any historical experience administering this specific type of asset. Although energy usage records are available, such records have limited predictive value with respect to the cash flows expected to be available for payment of the Notes because of the significant changes to electricity markets in Illinois that are likely to result from the Amendatory Act. In addition, although the Funding Law provides that the Noteholders or the Indenture Trustee may foreclose or otherwise enforce the lien on the Intangible Transition Property securing the Notes, in the event of a foreclosure, there is likely to be a limited market, if any, for Intangible Transition Property and, therefore, foreclosure upon the Intangible Transition Property may not be a realistic or practical remedy for the Noteholders.

LEGAL CHALLENGES WHICH COULD ADVERSELY AFFECT NOTEHOLDERS

The existence and grant of Intangible Transition Property, the status of such Intangible Transition Property as a separate property right and the regulatory authorization for ComEd's entering into the transactions under the Basic Documents are generally dependent on relevant provisions of the Funding Law and the related Transitional Funding Order. The Amendatory Act (of which the Funding Law is a part) provides that if any of its provisions are held invalid, all of its provisions shall be deemed invalid. Thus, a judicial determination that any provision of the Amendatory Act is invalid would, absent legislative intervention at that time, result in the entirety of the Amendatory Act (including the Funding Law) being deemed invalid. It is therefore possible that, although a Transitional Funding Order has become final and no longer subject to appeal, a legal challenge to the Amendatory Act could result in payment delays or losses to Noteholders. However, the Amendatory Act also provides that no presumption as to the validity or invalidity of any contracts, transactions, orders, billings or payments pursuant to the Funding Law (such as the contracts, transactions, orders, billings or payments related to the Transitional Funding Orders) shall result from a determination of the invalidity of the Amendatory Act.

ComEd will represent and warrant in each Grant Agreement that the related Transitional Funding Order is valid, binding and irrevocable. There can be no assurances, however, that a claim by a person that a provision of the Amendatory Act is invalid would not result in the invalidation of the entire Amendatory Act (including the Funding Law). If the Amendatory Act were invalidated, a person could attempt to challenge such Transitional Funding Order by arguing that such invalidation should be applied retroactively with the result that there is no regulatory authorization for the associated transactions. If such an argument were successful, such Transitional Funding Order, the Intangible Transition Property created thereby and the transactions entered into pursuant to its authorization, could all be deemed invalid for lack of authorization, and Noteholders could suffer a loss of their investment in the Notes.

The issuance of Notes is conditioned upon the rendering of an opinion by Sidley & Austin, counsel to ComEd, to the effect that such Transitional Funding Order would remain in effect and the rights thereunder, including the rights of the Trust to impose and collect the portion of Customers' bills represented by the IFC Charges, would remain enforceable against ComEd and its assigns (including a trustee in bankruptcy) in the event of a judicial invalidation of the Amendatory Act unless a specific order

28

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or ruling were obtained from a court or the ICC invalidating, amending or otherwise modifying such Transitional Funding Order.

The issuance of Notes is further conditioned upon the rendering of an opinion by Sidley & Austin to the effect that a judicial determination that one or more provisions of the Amendatory Act is invalid should not be applied so as to result in the Noteholders losing their rights created pursuant to such Transitional Funding Order. Such opinion will be based on a reasoned application of judicial decisions involving similar or analogous circumstances (inasmuch as there are no reported controlling precedents) which have recognized that judicial decisions should not be applied retroactively where to do so would produce inequitable results, reopen final judgments or impair vested rights, such as the rights created pursuant to such Transitional Funding Order. Any judicial determination would also involve the application of equitable principles. Although ComEd has agreed in the Grant Agreement that any impairment

of Noteholders' rights to payments on the Notes arising from a judicial invalidation of the Amendatory Act is inequitable, such statement is not binding on any court and any application of equitable principles would be subject to the discretion of the court which is asked to apply them and the court's evaluation of the facts and equities before it. In that connection, a declaration of invalidity of the Funding Law itself, as opposed to an invalidation solely as the result of an invalidation of another provision of the Amendatory Act, would be a factor tending to reduce the strength of the equitable principles and related considerations that otherwise would support the continuing validity of the rights of the Noteholders. Accordingly, the issuance of the Notes is further conditioned on the inclusion of a statement in the opinion to be delivered by Sidley & Austin that nothing in their research conducted in connection with such opinion revealed any judicial decisions which such firm believes would provide a basis on which a court would declare the Funding Law to be invalid.

