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Case Number: 00-1784-EL-CRS
File Date: 09/29/2010
Section: 1 of 4
Number of Pages: 164
Description of Document: RENEWAL APPLICATION

Exelon Energy®

Stephen Bennett

Telephone 610-765-6594
Fax 610-765-6617
www.exeloncorp.com

Exelon Energy Company
300 Exelon Way
Kennett Square, PA 19348

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2010 SEP 29 PM 12: 19
PUCO

September 28, 2010

Public Utilities Commission of Ohio
Docketing Division
13th Floor
180 East Broad Street
Columbus, OH 43215

CRS Case Number: 00-1784-EL-CRS

Pursuant to Rule 4901:1-24-09 of the Ohio Administrative Code (OAC), Exelon Energy Company submits its original, notarized Renewal Application for Retail Generation Providers and Power Marketers in Case No. 00-1784-EL-CRS. Additional copies, as stipulated by the OAC, will be submitted under a separate FedEx mailing. Exelon Energy Company is also requesting confidential treatment of Exhibits C-4 "Financial Arrangements" and C-5 "Forecasted Financial Statements" pursuant to Rule 4901:1-1-24 of the Ohio Administrative Code. Accordingly, a Motion for Protective Treatment and an original with three (3) copies of Exhibits C-4 and C-5 will be submitted under separate FedEx mailing to the PUCO.

If you have any questions, please do not hesitate to contact me or Craig Williams, Assistant General Counsel, at 610-765-6802.

Sincerely,

Stephen Bennett
Retail Policy Manager – East/Midwest
Exelon Energy Company
300 Exelon Way
Kennett Square, PA 19348
Direct: (610)765 – 6594
Email: stephen.bennett@exeloncorp.com

PUCO

The Public Utilities Commission of Ohio

[redacted]

RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-11 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION

A-1 Applicant intends to be renewed as: (check all that apply)

☐Retail Generation Provider ☐Power Broker
☑Power Marketer ☐Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name **Exelon Energy Company**
Address **300 Exelon Way, Kennett Square, PA 19348**
PUCO Certificate # and Date Certified **00-006(5) October 30, 2008**
Telephone # **(800) 261-4301** Web site address (if any) **www.exelonenergy.com**

A-3 List name, address, telephone number and we b site address under which Applicant does business in Ohio

Legal Name **Exelon Energy Company**
Address **470 Olde Worthington Rd., Suite 375, Westerville, OH 43082**
Telephone # **(614) 797-4370** Web site address (if any) **www.exelonenergy.com**

A-4 List all names under which the applicant does business in North America

Exelon Energy Company

A-5 Contact person for regulatory or emergency matters

Name Stephen Bennett
Title Retail Policy Manger - East/Midwest
Business address 300 Exelon Way, Kennet Square, PA 19348
Telephone # (610) 765-6594 Fax # (610) 765-6617
E-mail address (if any) stephen.bennett@exeloncorp.com

A-6 Contact person for Commission Staff use in investigating customer complaints

Name Stephen Bennett
Title Retail Policy Manager - East/Midwest
Business address 300 Exelon Way, Kennet Square, PA 19348
Telephone # (610) 765-6594 Fax # (610) 765-6617
E-mail address (if any) stephen.bennett@exeloncorp.com

A-7 Applicant's address and toll-free number for customer service and complaints

Customer Service address 470 Olde Worthington Rd., Suite 375, Westerville, OH 4
Toll-free Telephone # (800) 261-4301 Fax # (614) 797-4380
E-mail address (if any) exelonenergycustomercare@exelo

A-8 Applicant's federal employer identification number # 36-4265042

A-9 Applicant's form of ownership (check one)

☐ Sole Proprietorship
☐ Limited Liability Partnership (LLP)
☑ Corporation
☐ Partnership
☐ Limited Liability Company (LLC)
☐ Other ____________

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 **Exhibit A-10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

A-11 **Exhibit A-11 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America.

B. MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.
☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.
☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.

C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization.

C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

D. TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

D-1 **Exhibit D-1 "Operations"** provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.

D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.

D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.

D-4 **Exhibit D-4 "FERC Power Marketer License Number,"** provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)

VP, Exelon Energy

Signature of Applicant and Title

Sworn and subscribed before me this 27th **day of** September, 2010
Month **Year**

Karen A. Williams
Signature of official administering oath

Karen A. Williams, Notary Public
Print Name and Title

My commission expires on ______

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Karen A. Williams, Notary Public
Kennett Twp., Chester County
My Commission Expires May 8, 2012
Member, Pennsylvania Association of Notaries

AFFIDAVIT

State of **Pennsylvania**___ :

Kennett Square ss.
(Town)

County of **Chester** ______ :

David Ellsworth ____ , Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the **Vice President** ___ __ (Office of Affiant) of **Exelon Energy Company** _(Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

[signature] VP, Exelon Energy
Signature of Affiant & Title

Sworn and subscribed before me this 27th day of September, 2010
Month Year

Karen A. Williams
Signature of official administering oath

Karen A. Williams, Notary Public
Print Name and Title

My commission expires on COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Karen A. Williams, Notary Public
Kennett Twp., Chester County
My Commission Expires May 8, 2012
Member, Pennsylvania Association of Notaries

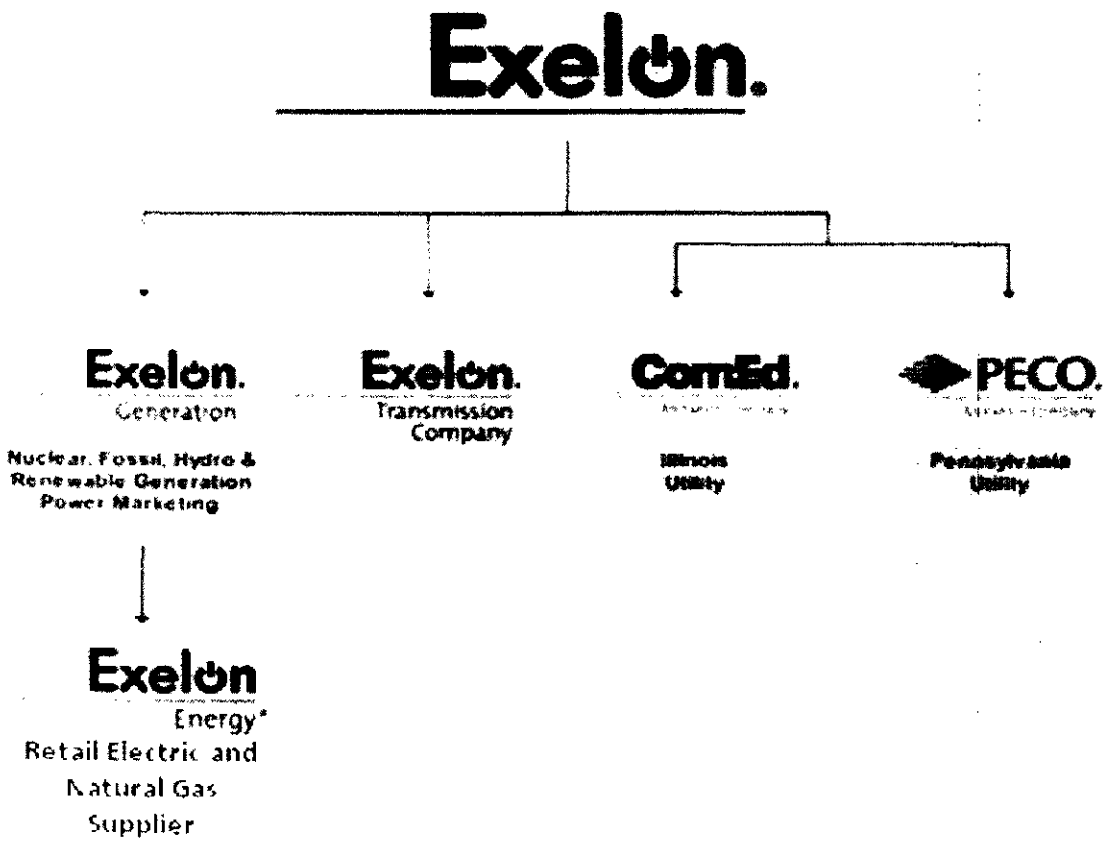
Exhibit A-10 "Principal Officers, Directors, & Partners"
Exelon Energy Company

Directors	**Office**	**Address/Phone**
Kenneth W. Cornew	Director	300 Exelon Way Kennett Square, PA 19348 (610) 765-6627