In light of the foregoing discussion, there can be no assurance that a judicial invalidation of one or more provisions of the Amendatory Act will not also result in the invalidation of a Transitional Funding Order or Noteholders' rights with respect thereto. In this regard, investors should be aware that a successful challenge under federal law of another state's utility deregulation statute that is similar to the Amendatory Act could be invoked as legal precedent for invalidating the Amendatory Act.

POSSIBLE PAYMENT DELAYS OR LOSSES AS A RESULT OF AMENDMENT OR REPEAL OF AMENDATORY ACT OR BREACH OF STATE PLEDGE

The Illinois Legislature could amend or repeal the Funding Law or other provisions of the Amendatory Act or take actions in contravention of the State Pledge which could impair the rights of the Noteholders and affect the collection of IFC Charges and payments on the Notes. Such actions would be subject to challenge under the United States and Illinois Constitutions, and as a condition to the issuance of Notes, Sidley & Austin will render an opinion to the effect that, absent a demonstration by the State of Illinois that an impairment is necessary to further a significant and legitimate public purpose, the Noteholders could challenge successfully under the Contract Clause of such Constitutions the constitutionality of any law subsequently enacted by the Illinois Legislature that purports to limit, alter, impair or reduce the value of the rights of the Noteholders or the IFC Charges so as to impair substantially the Indenture or the Notes or the rights and remedies of the Noteholders until such time as the Notes are fully paid and discharged. In addition, ComEd will represent and warrant in the Grant Agreement that the State of Illinois may not limit, alter, impair or reduce the value of the Intangible Transition Property in a manner substantially impairing the Indenture or the rights and remedies of the Noteholders (and, consequently, may not revoke, reduce, postpone or terminate the related Transitional Funding Order or the rights of the Noteholders to receive IFC Payments and all other proceeds of the Intangible Transition Property), until the Notes, together with interest thereon, are fully paid and discharged (except to the extent of a temporary impairment that the State of Illinois is able to demonstrate is necessary to advance a significant and legitimate public purpose).

29

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Illinois law does not permit citizens to initiate substantive legislation through referendums. The Illinois Constitution does permit citizen-initiative amendments; however, those amendments are constitutionally limited to addressing "structural and procedural subjects" governing the structure, composition and operation of the Illinois Legislature. The Illinois Supreme Court has held attempts to use those provisions to enact substantive legislation to be outside the scope of the provisions. As a condition to the issuance of Notes, Sidley & Austin will render an opinion to the effect that, based on such court decisions, an attempt by citizens of Illinois to use the initiative power to enact legislation causing an impairment of the rights of Noteholders would be held invalid.

Because the IFC Charges are to be deducted from Applicable Rates and the right of ComEd to collect such Applicable Rates is not dependent on the provisions of the Amendatory Act, an amendment or repeal of the Amendatory Act would not eliminate (although it could reduce) the sources of cash flow from which the Notes are to be repaid. ComEd will covenant in the Servicing Agreement that it will continue to impose and collect all IFC Charges (as adjusted from time to time) or equivalent amounts, deduct IFC Charges or equivalent amounts from Applicable Rates and remit such amounts to the Trust (in each such case, unless otherwise prohibited by applicable law or judicial or regulatory order in effect at such time) notwithstanding any such repeal or any amendment of the Amendatory Act. Nonetheless, no assurance can be given that a repeal or amendment of provisions of the Amendatory Act might not impair the rights of the Noteholders. If the Illinois Legislature were to repeal or amend the Funding Law in a manner adverse to Noteholders in violation of the State Pledge, the Servicer would be obligated to institute (and the Indenture Trustee, for the benefit of the Noteholders, shall be entitled and empowered to institute) any necessary proceedings to seek to overturn such change in law, to enforce the State Pledge and to collect any monetary damages which may result therefrom; and each of the Servicer and the Indenture Trustee may prosecute such proceedings to final judgment or decree. The Servicer would be required to advance its own funds to cover the costs of prosecuting any such proceedings, but would be entitled to reimbursement for such costs as an Operating Expense under the Indenture. Any such proceedings might adversely affect the price and liquidity of the Notes and the rate of repayment thereof, and, accordingly, the weighted average lives thereof. Moreover, given the lack of judicial precedent directly on point, and the novelty of the security for the Notes, the outcome of any such proceedings cannot be predicted with certainty; and, accordingly, Noteholders