Officers	**Office**	**Address/Phone**
Kenneth W. Cornew	President	300 Exelon Way Kennett Square, PA 19348 (610) 765-6627
David Ellsworth	Vice President	300 Exelon Way Kennett Square, PA 19348 (610) 765-6780
Thomas D. Terry Jr.	Vice President, Taxes	10 S. Dearborn St. Chicago, IL 60603 (312) 394-4459
Chaka M. Patterson	Treasurer	10 S. Dearborn St. Chicago, IL 60603 (312) 394-7234
Bruce G. Wilson	Secretary	10 S. Dearborn St. Chicago, IL 60603 (312) 394-4065
Ronald L. Cook	Assistant Vice President, Taxes	10 S. Dearborn St. Chicago, IL 60603 (312) 394-3088
Robert A. Kleczynski	Assistant Vice President, Taxes	10 S. Dearborn St. Chicago, IL 60603 (312) 394-8368
JaCee Marie Burnes	Assistant Treasurer	10 S. Dearborn St. Chicago, IL 60603 (312) 394-2948
Rejji P. Hayes	Assistant Treasurer	10 S. Dearborn St. Chicago, IL 60603 (312) 394-8044

Lawrence Bachman	Assistant Secretary	10 S. Dearborn St. Chicago, IL 60603 (312) 394-4485
Todd D. Cutler	Assistant Secretary	300 Exelon Way Kennett Square, PA (610) 765-5602
Scott N. Peters	Assistant Secretary	10 S. Dearborn St. Chicago, IL 60603 (312) 394-7252
Noel H. Trask	Assistant Secretary	300 Exelon Way Kennett Square, PA (610) 765-6649
Ronald L. Zack	Assistant Secretary	2301 Market St. Philadelphia, PA 19103 (215) 841-4419

Exhibit A-11 "Corporate Structure"
Exelon Energy Company



- Exelon Generation – provides wholesale electric generation in various RTO/ISOs throughout North America

- ComEd – provides retail electricity as a regulated utility and electric distribution company in Illinois

- PECO – provides retail electricity and natural gas as a regulated utility, electric distribution company, and local distribution company (natural gas) in Pennsylvania

- Exelon Energy Company – licensed to provide retail electricity as an alternative supplier in Illinois, Ohio, and Pennsylvania, licensed to provide natural gas as an alternative supplier in Michigan, Ohio, and Pennsylvania, and provides retail natural gas to medium and large commercial and industrial customers in IL

Exhibit B-1 "Jurisdiction of Operation"
Exelon Energy Company

Exelon Energy Company currently has the following certifications and registrations to provide retail and wholesale electric supply and services:

- Approved by the Public Utility Commission of Ohio as a certified Competitive Retail Electric Supplier (CRES) under Ohio law in Case Number 00-1784-EL-CRS under Certificate #00-006(1) on October 30, 2000 for service as a Power Marketer throughout the State of Ohio to all classes of customers. Exelon Energy Company filed a notice of name change from Unicom Energy Inc., d/b/a Exelon Energy with the PUCO on February 26, 2001.
- Approved by the Illinois Commerce Commission as a certified Alternative Retail Electric Supplier (ARES) under Illinois law in Docket No. 99-0400 on September 17, 1999 for service throughout the State of Illinois to all classes of non-residential customers.
  - Exelon Energy Company is registered to do business as an ARES with Commonwealth Edison Company and the Ameren Illinois Companies
- Approved by the Pennsylvania Public Utility Commission as a Electric Generation Supplier (EGS) in Docket Number A-2008-2079002 on February 5, 2009 as a broker/marketer engaged in the business of supplying electricity to commercial, industrial, and governmental customers in the service territories of all electric distribution companies within the Commonwealth of Pennsylvania and amended on January 14, 2010 under the same Docket Number to also provide EGS services as an aggregator to the same customer classes throughout the Commonwealth.
- A license from the Federal Energy Regulatory Commission to operate as a power marketer and sell wholesale power at market-based rates at Docket No. ER01-1919-000

Exelon Energy Company currently has the following certifications and registrations to provide retail natural gas supply services:

- Approved by the Public Utility Commission of Ohio as a certified Competitive Retail Natural Gas Supplier (CRNGS) under Ohio law in Case Number 02-1912-GA-CRS under Certificate #02-031 granted on 09/03/2008.
- Exelon Energy Company was approved by the Pennsylvania Public Utility Commission as a certified Natural Gas Supplier (NGS) under Pennsylvania law on October 15, 1999 in Docket No. 125007 for services as a Broker/Marketer and Aggregator to all customer classes in the PECO Energy service territory
  - On November 17, 2006, the license was amended to add the service territories of Columbia Gas of Pennsylvania, Inc., The Peoples Natural Gas Company and the Equitable Gas Company within the Commonwealth of Pennsylvania

  - On December 4, 2006, the license was further amended to authorize the addition of the National Fuel Gas Distribution Corporation, PPL Gas Utilities Corporation, T.W. Phillips Gas & Oil Company, UGI Penn Natural Gas, Inc., UGI Utilities, Inc. and Valley Energy, Inc., service territories within the Commonwealth of Pennsylvania
- Exelon Energy Company was approved as an Alternative Gas Supplier (AGS) in the State of Michigan on August 4, 2005 pursuant to 2002 PA 634 (Act 634), MCL 460.9
- Exelon Energy Company serves medium and large commercial and industrial gas customers in Illinois but is not required to obtain a license from the Illinois Commerce Commission to do so.

Exelon Energy Delivery Company, LLC subsidiaries have the necessary certifications and registrations to provide retail and wholesale electric services as a regulated public utility:
- Commonwealth Edison Company operates as a public utility in northern Illinois providing electric delivery services
- PECO Energy Company operates as a public utility in southeastern Pennsylvania providing electric and natural gas delivery services

Exelon Generation Company, LLC and its subsidiaries have authorization from the Federal Energy Regulatory Commission to sell wholesale power at market-based rates.

Exhibit B-2 "Experience & Plans"
Exelon Energy Company

Exelon Energy Company has been providing power to retail customers since October 1999. Exelon Energy Company utilizes commercial and proprietary systems and extensive procedures for marketing, sales, customer enrollment, Electronic Data Interchange (EDI), contract administration, credit, customer service, customer inquiries, complaint processing, invoicing, receivables, supply and accounting.

Exelon Energy Company has scalable competitive retail supply pricing, billing, and customer relationship management systems that can be modified as needed if Exelon Energy Company serves CRES customers in the future.

Existing systems are in place for the following:

- Supply tracking, portfolio and risk management, and settlement
- Customer usage forecasting
- Marketing
- Customer relationship management
- Customer enrollment and management
- Invoicing
- Accounts receivable
- Accounts payable

The business of providing retail energy can by broken down into the following major processes. Exelon Energy Company's plan for providing each of these services is included:

- Product development: Exelon Energy Company follows and analyzes the development of Ohio law, utility implementation plans (including MRO, ESP, and RTO membership decisions), PUCO-approved tariffs, commodity markets, and utility operating rules. It employs rate and energy experts for this function. Product offers take into account detailed knowledge of customer needs, tariffs, wholesale prices, and risk mitigation,
- Contracting: Exelon Energy Company, through its parent, employs lawyers who are experts in regulatory, tax and contract law. In addition, outside counsel is employed where additional expertise is needed. Internal legal counsel reviews Exelon Energy's contracts and offers for legal compliance. Exelon Energy Company's marketing and product development management works with the lawyers in the development of the contracts.

- Marketing: Exelon Energy Company develops sales collateral, direct mail, and advertising pieces for use in lead generation and sales. All printed materials are reviewed by company executives and the legal department prior to printing and distribution.
- Sales: Exelon Energy Company directly employs a staff of sales professionals located in the State of Ohio. These sales people have many years of experience selling power and other products. Sales management for Exelon Energy Company's Ohio sales team is located in its Kennett Square, Pennsylvania office. Electricity sales training is done internally by Exelon Energy Company's sales and marketing staff.
- Customer enrollment: Executed customer agreements are checked and the data is logged into Exelon Energy Company's customer management databases. A copy of the customer's bill is filed with the contract to verify customer information. An EDI 814 file is generated for an executed proper contract and sent to the utility. A paper file is secured in the Kennett Square, PA office. Prior to issuing the first invoice, Exelon Energy Company sends a Welcome Packet to all customers that explains the tariff chosen by the customer and provides contact information for Exelon's customer care group.
- Supply and Load Scheduling: Upon enrollment, a new customer's energy usage profile is added to Exelon Energy Company's supply forecasting database. A forecasting system based on commercially available software is employed to generate hourly, daily and future load requirements. The forecast takes into account weather forecasts and customer usage history. Exelon Energy Company staff secures supplies for future load estimates.
- Invoicing: Exelon Energy Company's existing customer management and invoicing database can be modified for local Ohio UDC practices and tariffs. Customer usage data is accepted into the database through EDI transfer and invoices are generated by back-office/billing systems.
- Customer Inquiries: Exelon Energy Company employs customer service analysts who handle customer inquiries and complaints. Exelon Energy provides a toll-free customer service number, (800) 261-4301, a website containing customer information (www.exelonenergy.com) and an e-mail address for customer service (exelonenergycustomercare@exeloncorp.com). Records of all customer contacts, inquiries and complaints are maintained in our customer management database for at least two years.

Exhibit B-3 "Disclosure of Liabilities and Investigations"
Exelon Energy Company

As a result of our investigations and to the best of our knowledge, Exelon Energy Company has nothing to disclose in this Exhibit.

Exhibit C-1 "Annual Reports"
Exelon Energy Company

Exelon Energy Company does not issue Annual Reports as a stand-alone company. Enclosed are the two most recent Annual Reports issued by its ultimate parent company, Exelon Corporation.

Exelon.

[illegible]

[illegible]

Eighteen [illegible] ago, both presidential candidates were committed to a [illegible] trade system to address the risks of climate change. Now, that issue is caught [illegible] What do we really know about energy policy? We know [illegible] energy supplies must continue to [illegible] and we know that they must become [illegible] secure. Our program [illegible] Exelon [illegible] adapted to achieving those goals in a cost-effective way.

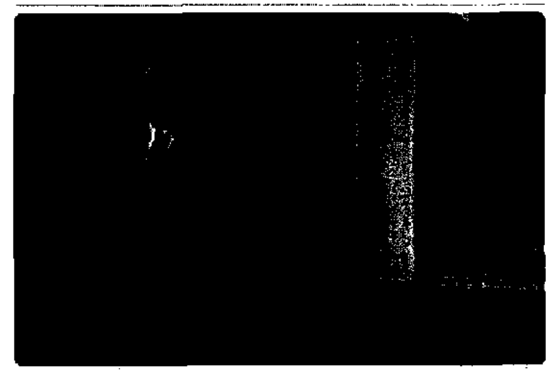
Beyond what Exelon is doing, or can do, the nation needs a comprehensive energy policy that [illegible] greater [illegible] and more durable jobs, and does so at the lowest possible cost:

- We must reduce air pollution and the risk of climate change
- We must improve our energy efficiency
- We must [illegible] renewables and [illegible]
- We must build the [illegible] generation [illegible] fleet
- And we must do these things in a cost effective way through the [illegible] of competitive markets

[illegible]

To Our Shareholders

In 2009, our economy struggled through one of the worst recessions in memory. Though signs of recovery have begun to appear, Exelon was challenged by the nation's economic weakness – as was nearly every major corporation. In our case, weak demand for electricity, depressed power and commodity prices, and unfavorable weather were the headwinds into which we sailed.



John W. Rowe
Chairman and Chief Executive Officer

We were very successful in controlling the elements we can control: our operations, costs and human capital. As for the elements we could not control – the power markets, economy, weather and politics – we have been strategic, thoughtful and disciplined. While 2009 was not as good as we once hoped it would be, our results demonstrate Exelon's ability to build sustainable performance.

OUR FINANCIAL PERFORMANCE

Our operating (non-GAAP) earnings* were $4.12 per diluted share, near the middle of the initial guidance range we issued in late 2008 and above the revised range we offered in October 2009. The Exelon team performed exceptionally well given the adverse economic forces that we faced. Our GAAP earnings were $4.09 per diluted share compared to $4.13 in 2008.

Exelon's stock market valuation continues to be higher than that of any other U.S. utility. Our year-end market capitalization of $32.3 billion made us 20% larger than our next closest competitor. And since the merger that created Exelon, our total return – measured as stock price appreciation plus reinvested dividends – was 120.6%. This compares to total returns of 63.8% and -5.3% for the Philadelphia Utility Index and S&P 500, respectively. Nevertheless, Exelon's share price on December 31 was $48.87, down 12.1% from the year-end 2008 price of $55.61. In contrast, the Philadelphia Utility Index increased 4.9% in 2009 and the S&P 500 increased 23.5%. This performance disappoints me as much as it does you, and we have experienced further declines in the new year. The earnings of our largest subsidiary, Exelon Generation, are driven by electricity demand and the prices of coal and natural gas, all of which declined largely as a result of the recession. Exelon's future earnings and share price appreciation are dependent to a large extent on those factors. But as growth returns, markets tighten and various forms of regulation impact our competitors, Exelon will be a superior investment.

Our achievements garnered the attention of a variety of stakeholders. We were one of three corporations to be named by *Forbes* as one of "America's Best Companies." We were ranked seventh on *BusinessWeek's* "Top 50" companies, and *Electric Light & Power* named Exelon its "Utility of the Year." For the fourth straight year, we were named to the Dow Jones Sustainability North America Index in recognition of

*For a reconciliation of adjusted (non-GAAP) operating earnings to GAAP (accounting principles generally accepted in the United States), see Exelon's fourth quarter earnings release issued January 27, 2010, posted on the Investor Relations page at www.exeloncorp.com and included in the 8-K filed with the SEC on that date.

our economic, social and environmental performance. In a year that found many in need, our employees continued to demonstrate dedication to the communities we serve. Exelon's "Energy for the Community" program – through which our employees donated over 57,000 hours of their time – was recognized for the second year in a row by VolunteerMatch as the Corporate Volunteer Program of the Year. *CW 100 Edge* magazine named us a top 10 company for diverse graduates, and *G.I. Jobs* magazine recognized us as a top 50 military friendly employer. Our achievements, financial and otherwise, are due to the hard work and focus of our employees amidst potential distractions. I am deeply appreciative of their efforts.

OUR OPERATING PERFORMANCE

There is no better example of sustainable performance than our operating results. Our first priority is always safety, and I am very glad to report that Exelon turned in top-quartile safety performance in 2009.

Our nuclear fleet, led by Chip Pardee and Mike Pacilio, again ran at world-class levels. The fleet recorded a capacity factor of 93.6%, the seventh straight year over 93%. We received license renewals for the reactors at Oyster Creek and Three Mile Island, allowing them to generate zero-emissions electricity for an additional 20 years. And we expanded the generating capacity of the fleet by approximately 70 megawatts through component replacements at Quad Cities, Dresden and Peach Bottom Stations, the first of a wave of capacity uprates at our plants.

Exelon Power also performed well under the guidance of Doyle Beneby. The commercial availability of our fossil units was 93.7%, exceeding last year's mark of 89.1%. Falling electricity demand and declining wholesale electricity prices pose a significant hurdle for our fossil units, particularly the older and less efficient coal plants in Pennsylvania. As a result, we announced in December our intention to permanently retire Cromby Station and the coal units at Eddystone Station. This decision will create between $65 million and $100 million in present value savings in the form of avoided expense and capital expenditures. The hydro facilities performed exceptionally once again, and Power added the 10-megawatt City Solar facility on the South Side of Chicago.

In a year when power prices plummeted compared to the prior year, the value of Power Team's risk management was apparent. The contracts executed and overseen by Ken Cornew, Joe Glace and their teams to hedge wholesale electricity price risk held average realized margins at Exelon Generation almost flat to those in 2008, despite power prices 40% lower. Those hedges contributed to the $5.8 billion in cash from operations (non-GAAP) generated across the businesses and helped us to return $1.4 billion to shareholders through our dividend.

Both PECO and ComEd continued to deliver superior operating and financial performance. Outage frequency at both companies and outage duration at ComEd were the lowest ever recorded. Customer satisfaction for both companies was also at or near record levels. While ComEd and PECO escaped the excessive heat and powerful summer storms seen in years past, the improved performance metrics are evidence that the reliability investments made by both companies are paying off. Denis O'Brien and Craig Adams at PECO and Anne Pramaggiore and Terry Donnelly at ComEd are to be commended for these accomplishments. Both delivery companies maintained their financial health through careful management of costs. PECO reduced expenses below 2008 levels, allowing it to increase its net income despite declining demand. At ComEd, Frank Clark's diligent commitment to managing expenses, increasing revenues and improving efficiency resulted in an increase in the earned return-on-equity (ROE) from 7.5% in 2008 to 8.5% in 2009. ComEd is targeting an ROE of at least 10.0% in 2010.