may suffer a loss of their investment in the Notes.

LIMIT ON AMOUNT OF INTANGIBLE TRANSITION PROPERTY AVAILABLE TO PAY NOTES

The Funding Law requires that each Transitional Funding Order authorize a specific dollar amount of Intangible Transition Property, which represents the maximum dollar amount of IFC Charges which may be imposed and collected over time without further action by the ICC. If for any reason the amount of IFC Charges necessary to amortize the Notes in full were to exceed the maximum authorized dollar amount of IFC Charges which may be imposed by more than the amount in the Capital Subaccount, then ComEd, as Servicer, would be obligated, in good faith, to request the ICC to increase the previously authorized dollar amount of Intangible Transition Property. The ICC is not required under the Funding Law to approve any such increase, however, except in connection with an issuance of additional Notes, and the Noteholders could, accordingly, suffer a loss in such event. The Prospectus Supplement related to each Series of Notes will set forth the maximum aggregate dollar amount of IFC Charges which may be imposed. In its application for the initial Transitional Funding Order, ComEd estimated the amount of IFC Charges which would be necessary to be billed through the Scheduled Maturity Date of all Classes of Notes described in the related Prospectus Supplement in order to pay interest and principal on the Notes.

30

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POTENTIAL SERVICING ISSUES

RELIANCE ON COMED AS SERVICER

The Trust will rely on the Servicer for the determination of any adjustments to the IFC Charges and for the Customer billing and collection services that are necessary to recover the IFC Payments and, ultimately, to make payments on the Notes. If, as a result of its insolvency or liquidation or otherwise, ComEd were to cease performing its functions as Servicer, it may be difficult to find a substitute servicer and there can be no assurance that a substitute servicer will be engaged. In such an event, the timing of recovery of IFC Payments could be delayed. Any successor servicer may have less experience than ComEd and less capable systems than those employed by ComEd, and, given the complexity of the tasks to be performed by the servicer and the expertise required, a successor servicer may experience difficulties in collecting IFC Payments and determining appropriate adjustments to IFC Charges. Further, any successor servicer who is not a provider of electric service may not be able to invoke a remedy of shutting off service to a Customer for nonpayment of the IFC Charge. See "Servicing."

POSSIBLE PAYMENT DELAYS CAUSED BY INACCURATE USAGE AND CREDIT PROJECTIONS

If the Servicer is unable to forecast accurately the electricity usage of Customers, the related revenues from Applicable Rates, and the delinquency and write-off experience relating to IFC Payments, the timing and amount of IFC Collections may be significantly affected and therefore Noteholders may fail to receive timely payments on the Notes. Actual energy usage may differ from projections as a result of weather during the relevant period that is warmer or cooler than expected. In addition, actual energy usage, delinquencies and write-offs may differ from projections as a result of general economic conditions, trends in demographics that are not precisely as predicted, changes in technology, unexpected catastrophes, and other causes. Past accuracy of the Servicer's historical forecasts is not necessarily indicative of the accuracy of the Servicer's future forecasts and there can be no assurances that actual usage, delinquencies and write-offs will not be significantly different from future forecasts thereof. See "The Servicer--Forecast Variance."

POSSIBLE PAYMENT DELAYS CAUSED BY CHANGES IN PAYMENT TERMS OF CUSTOMERS

Because the Servicer is permitted (in accordance with the Servicing Standard) to alter the terms of billing and collection arrangements and modify amounts due from Customers, such alterations and modifications could delay collections from Customers or result in lower collections, and accordingly could adversely affect the timely payment of interest on the Notes or the payment of the principal of the Notes pursuant to the Expected Amortization Schedule therefor or in full by the applicable Scheduled or Final Maturity Date.