The weak economy required even more financial discipline than usual. A company-wide effort led by Chris Crane enabled us to not only meet our commitment to keep operating and maintenance expenses flat to 2008 levels but also to realize an additional $200 million in savings. In 2009, we completed a restructuring effort that involved the elimination of roughly 500 positions. That process was difficult for me and for our employees, but it was necessary and created much-needed efficiencies. Our focus on costs will continue in 2010. We also took steps to substantially increase our financial flexibility. The finance group, led by Bill Von Hoene and Matt Hilzinger, took advantage of favorable interest rates to refinance $1.2 billion in debt maturing in 2011 and used $350 million in cash on hand to make a discretionary pension contribution that will decrease expected 2011 mandatory contributions by $1 billion. The Exelon Business Services Company (BSC) provided top-quality legal, information technology, supply and human resource services to the operating companies while realizing significant cost savings. Ruth Ann Gillis, Andrea Zopp, Dan Hill, Bridget Reidy, Sonny Garg and their groups performed superbly and were essential in helping to keep the lights on and the gas flowing.

SUSTAINING OUR PERFORMANCE

We are constantly looking for ways to grow the market value of your company. At this time last year, we believed the best means to that end was the acquisition of NRG Energy, Inc. Despite offering what we viewed as a fair price for NRG, we were unable to convince its management and shareholders to support our acquisition offer. Many analysts and investors told us the price it would take to close the deal. That price would have sapped the value from the acquisition, and your board and I chose to walk away rather than overpay. In the months since, the relative valuation of the two companies has validated that decision. While I am frustrated that we did not prevail, my focus today is what it has always been: shareholder value. And the NRG transaction was far from our only option for creating sustained value for you. We are pursuing five opportunities.

- First, Exelon offers the industry's most compelling plan to bring new nuclear generation to market. Our uprate projects – up to 1,300 megawatts, 70 of which came online last year – would bring the equivalent of one new nuclear reactor online by 2017. They would come at half the cost of a new plant and with less risk because of the opportunity to defer expansion if power prices do not support it.
- Second, PECO's and ComEd's investments in smart grid infrastructure will help modernize the delivery system while providing attractive regulated returns. The two companies plan to spend up to $[illegible] million on advanced metering smart grid infrastructure in the coming years. PECO was one of six utilities selected to receive a $200 million federal stimulus grant. ComEd is moving forward with a pilot program on Chicago's West Side and adjacent suburbs.
- Third, we created the Exelon Transmission Company (ETC) to meet the growing need to invest in our transmission infrastructure and improve reliability, reduce congestion and move renewable energy to the country's population centers. ETC gives us a means to operate outside our traditional footprint. It will benefit from Ian McLean's years of experience in power markets and regional transmission organizations, Betsy Moler's understanding of the regulatory process from her time as the head of FERC and the knowledge of dozens of transmission employees throughout the company.
- Fourth, no company in our industry is better positioned to benefit from the economic recovery. Exelon Generation's nuclear fleet remains the lowest-cost producer in the industry. It will create considerable value as the prices of natural gas and coal recover and electricity demand picks up.

- Fifth, no company in our industry is better positioned to prosper in a carbon constrained world. Exelon has improved the performance of our nuclear fleet and increased its capacity. We have divested or proposed to close relatively inefficient fossil fired plants. We have developed a unique resource plan in Exelon 2020 that would effectively eliminate our carbon footprint. As of 2009, we were on track to achieve that goal and had accomplished one third of it—removing the equivalent of the carbon dioxide (CO_2) emissions of 1 million cars.

Exelon has been a leading voice supporting an efficient U.S. response to the challenges created by climate change. Accordingly, we have supported the creation of a cap-and-trade mechanism for controlling CO_2 emissions. In this way, market forces would drive suppliers and customers to adopt the lowest cost responses to reduce CO_2 emissions. The outcome of climate legislation remains uncertain, but what is certain is that we are inexorably moving towards a lower-carbon society. If Congress does not act to limit carbon emissions, the EPA is determined to do so, both through its carbon regulation powers and through its other authorities with respect to air pollution. Thanks to foresight and planning, Exelon and you, our shareholders, stand to benefit from either outcome.

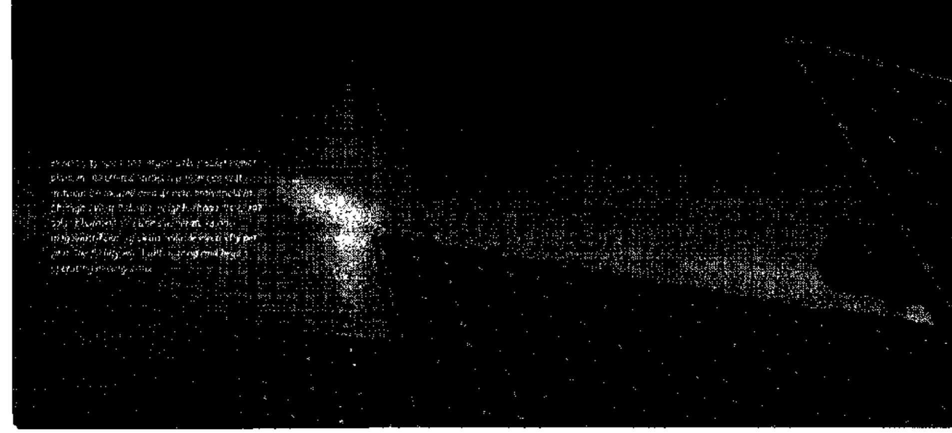
Today's Exelon is the combination of two large utility companies and one commodity-based generating company. The current economic and commodity environments make it a difficult time to be either – a fact reflected in our 2010 earnings forecast. We are confronted with great uncertainties about how the future will unfold. But our performance in 2009 demonstrates our ability to deliver value to our customers, employees, the communities we serve and you – our investors – in tough times as well as good ones. That is what we mean by sustainable performance. And it is what we strive for in our quest to become the best group of electric generation and electric and gas delivery companies in the United States.

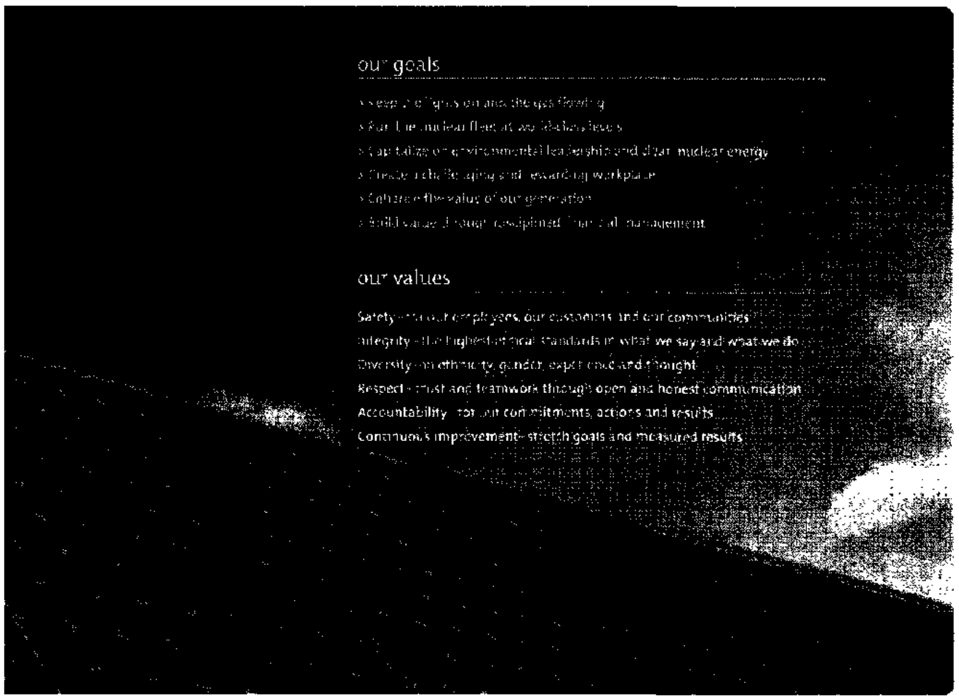
John Rowe

John W. Rowe
Chairman and Chief Executive Officer
Exelon Corporation
March [illegible], 2010