Although the Servicer does not have the right to change the amount of an individual Customer's IFC Charge, it does have the right to take actions that in its judgment will maximize actual collections from Customers with respect to any utility bill. In addition, the Servicer has the right to write off outstanding bills that it deems uncollectible in accordance with its customary practices. Such actions might include, for example, agreeing to an extended payment schedule or agreeing to write off a portion of an outstanding bill in order to recover a portion thereof. In certain circumstances, ComEd is required by provisions of the Act or regulations of the ICC to take such actions or to refrain from normal collection actions. While ComEd has no current intention of taking actions that would change the billing and collection arrangements in a manner which would affect adversely the collection of IFC Payments, there can be no assurance that changes in ComEd's customary and usual practices for comparable assets it services for itself might not result in a determination to do so or that a successor servicer may not make such a determination. ComEd could also be required to modify its billing and collection arrangements due to changes in ICC regulations governing such arrangements. See "The Servicer--Credit Policy; Billing; Collections; Restoration of Service."

31

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LIMITED INFORMATION REGARDING CUSTOMERS

The ability of the Servicer to collect amounts billed to Customers, including the IFC Charges, will depend in part on the creditworthiness of the Customers. If ComEd evaluates the creditworthiness of a significant number of its Customers incorrectly, resulting in significant increases in delinquencies and write-offs, delays in payments to Noteholders may occur. As a general matter, ComEd is obligated to provide service to new Customers under Illinois law and performs no outside credit investigations on new Customers. ComEd's information regarding the credit status of new Customers is limited to information arising as a result of any prior service from ComEd to such Customers.

An important element of ComEd's policies and procedures relating to credit and collections is its right to disconnect service on account of nonpayment. Each Transitional Funding Order will expressly provide that ComEd may disconnect service for nonpayment of IFC Charges to the same extent as ComEd would be entitled to take such action because of nonpayment of any other charge for tariffed services. Nonetheless, ComEd's rights to disconnect service are subject to and, to a material extent, controlled by Illinois statutory requirements and the rules and regulations of the ICC which may change from time to time. See "The Servicer--Credit Policy; Billing; Collections; Restoration of Service."

POSSIBLE PAYMENT DELAYS CAUSED BY RELIANCE ON ALTERNATIVE RETAIL ELECTRIC SUPPLIERS AND OTHER THIRD-PARTY COLLECTORS

As part of the restructuring of the Illinois electric industry, certain Customers will be allowed, beginning October 1, 1999, and all Customers will be allowed as of May 1, 2002, to purchase electricity and related services from ARES and from other Utilities rather than from ComEd. See "Electric Industry Restructuring in Illinois--Alternative Retail Electric Suppliers." The Amending Act requires ComEd to allow such ARES and other Utilities, pursuant to a tariff to be filed by ComEd with, and approved by, the ICC, to issue a single bill (which would include the applicable IFC Charges) to any retail customer purchasing electricity or related services from the ARES or other Utility and delivery services from ComEd for both the services provided by the ARES or other Utility and the delivery services provided by ComEd. The applicable IFC Charges included in a single bill to a Customer are required to be remitted to the Servicer by such ARES. If a substantial number of Customers elect to purchase their electricity from ARES that elect to provide a single bill, the Servicer may be relying on a small number of ARES, each of whom is responsible for a substantial portion of the Servicer's total billings, to collect IFC Charges, rather than the Servicer collecting IFC Charges directly from Customers. In this circumstance, a default in the collection and remittance of IFC Charges to the Servicer by a single ARES that provides electricity to a large number of Customers may adversely affect the Servicer's ability to make timely remittance of IFC Collections to the Collection Account, resulting in shortfalls thereof. Such IFC Collection shortfalls could adversely affect the timely payment of interest on the Notes or the payment of principal of the Notes in accordance with the Expected Amortization Schedule therefor or in full by the applicable Scheduled or Final Maturity Date.