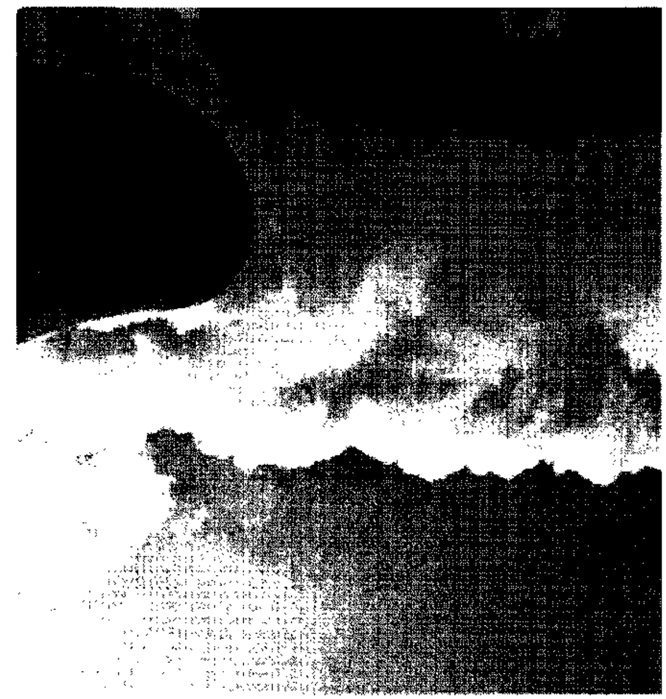
Our Vision

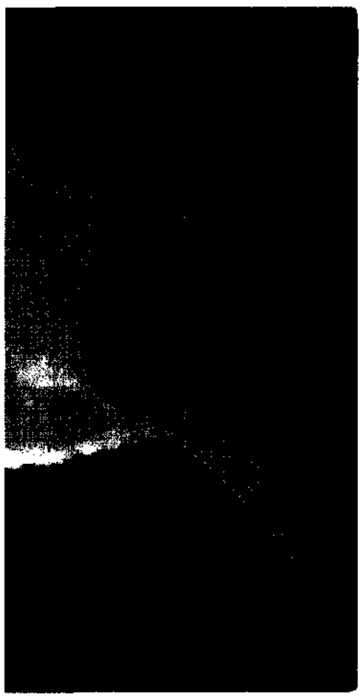
Exelon will be the best group of electric generation and electric and gas delivery companies in the United States – providing superior value for our customers, employees, investors and the communities we serve.





Limerick Generating Station is a nuclear power plant built on a 600-acre site located about 20 miles northwest of Philadelphia in Montgomery County. Both of Limerick's units are boiling water reactors that together can produce enough clean, greenhouse gas emission-free energy to power more than 2 million average American homes.





Our Financial Discipline

2009 was again a year in which Exelon demonstrated its industry-leading financial discipline, cash flow and risk management practices.

In June, the company announced an aggressive cost reduction program in the face of the economic challenges confronting our entire economy and reflecting the commodity-driven nature of Exelon Generation's revenues. The company significantly exceeded its 2009 cost reduction goals by reducing positions and increasing efficiencies.

The hedging program managed by Power Team was again at the forefront of Exelon's ability to ensure stable cash flows despite historically low commodity and power prices. These efforts and others allowed Exelon to return approximately $1.4 billion in dividend payments to shareholders while beating our cash goals by about $700 million.

We further demonstrated our discipline by walking away from our proposed acquisition of NRG Energy, Inc. We seek long term value but not at any price.

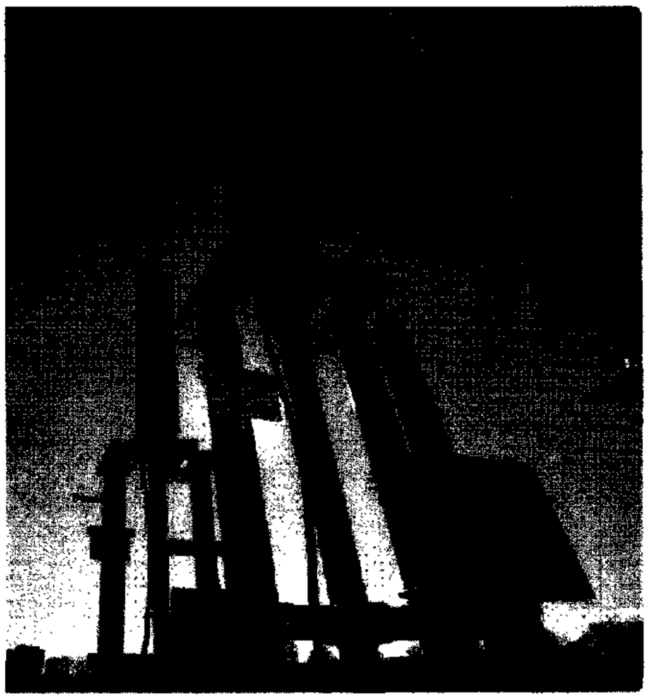
Our Operational Excellence

The employees of Exelon kept the lights on and the gas flowing by delivering best-in-class performance in our generation, delivery and service companies.

With the nuclear fleet performing at an industry leading 93.6 percent capacity factor and our fossil plants performing at their highest levels since we began tracking their performance, our Generation group produced approximately 150 thousand gigawatts of power at the industry's lowest carbon intensity.

ComEd and PECO, our distribution utilities, enjoyed similar successes, with ComEd enjoying its best-ever safety performance while setting several performance records in terms of decreasing customer interruptions per month and the average duration of outages experienced by customers. PECO invested approximately $400 million in infrastructure improvements and new facilities last year and enjoyed its third-best year for outage frequencies.

And Exelon Business Services Company again provided excellent services to our operating companies. Our Finance team completed its two-year Financial Transformation Implementation Program on time and on budget. Human Resources and Communications executed the complex details to accomplish major organizational change, and Supply continued its efforts to promote a more diverse supplier base throughout the Exelon family of companies while at the same time realizing $150 million in savings from renegotiated contracts.



In 2008, ComEd opened a state-of-the-art substation in Chicago's West Loop. This was part of an eight-year, $350 million project that also created multiple sources of supply for other downtown Chicago substations and substantially improved reliability for downtown businesses and neighborhoods. ComEd serves 3.8 million customers in a retail service area of 11,300 square miles.

Conowingo is a 570-megawatt hydroelectric power plant located on the Susquehanna River in northern Maryland. Exelon wishes to maintain this virtually emissions-free generating capacity and its electrical output, and on March 12, 2009, filed a Notification of Intent with the Federal Energy Regulatory Commission to relicense Conowingo beyond its September 2014 expiration.

Our Environmental Leadership

Exelon continued to make strong progress on Exelon 2020, a low carbon roadmap. Less than one year after our original announcement of what is now our business and environmental plan, we announced greenhouse gas emissions reductions of over 35 percent under the U.S. Environmental Protection Agency's Climate Leaders program. We are now one-third of the *way to our 2020 goal of effectively eliminating our carbon footprint.*

Exelon was for the fourth consecutive year named to the Dow Jones Sustainability North America Index and redoubled advocacy efforts on climate legislation, with frequent visits to Capitol Hill and testimony before key Congressional committees.

Exelon Business Services Company led the way toward a 16 percent reduction in energy use across our commercial facilities. During 2009, the U.S. Department of Energy annouced its intent to award PECO $200 million in matching grant funds under the Smart Grid Investment Program. ComEd completed year one of its consumer Smart Ideas energy efficiency program and launched its Smart Grid pilot.

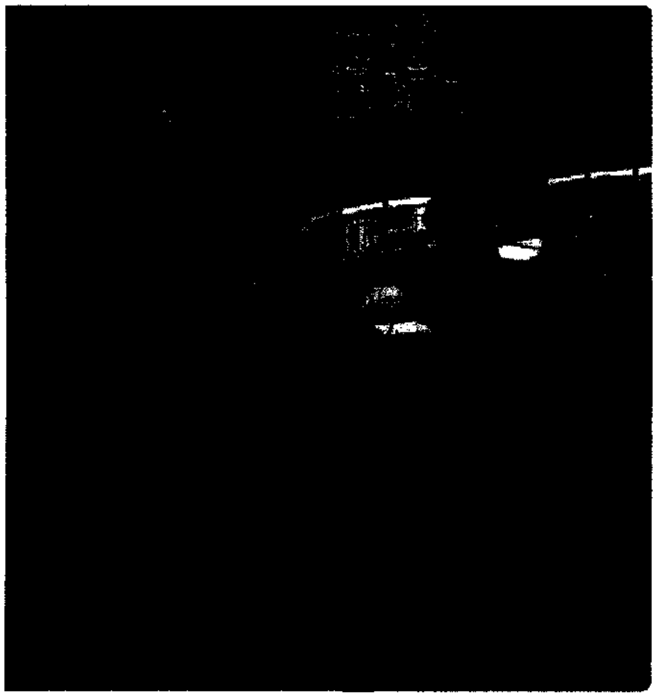
Exelon Nuclear announced a nuclear uprate program to expand its existing reactor fleet by up to 1,500 megawatts (MW) of new zero-emissions output and brought 70 MW on line in 2009. Exelon Power's Chicago City Solar plant, a 10-MW facility, began operations on a former industrial site in Chicago's West Pullman neighborhood. The plant is the largest urban solar installation in the nation.

Our Superior Talent

The sustainable performance reported in these pages is thanks to the hard work, dedication and diligence of our 19,300 employees, who keep the lights on and the gas flowing 24 hours a day, seven days a week.

While much has changed since 2008, both in the global economy and in *our workforce, we have not wavered from our commitment to diversity and* inclusion. With the additional focus of Exelon's Diverse Supplier Enablement program, we are bringing our diversity and inclusion efforts to new levels of success inside and outside the company, involving community banks and minority owned businesses at a higher level than at any point in our history.

That level of excellence extends beyond the tasks involved in generating, transmitting and delivering power. Exelon's "Energy for the Community" volunteer program was named Corporate Volunteer Program of the Year by VolunteerMatch, the second consecutive year our employees have earned this honor, thanks to their 57,000 hours of volunteering in 2009.



At PECO's Transmission System Operations center in Philadelphia, operators keep close watch on the regional electric grid. PECO will spend more than $500 million on maintenance, system performance and capacity expansion projects in 2010 to maintain its reliable service to PECO customers. PECO serves 1.6 million electric customers and 485,000 natural gas customers.

Exelon at a Glance

COMED

ComEd set all-time bests for fewest customer interruptions and average outage duration in 2009. ComEd customers experienced 1.2 million fewer interruptions than in 2008 and service on average was restored nearly 50 minutes faster. ComEd also continued its strong safety culture by achieving the company's best safety performance record ever.

In response to the economic downturn, ComEd reduced non-GAAP operating and maintenance expenses by more than $80 million from 2008 spending levels through cost management and efficiency initiatives. Capital expenditures in 2009 were reduced by $99 million from 2008 levels by recalibrating new business spend and system investment to align with decreased system demand.

The Illinois Commerce Commission (ICC) unanimously approved the deployment of 131,000 smart meters to assess how Smart Grid technology can enhance service, help customers make informed decisions about energy use and contribute to reduced carbon emissions. ComEd's environmental programs exceeded first-year targets with more than 160 gigawatt-hours of energy savings. These programs are on track to make ComEd an industry leader in electricity savings through energy efficiency.

ComEd created an Operational Strategy and Business Intelligence organization that drove productivity and efficiency through a number of initiatives, including an enhanced service suspension model and revenue protection efforts.

In July, Illinois Governor Pat Quinn signed assistance legislation that included a provision for utilities to recover actual uncollectible account expenses on an annual basis through a rider adjustment mechanism. On February 2, 2010, the ICC issued an order approving ComEd's proposed tariffs, with minor modifications. With the ICC's approval of the tariff, ComEd will begin collecting past due amounts in April 2010. ComEd provides service to approximately 3.8 million customers in northern Illinois.

PECO

PECO's continued focus on operational excellence led to record performance in 2009. Additionally, PECO achieved key milestones on regulatory fronts on the transition to competitive market pricing for generation, supported the Exelon 2020 environmental initiative and met its financial goals.

In operations, PECO reduced customer interruptions of electric service by 6.5 percent, experienced the fewest substation bus outages ever, and achieved the company's best reliability performance ever (as measured by IEEE SAIFI). As part of $388 million in capital investments, PECO increased its distribution system automation, completed its Tuana electric substation serving University City, began work on a new $55 million transmission substation in Worcester, Pa., and completed nearly 110 infrastructure improvements on its gas delivery system. Furthermore, PECO reduced its bad debt expense by $17 million compared with 2008. Also notable was a new five-year labor agreement reached with IBEW Local 614.

PECO also continued to demonstrate its leadership to its regional community and the environment and raised its customer satisfaction score higher than the four previous years. In support of Exelon 2020, PECO exceeded its targets for reduction of greenhouse gases, expanded its fleet of cleaner, alternative-fueled vehicles, and made significant energy efficiency improvements at five service centers.

PECO's smart grid proposal was one of only six in the nation to receive approval of a $200 million federal stimulus grant. The company began to buy wholesale energy as part of the transition to competitive markets beginning in 2011 and secured renewable energy credits to comply with Pennsylvania's Alternative Energy Portfolio Standard. The Pennsylvania Public Utility Commission also approved the company's four-year "Smart Ideas" package of energy efficiency/demand response programs to help consumers reduce peak demand and overall energy consumption.

EXELON GENERATION

Exelon Nuclear, the nation's largest operator of commercial nuclear reactors, performed at world-class levels in 2009.

The company's 8,700 nuclear professionals implemented industry best practices to ensure safe, reliable operation throughout the fleet.

Exelon Nuclear's 10 generating stations with 17 reactors in the Midwest and Mid-Atlantic regions achieved an average capacity factor of 93.6 percent in 2009, the seventh consecutive year capacity factor exceeded 93 percent, and produced just over 139.3 million megawatt-hours of electricity. Exelon's Three Mile Island Unit 1 set a new world record for Pressurized Water Reactors with a 705-day continuous run. The organization also improved its industrial safety record by 33 percent.

In 2009, Exelon Nuclear contributed to Exelon 2020, a low-carbon roadmap, through equipment upgrades at its Quad Cities, Dresden and Peach Bottom nuclear stations. Combined, these improvements added approximately 70 megawatts of zero-emissions electricity to the grid. The organization maintained Environmental ISO 14001 certifications at its 10 sites and achieved LEED Silver certification for a new administration building at Clinton Station.

The Oyster Creek and Three Mile Island reactors received 20-year operating license extensions from the Nuclear Regulatory Commission. Exelon Nuclear also announced its intent to apply for a 20-year license extension for its Limerick Generating Station.

Exelon Power's fleet of fossil and hydroelectric units in Illinois, Maryland, Massachusetts, Pennsylvania and Texas provided over 10 million megawatt hours of reliable generation in 2009. With 105 units at 23 different sites, Exelon Power's fleet consists of approximately 8,000 megawatts of base load, intermediate and peak power generation. In 2009, Exelon Power's fleet reported record performance levels in unit availability, delivering on the commitment of continuous improvement and performance optimization.

Exelon Power is committed to its role as an environmental leader. Efforts in 2009 included the dedication of the LEED Silver certified Renewable Energy Education Center at Fairless Hills; the second-largest landfill gas generating station in the U.S., which provides an opportunity for students and visitors to experience how electricity is produced through various alternative renewable fuels; the construction of a fish passageway at Black Rock Dam on the Schuylkill River as part of a river-wide effort to restore American Shad to the Schuylkill River by enabling their migration; and the opening of a new fishing wharf at the Conowingo Dam, which is accessible to those with disabilities and increases the ability of visitors to enjoy fishing and the ecosystem of the Lower Susquehanna River.

Exelon Power Team is the wholesale power marketing division of Exelon. Its role is to manage the risk and maximize the economic value associated with Exelon's electric generating facilities, power purchase agreements, fuel requirements, emission credits, transmission contracts and load obligations. Power Team's wholesale marketing and transaction efforts are focused on the competitive electricity markets in several regions of the United States: the Mid-Atlantic, the Midwest, the Northeast, the Southwest and Texas. Power Team's trade floor and headquarters are located in Kennett Square, Pa.

Exelon Energy is the retail marketing arm of Exelon. It markets electricity to customers in Illinois and Pennsylvania, and natural gas to customers in Illinois, Michigan and Ohio. Exelon Energy provides a valuable retail channel to market for Exelon's generation, while providing customers innovative products that can help manage risk and earn the most from the competitive energy environment. Exelon Energy's locally-based sales representatives have a wealth of experience in energy products and services and bring a depth of knowledge to the retail energy markets it serves.

EXELON BUSINESS SERVICES COMPANY

Exelon Business Services Company, LLC (BSC), is a direct, wholly-owned subsidiary of Exelon Corporation providing quality products and services in a cost effective manner to all Exelon companies. There are thirteen BSC practice areas: Audit and Controls, Commercial Operations Group (which includes accounts payable and payroll), Communications and Public Affairs, Corporate Strategy and Exelon 2020, Corporate Security, Corporate Development, Finance, Government Affairs and Public Policy, Human Resources, Information Technology, Legal and Governance, Real Estate and Supply.

BSC's approximately 2,200 employees in northern Illinois, Pennsylvania and other Exelon business locations deliver value by providing coordinated, cost-efficient high-quality services and developing enterprise-wide and organization-specific solutions.

In 2009, BSC initiated cost-reduction actions including budget and position reductions. Service level commitments were met or exceeded across BSC even with far-reaching cost management initiatives. Of particular note was the Supply organization's Rapid Resourcing effort, which resulted in $190 million in value to Exelon and its companies.