In addition there can be no assurance that any ARES will use the same customer credit standards as the Servicer or that the Servicer will be able to mitigate credit risks relating to ARES in the same manner in, or to the same extent to, which it mitigates such risks relating to its Customers, both of which may have the effect of causing shortfalls in IFC Collections. Changes in Customer billing and payment practices caused by ARES billing may result in misdirected or delayed payments due to customer confusion, which could also have the effect of causing shortfalls in IFC Collections. Furthermore, the Servicer will have no meaningful ability to control the collection procedures of ARES or other third-party collection agents who simply forward payments on behalf of Customers and not pursuant to contractual arrangements with ComEd or pursuant to consolidated billing procedures. Finally, any problems arising from new and untested systems or any lack of experience on the part of any ARES or other third parties with Customer billings and collections could cause delays in billing and collecting the IFC Charges resulting in shortfalls in IFC Collections. Such IFC Collection shortfalls could adversely affect the timely

32

<PAGE>

payment of interest on the Notes or the payment of principal of the Notes in accordance with the Expected Amortization Schedule therefor or in full by the applicable Scheduled or Final Maturity Date.

POSSIBLE PAYMENT DELAYS CAUSED BY COMMINGLING OF IFC PAYMENTS WITH SERVICER'S OTHER FUNDS

If the Monthly Remittance Conditions are met, on each Monthly Remittance Date the Servicer will remit to the Collection Account IFC Payments received during the preceding Billing Period. Accordingly, IFC Payments received by the Servicer would not be segregated from the Servicer's general funds until they are remitted to the Collection Account. A failure or inability of the Servicer to remit the full amount of the estimated IFC Payments on any Monthly Remittance Date, whether voluntary or involuntary, might result in delays in payments to Noteholders. Such retention of funds could also have adverse consequences to Noteholders in the event of a bankruptcy of the Servicer. See "--Bankruptcy and Creditors' Rights Issues--Possible Adverse Effect on Noteholders as a Result of the Bankruptcy of Servicer."

POSSIBLE PAYMENT DELAYS AS A RESULT OF YEAR 2000 ISSUES

ComEd uses various software applications and embedded systems throughout its

businesses that will be affected by so-called "Year 2000 issues." These issues may prevent an application or system from correctly processing dates up to the year 2000 and beyond. Based on ComEd's current schedule for completion of Year 2000 tasks, ComEd believes that its planning is adequate to secure Year 2000 readiness of its critical systems. Nevertheless, achieving Year 2000 readiness is subject to various risks and uncertainties, and ComEd is not able to predict all the factors that could cause actual results to differ materially from its current expectations as to its Year 2000 readiness.

A failure to correct any critical Year 2000 processing problems prior to January 1, 2000 could have material adverse operational and financial consequences if the affected systems either cease to function or produce erroneous data. For example, the Year 2000 issues could affect, among other things, the ability of ComEd, as Servicer, and any ARES to bill and collect the IFC Charges, both because of problems with their own systems and problems that Customers may have in processing bills, and the ability of the Servicer and ARES to meter usage. This could result in significant delays in IFC Collections and, therefore, in payments to Noteholders. The Year 2000 issues could also affect usage by Customers if there are problems with the generation or distribution of electricity which could cause the amount of Applicable Rates from which IFC Charges will be deducted to be materially decreased or delayed. See "--Reduction in Amount of Revenues From Applicable Rates." For a more thorough discussion of the Year 2000 issues, see "The Servicer--Year 2000 Issues."

UNCERTAINTIES RELATED TO THE ELECTRIC INDUSTRY GENERALLY

UNTRIED NEW ILLINOIS MARKET STRUCTURE

The Illinois electric industry is expected to change dramatically in the near future as a result of enactment of the Amendatory Act. See "Electric Industry Restructuring in Illinois." If difficulties are experienced in implementing the various aspects of the new market structure in Illinois, electricity generation, transmission and distribution may be adversely affected, IFC Payments may not be made as expected, ComEd's business may be adversely affected, and Noteholders may fail to receive payments of principal and interest.

Beginning October 1, 1999, under the new market structure, certain retail customers will be eligible to purchase electricity from suppliers other than the local Utility, and by May 2002, all retail customers of investor-owned Utilities will be eligible to purchase electricity from other suppliers. Each local Utility, such as ComEd, will be required to deliver the electricity sold by other suppliers to customers in such Utility's service area. In addition, as a result of both the Amendatory Act and federal initiatives, Utilities may be required to turn over control of their transmission systems to an independent operating entity.

33

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Further, under the Amendatory Act, Utilities, such as ComEd, are entitled to enter into contracts with customers which are not subject to regulation by the ICC as to prices, terms and conditions. The new electric market structure has neither been tested nor implemented on a scale represented by the State of Illinois. Recent attempts to initiate operations under a similar market structure in California, as mandated by statute, resulted in a series of delays in implementation due to difficulties in bringing the necessary new systems and procedures to an acceptable state of readiness and reliability. In addition, the impacts of the implementation of the new market structure on the pricing of electricity services, customer usage of electricity, and the tariffed and other revenues received by the Servicer, cannot be predicted with certainty.

ComEd is in the process of examining its existing investments and operations in relation to the changing regulatory environment, with a view to rationalizing ComEd's investment in, and operating costs of, particular assets against their ability to contribute to ComEd's profits and revenues. As a result of such examination, ComEd recently announced plans to sell its coal-fired generating plants, and other asset sales or other transactions could occur in the future. Such sales could have the effect of separating the generation component of ComEd's business from the transmission and distribution component with the result, for example, that ComEd would substitute open-market purchases of electricity for lost generation capacity and resell the electricity so purchased to its retail customers under tariffs or contracts for fully bundled services. ComEd does not believe that such transactions will have a material adverse effect on the revenues it receives from Customers and therefore that such transactions will not materially adversely affect the timing or amounts of IFC Collections. Nonetheless, there can be no assurance that such transactions will not reduce the amount of Applicable Rates available to ComEd from which the IFC Charges must be deducted. See "--Uncertainties Related to the Electric Industry Generally--Reduction in Amount of Revenue from Applicable Rates."

SHRINKING CUSTOMER BASE AS A RESULT OF TECHNOLOGICAL CHANGE

The continuous processes of technological development may result in introduction of economically-attractive alternatives to the purchase of electricity from Utilities, such as ComEd, for increasing numbers of customers. Since the IFC Charges are based on electricity usage by the Customers of ComEd, reductions in the amount of electricity sold or delivered by ComEd to its Customers will result in higher IFC Charges than would otherwise exist and could negatively impact the timing of IFC Payments and may result in delays in payments on the Notes. For example, a Customer which obtains its electricity from its own cogeneration or self-generation facilities and does not purchase any electricity or take delivery services or any other tariffed services from ComEd will not pay transition charges or other tariffed charges on the electricity it obtains from such facilities and thus will not be obligated to

pay IFC Charges with respect to that electricity. Even if such a Customer were to continue purchasing some but not all of its electricity from ComEd, the amount of electricity which the Customer purchases from ComEd, and therefore the amount of IFC Charges the Customer is obligated to pay, would be less than if the Customer were purchasing all of its electricity from ComEd.

Previously, only the largest industrial and institutional users with large process steam requirements in the Servicer's service area were considered candidates for cost-effective cogeneration or self-generation installations. However, manufacturers of self-generation facilities continue to develop smaller-scale, more fuel-efficient generating units which can be cost-effective options for customers with smaller electric energy requirements. For example, Unicom Energy Services Inc., an affiliate of ComEd, is engaged in a joint venture with a major electrical equipment manufacturer to market smaller electric generating units that may be suitable and cost-effective for installation in smaller commercial establishments. Eventually, such units may be produced in sizes, at prices and with operating efficiencies that make them cost-effective for installation in residences. Other types of distributed generation which could be purchased by customers in order to bypass the local Utility include fuel cells. In addition, continuing advances in the operating efficiencies of electricity-consuming devices are a factor reducing the amount

34

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of electricity purchased by consumers from Utilities. Within the time period between issuance and maturity of the Notes, there can be no assurances that technological developments such as those described in this paragraph will not result in material reductions in the amount of electricity sold or delivered by ComEd to its Customers.