EXELON TRANSMISSION COMPANY

Formed in October 2009, Exelon Transmission Company is a wholly-owned subsidiary of Exelon that aims to capitalize on the growing national market for new transmission capacity. U.S. companies are projected to spend $60 billion to $100 billion on transmission development by 2020. Exelon Transmission Company will partner with utilities, transmission developers, renewable developers, regulators and others to build the next generation of reliable electric transmission in the United States. Drawing on Exelon's deep experience, broad resources and strategic Illinois footprint, Exelon Transmission Company's new transmission projects will improve reliability, reduce congestion and facilitate movement of low-carbon energy to markets nationwide.

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Chairman and Chief Executive Officer

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President and Chief Operating Officer, Exelon and President and Chief Operating Officer, Exelon Generation

Ian P. McLean
Executive Vice President, Exelon and CEO, Exelon Transmission Company

William A. Von Hoene, Jr.
Executive Vice President, Finance and Legal, Exelon

Frank M. Clark
Chairman and Chief Executive Officer, ComEd

Ruth Ann M. Gillis
Executive Vice President and Chief Administrative and Diversity Officer, Exelon and President, Exelon Business Services Company

Elizabeth A. Moler
Executive Vice President, Government Affairs and Public Policy, Exelon

Andrea L. Zopp
Executive Vice President and General Counsel, Exelon

Kenneth W. Cornew
Senior Vice President, Exelon and President, Power Team

Matthew F. Hilzinger
Senior Vice President and Chief Financial Officer, Exelon

Denis P. O'Brien
Executive Vice President, Exelon and President and CEO, PECO

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Rosemarie B. Greco
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Health Care Reform


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W. K. Kellogg Foundation


Don Thompson
President and Chief Operating Officer
McDonald's Corporation

Financial Section

In millions, except for per share data	For the Years Ended December 31, 2009	2008	2007	2006	2005
Statement of Operations data:					
Operating revenues	$ 17,318	$ 18,859	$ 18,916	$ 15,655	$ 15,357
Operating income	4,750	5,299	4,668	3,521	2,724
Income from continuing operations	$ 2,706	$ 2,717	$ 2,726	$ 1,590	$ 957
Income from discontinued operations	1	20	10	2	16
Income before cumulative effect of changes in accounting principles	2,707	2,737	2,736	1,592	965
Cumulative effect of changes in accounting principles (net of income taxes)	–	–	–	–	(42)
Net income[a]	$ 2,707	$ 2,737	$ 2,736	$ 1,592	$ 923
Earnings per average common share (diluted):					
Income from continuing operations	$ 4.09	$ 4.10	$ 4.03	$ 2.35	$ 1.40
Income from discontinued operations	–	0.03	0.02	–	0.02
Cumulative effect of changes in accounting principles (net of income taxes)	–	–	–	–	(0.06)
Net income	$ 4.09	$ 4.13	$ 4.05	$ 2.35	$ 1.36
Dividends per common share	$ 2.10	$ 2.03	$ 1.76	$ 1.60	$ 1.60
Average shares of common stock outstanding – diluted	662	662	676	676	676

(a) The changes between 2007 and 2006, and 2006 and 2005, were primarily due to the impact of the goodwill impairment charges of $776 million and $1.2 billion in 2006 and 2005, respectively.

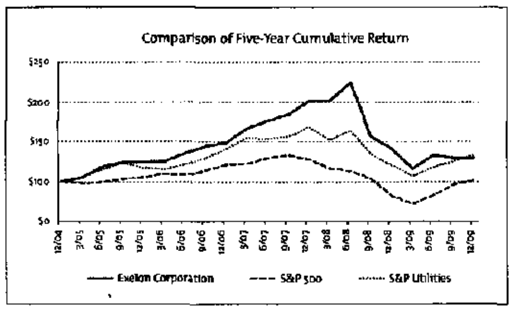
In millions	December 31, 2009	2008[b]	2007[b][c]	2006[b][c]	2005[b][c]
Balance Sheet data:					
Current assets	$ 5,441	$ 5,130	$ 4,416	$ 4,130	$ 3,808
Property, plant and equipment, net	27,341	25,813	24,153	22,775	21,981
Noncurrent regulatory assets	4,872	5,940	5,133	5,808	4,734
Goodwill[a]	2,625	2,625	2,625	2,694	3,475
Other deferred debits and other assets	8,901	8,038	8,760	7,933	7,858
Total assets	$ 49,180	$ 47,546	$ 45,087	$ 43,340	$ 41,856
Current liabilities	$ 4,238	$ 3,811	$ 5,466	$ 4,871	$ 5,759
Long-term debt, including long-term debt to financing trusts	11,385	12,592	11,965	11,911	11,760
Noncurrent regulatory liabilities	3,492	2,520	3,301	3,025	2,518
Other deferred credits and other liabilities	17,338	17,489	14,131	13,439	12,606
Minority interest	–	–	–	–	1
Preferred securities of subsidiary	87	87	87	87	87
Shareholders' equity	12,640	11,047	10,137	10,007	9,125
Total liabilities and shareholders' equity	$ 49,180	$ 47,546	$ 45,087	$ 43,340	$ 41,856

(a) The changes between 2006 and 2005 were primarily due to the impact of the goodwill impairment charge of $776 million in 2006.
(b) Exelon and Generation retrospectively reclassified certain assets and liabilities in accordance with the applicable authoritative guidance for offsetting amounts related to qualifying derivative contracts.
(c) Exelon and Generation retrospectively reclassified certain asset and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform to the current year presentation.

The performance graph below illustrates a five year comparison of cumulative total returns based on an initial investment of $100 in Exelon Corporation common stock, as compared with the Standard & Poor's (S&P) 500 Stock Index and the S&P Utility Index for the period 2005 through 2009.

This performance chart assumes:

- $100 invested on December 31, 2004, in Exelon Corporation common stock, in the S&P 500 Stock Index and in the S&P Utility Index; and
- All dividends are reinvested.



	Value of Investment at December 31,					
	2004	2005	2006	2007	2008	2009
Exelon Corporation	$ 100.00	$ 124.43	$ 148.97	$ 201.20	$ 141.09	$ 129.42
S&P 500	100.00	104.90	121.43	128.09	80.77	102.08
S&P Utilities	100.00	116.71	141.18	168.47	119.73	133.88

Results of Operations

(Dollars in millions, except for per share data, unless otherwise noted)	2009	2008	Favorable (Unfavorable) Variance
Operating revenues	$ 17,318	$ 18,859	$ (1,541)
Operating expenses			
Purchased power and fuel	5,281	6,582	1,301
Operating and maintenance	4,612	4,538	(74)
Operating and maintenance for regulatory required programs	63	28	(35)
Depreciation and amortization	1,834	1,634	(200)
Taxes other than income	778	778	-
Total operating expenses	12,568	13,560	992
Operating income	4,750	5,299	(549)
Other income and deductions			
Interest expense	(654)	(699)	45
Interest expense to affiliates, net	(77)	(133)	56
Equity in losses of unconsolidated affiliates	(27)	(26)	(1)
Other, net	426	(407)	833
Total other income and deductions	(332)	(1,265)	933
Income from continuing operations before income taxes	4,418	4,034	384
Income taxes	1,712	1,317	(395)
Income from continuing operations	2,706	2,717	(11)
Income from discontinued operations, net of income taxes	1	20	(19)
Net income	$ 2,707	$ 2,737	$ (30)
Diluted earnings per share	$ 4.09	$ 4.13	$ (0.04)

Exelon's net income was $2,707 million in 2009 as compared to $2,737 million in 2008, and diluted earnings per average common share were $4.09 in 2009 as compared to $4.13 in 2008. All amounts presented below are before the impact of income tax.

Exelon's 2009 results were significantly affected by lower revenue net of purchased power and fuel expense at Generation of $411 million. This decrease was primarily due to reduced net mark-to-market gains from its hedging activities of $271 million and unfavorable portfolio and market conditions of $206 million. Additionally, Generation experienced higher nuclear fuel costs of $74 million. Partially offsetting these decreases were lower costs associated with the Illinois Settlement of $123 million.

ComEd experienced higher revenue net of purchased power expense of $155 million despite unfavorable weather conditions and reduced load. Distribution pricing increased ComEd's operating revenues by $214 million primarily due to the ICC's September 2008 order in the 2007 distribution rate case. This increase was partially offset by the impact of current economic conditions and unfavorable weather, which reduced ComEd's load resulting in lower revenue net of purchased power expense of $40 million and $45 million, respectively.