SHRINKING CUSTOMER BASE AS A RESULT OF MUNICIPALIZATION

The Amendatory Act expressly preserves the rights of a municipality under certain circumstances to form a municipal utility which can purchase electric power and energy on a wholesale basis for resale to customers within the geographic areas it is lawfully entitled to serve and also allows municipalities, subject to certain conditions, to become ARES. In either the event of municipalization or upon a municipality becoming an ARES, the number of ComEd's Customers receiving power and energy from ComEd would decline, resulting in the reduction in the amount of electricity sold or delivered by ComEd to its Customers. Since the IFC Charges are based on electricity usage by the Customers of ComEd, such reductions will result in higher IFC Charges than would otherwise exist and could negatively impact the timing of IFC Payments and may result in delays in payments on the Notes.

A municipality within ComEd's service area which wanted to operate a municipal utility would have to form its own distribution system, either by building one or acquiring (through negotiated purchase or appropriate condemnation proceedings) the portion of ComEd's distribution system related to such municipality's service area. Under Order 888 of the Federal Energy Regulatory Commission ("FERC"), ComEd would have the right to seek recovery of its legitimate, prudent and verifiable stranded costs resulting from a municipalization, with the amount of such recovery to be determined through appropriate proceedings before FERC. If a municipalization were to occur, a portion of any such condemnation awards or other recoveries that was made in respect of lost tariffed revenues would be allocable, in accordance with the Servicing Agreement, to the IFC Charges and ComEd would be required to pay such portion to the Trust as proceeds of the Intangible Transition Property. Nonetheless, in the event of a municipalization, the Customers within such municipal utility's service area would thereafter cease to be Customers of ComEd obligated to pay IFC Charges and the loss of such Customers could result in a material reduction in the amount of electricity sold or delivered by ComEd. Moreover, unless the municipality, in its capacity as a retail customer under the Act, elected to take tariffed or contract services from ComEd, the municipality itself would not be a Customer and would also not be obligated to pay IFC Charges. Reductions in the amount of electricity sold or delivered by ComEd will result in increased IFC Charges and could negatively impact the timing of IFC Payments and may result in delays in payments on the Notes.

As of September 1, 1998, there were only seven municipal utilities operating within ComEd's service area, the last of which was created several decades ago. Two other municipalities have approved the formation of municipal utilities, but only one such municipal utility has been formed and its electricity operations are currently limited to supplying electricity for the municipality's wastewater plant. In addition, one other suburban municipality recently voted to not renew its franchise agreement with ComEd and is reported to be exploring its options in connection therewith, including municipalization. Although there can be no assurance that other municipalities in ComEd's service area might not seek, prior to the time the Notes are paid in full, to form a municipal utility, ComEd does not believe there is any material risk of future municipalizations having an adverse impact on the Noteholders.

In the event that a municipality becomes an ARES, the Customers receiving power and energy from such municipality (or the municipality on their behalf) would remain obligated to pay IFC Charges in connection with ComEd's provisions of delivery services to such Customers and in connection with any payments of transition charges owed by such Customers. The loss of such Customers could nonetheless result in a material reduction in the amount of electricity generated by ComEd and, therefore, in the amount of revenues supporting payment of the IFC Charges.

35

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POSSIBLE PAYMENT DELAYS CAUSED BY CHANGES IN GENERAL ECONOMIC CONDITIONS AND ELECTRICITY USAGE

General economic conditions and technological changes that would significantly alter power consumption or reduce the Customer base in ComEd's service area may affect payments on the Notes. Changes in business cycles, departures of Customers from ComEd's service area, other demographic changes, changes in weather, occurrence of natural disasters such as earthquakes and floods and implementation of energy conservation efforts all affect energy usage. If a sufficient number of Customers reduce significantly their electricity consumption or cease consuming electricity altogether, the revenues supporting payment of the IFC Charges could decrease, and such decreases could negatively impact the timing of the IFC Payments.

UNCERTAINTIES CAUSED BY CHANGING REGULATORY AND LEGISLATIVE ENVIRONMENT

Although the Amendatory Act provides for comprehensive changes in the legal and regulatory framework governing Utilities such as ComEd, in Illinois, there can be no assurances that, during the term to maturity of the Notes, the Illinois Legislature will not pass additional laws materially changing the legal and regulatory framework to which ComEd is subject. Any changes in the existing legal structure regulating the electric industry might have an impact on the manner in which electricity is distributed and payments therefor are collected, or on ComEd and its business, and thus the likelihood that Noteholders will receive payments in the amounts and at the times scheduled.

In addition to actions taken by the Illinois Legislature and regulation by the ICC, the electric industry is also subject to federal law and regulation by the FERC. The National Energy Policy Act of 1992 was designed to increase competition in the wholesale electric generation market by easing regulatory restrictions on producers of wholesale power and by authorizing the FERC to mandate access to electric transmission systems by wholesale power generators. In addition, at least eight bills (none of which has passed in committee) have been introduced in the 105th Congress, First Session, mandating the deregulation of the electric utility industry on the state level. In their current forms, most but not all of the bills contain provisions recognizing the validity of prior state actions relating to deregulation. At least two of the bills, H.R. 1230 and H.R. 4798, however, would prohibit the recovery of stranded costs through charges such as the transition charges provided for in the Amendatory Act. Although the IFC Charges do not constitute recoveries for stranded costs, any prohibition on the imposition of transition charges under the Amendatory Act could have a material adverse impact on the amount of Applicable Rates from which the IFC Charges are deducted and on the timing of IFC Charges. In any event, no prediction can be made as to whether any of these bills, or any future proposed bills to deregulate the electric industry, will become law or, if they become law, what their final form or effect will be.

REDUCTION IN AMOUNT OF REVENUE FROM APPLICABLE RATES

Each Transitional Funding Order will include determinations, with which ComEd will concur, to the effect that (a) the imposition of IFC Charges will not increase the total charges to ComEd's Customers over those that the Customers would pay absent the imposition of IFC Charges and (b) the IFC Charges will be deducted from and stated separately from the Applicable Rates charged on each Customer's bill. Therefore, a decline in revenues from Applicable Rates may have a negative impact on the timing and amount of IFC Charges and may adversely affect ComEd's financial condition and thereby its ability to provide electric service or to perform its obligations as Servicer.

Under the Funding Law, the ICC is required to authorize in each Transitional Funding Order and in each IFC Tariff, and ComEd is entitled to implement, a procedure for periodic prospective adjustments to the IFC Charges in respect of any over-collection or shortfall in collections of IFC Charges during prior periods. See "Description of the Intangible Transition Property Adjustments to the IFC Charges." The Funding Law provides that if, as a result of any such adjustment, the IFC Charge, as so adjusted, will exceed the amount per kilowatt-hour of the IFC Charge authorized by the ICC in any Transitional

36

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Funding Order, then ComEd shall be obligated to file Amendatory Tariffs adjusting the amounts otherwise billable by ComEd for Applicable Rates, to offset the amount of such excess (or, if ComEd shall have previously filed any such Amendatory Tariffs, the incremental amount of such excess). However, although the Funding Law specifically preserves the right of ComEd's Customers to bring actions against ComEd for failure to file such Amendatory Tariff, the failure of such Amendatory Tariff to become effective for any reason shall not delay or impair the effectiveness of any such adjustments and the obligation of Customers to pay the IFC Charges, as adjusted, shall not be subject to any defense, counterclaim or right of set-off arising as a result of either (a) the failure of ComEd to file such Amendatory Tariff or (b) ComEd's failure to perform or provide past, future or present services.

There are several provisions of the Amendatory Act (including the provision requiring the filing of Amendatory Tariffs) which will result in reductions to the amounts of Applicable Rates which ComEd will be allowed to bill to and collect from Customers and from which ComEd is required to deduct IFC Charges.

The Amendatory Act required ComEd to implement a 15% reduction in base rates to its residential customers on August 1, 1998, and requires an additional 5% reduction in base rates to its residential customers on May 1, 2002, based on ComEd's rates in effect immediately prior to January 1, 1998. The Amendatory Act also provides that, with one exception, ComEd may not request an increase in the