PECO had a slight increase of $16 million in its revenue net of purchased power and fuel expense primarily due to increased gas distribution rates effective January 1, 2009, resulting from the settlement of 2008 rate case, which provided $77 million of additional revenues in 2009. PECO's increased revenues also reflected the impact of lower electric distribution rates in 2008 of $22 million primarily due to the refund of the 2007 Pennsylvania Public Realty Tax Act settlement (which was completely offset in charges recorded in taxes other than income). Similar to ComEd, these increases were partially offset by the impact of current economic conditions and unfavorable weather, which reduced PECO's load resulting in lower revenue net of purchased power and fuel expense of $69 million and $21 million, respectively.

Exelon's 2009 results were also affected by higher operating and maintenance expense at Generation. In March 2009, Generation re-evaluated the fair value of the Handley and Mountain Creek stations due to the continued decline in forward energy prices, which resulted in a $223 million impairment charge. In December 2009, Generation announced that it had notified PJM of its intention to permanently retire four fossil-fired generation units in Pennsylvania because they are no longer economic to operate and are not required to meet demand for electricity in the region. In connection with the announced retirements, Generation recorded a charge of $24 million related to exit costs as well as $32 million of accelerated depreciation.

Additionally, Exelon's pension and other postretirement benefits expense increased by $160 million in 2009 due to lower than expected pension and postretirement plan asset returns in 2008. There was also a scheduled increase in Competitive Transition Charge (CTC) amortization expense at PECO of $90 million in accordance with its 1998 restructuring settlement and increased depreciation of $69 million across the Registrants due to ongoing capital expenditures.

In response to current market and economic conditions, Exelon implemented a cost savings program in 2009. This initiative included job reductions, for which Exelon recorded a $34 million charge related to severance expenses, and a $350 million discretionary contribution to Exelon's largest pension fund, which is expected to reduce pension expense over the next ten years. PECO generated additional cost savings through enhancements to credit processes and increased collection and termination activities initiated in 2008, which reduced uncollectible accounts expense by $97 million. In addition, ComEd's and PECO's incremental storm-related costs decreased operating and maintenance expense by $40 million and $9 million, respectively.

Exelon's interest expense decreased by $140 million primarily due to lower outstanding debt at ComEd and PECO and lower interest rates on Generation's Spent Nuclear Fuel obligation. Additionally, Exelon was able to capitalize on favorable capital market conditions in its refinancing of $1.2 billion of debt at Exelon and Generation originally scheduled to mature in 2011. Although this debt offering resulted in $120 million in debt extinguishment costs, it decreased Exelon's average cost of debt while also extending the maturities of the debt.

Exelon's 2009 results were also significantly affected by nuclear decommissioning trust fund (NDT) realized and unrealized gains of $256 million in 2009 compared to realized and unrealized losses of $308 million in 2008 for the former AmerGen nuclear generating units and portions of the Peach Bottom nuclear generating units (Non-Regulatory Agreement Units) as a result of improved market performance.

Finally, Exelon reassessed anticipated apportionment of its income, resulting in a change in state deferred income tax rates, and ComEd remeasured income tax uncertainties related to its 1999 sale of fossil generating assets. These two actions resulted in an aggregate non cash gain of $83 million.

Results of Operations by Business Segment

The comparisons of 2009 and 2008 operating results and other statistical information set forth below include intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Net Income (Loss) from Continuing Operations by Business Segment

	2009	2008	Favorable (Unfavorable) Variance
Generation	$ 2,122	$ 2,258	$ (136)
ComEd	374	201	173
PECO	353	325	28
Other [(a)]	(143)	(67)	(76)
Total	$ 2,706	$ 2,717	$ (11)

(a) Other primarily includes corporate operations, Exelon Business Service Company, LLC (BSC), investments in synthetic fuel producing facilities and intersegment eliminations.

Net Income (Loss) by Business Segment

	2009	2008	Favorable (Unfavorable) Variance
Generation	$ 2,122	$ 2,278	$ (156)
ComEd	374	201	173
PECO	353	325	28
Other [(a)]	(142)	(67)	(75)
Total	$ 2,707	$ 2,737	$ (30)

(a) Other primarily includes corporate operations, BSC, investments in synthetic fuel producing facilities and intersegment eliminations.

Results of Operations – Generation

(Dollars in millions)	2009	2008	Favorable (Unfavorable) Variance
Operating revenues	$ 9,703	$ 10,754	$ (1,051)
Purchased power and fuel expense	2,932	3,572	640
Revenue net of purchased power and fuel expense	6,771	7,182	(411)
Other operating expenses			
Operating and maintenance	2,938	2,717	(221)
Depreciation and amortization	333	274	(59)
Taxes other than income	205	197	(8)
Total operating expenses	3,476	3,188	(288)
Operating income	3,295	3,994	(699)
Other income and deductions			
Interest expense	(113)	(136)	23
Equity in losses of unconsolidated affiliates	(3)	(1)	(2)
Other, net	376	(469)	845
Total other income and deductions	260	(606)	866
Income from continuing operations before income taxes	3,555	3,388	167
Income taxes	1,433	1,130	(303)
Income from continuing operations	2,122	2,258	(136)
Discontinued operations			
Gain on disposal of discontinued operations	–	20	(20)
Income from discontinued operations	–	20	(20)
Net income	$ 2,122	$ 2,278	$ (156)

Generation's 2009 results compared to 2008 were significantly affected by lower revenue net of purchased power and fuel expense primarily due to unfavorable portfolio and market conditions, including decreased net mark-to-market gains from its hedging activities, and revenue from certain long options in Generation's proprietary trading portfolio recorded in 2008. Additionally, Generation's revenue net of purchased power and fuel expense was affected by gains related to the settlement of uranium supply agreements in 2008 and higher nuclear fuel costs in 2009 due to rising nuclear fuel prices. The decrease in Generation's revenues net of purchased power and fuel expense was partially offset by lower costs related to the Illinois Settlement.

Generation's 2009 results compared to 2008 were further affected by higher operating and maintenance expenses. Higher operating and maintenance expense was primarily due to a $223 million charge associated with the impairment of the Handley and Mountain Creek stations and costs associated with the announced shut-down of three coal-fired and one dual fossil-fired generation unit in Pennsylvania. These actions were a direct result of current and future expected market conditions. Market conditions also contributed to lower than expected pension and postretirement plan asset returns in 2008, which resulted in higher pension and other postretirement benefits expense in 2009. Operating and maintenance expense increases were partially offset by the favorable results of Exelon's companywide cost savings initiative and lower nuclear refueling outage costs.

Additionally, due to a significant rebound in the financial markets, Generation experienced strong performance in its NDT funds in 2009. As a result, Generation's earnings improved as its NDTs of the Non-Regulatory Agreement Units had significant net realized and unrealized gains in 2009 compared to significant net realized and unrealized losses in 2008.

Results of Operations – ComEd

(Dollars in millions)	2009	2008	Favorable (Unfavorable) Variance
Operating revenues	$ 5,774	$ 6,136	$ (362)
Purchased power expense	3,065	3,582	517
Revenue net of purchased power expense	2,709	2,554	155
Other operating expenses			
Operating and maintenance	1,028	1,097	69
Operating and maintenance for regulatory required programs	63	28	(35)
Depreciation and amortization	494	464	(30)
Taxes other than income	281	298	17
Total other operating expenses	1,866	1,887	21
Operating income	843	667	176
Other income and deductions			
Interest expense, net	(119)	(148)	29
Equity in losses of unconsolidated affiliates	–	(8)	8
Other, net	79	18	61
Total other income and deductions	(40)	(138)	98
Income before income taxes	803	529	274
Income taxes	429	328	(101)
Net income	$ 374	$ 201	$ 173

The increase in ComEd's net income was driven primarily by higher revenue net of purchased power expense, reflecting increased distribution rates effective September 16, 2008, partially offset by a decline in electric deliveries, primarily resulting from unfavorable weather conditions and reduced load in 2009. In addition, ComEd's increase in net income reflects lower operating and maintenance expenses, lower interest expense, and higher interest income related to the 2009 remeasurement of uncertain income tax positions.

The reduction in operating and maintenance expense reflects Exelon's company-wide cost savings initiative in 2009. The initiative included job reductions, for which ComEd recorded a charge for severance expense as a cost to achieve these savings. ComEd also benefited from decreased storm expenses. Operation and maintenance expense reflect increased pension and other postretirement benefits expense due to lower than expected pension and postretirement plan asset returns in 2008. In the September 2008 rate case ruling, the ICC mandated fixed asset disallowances while allowing certain regulatory assets, which were recorded as a net one-time charge in 2008.

Depreciation and amortization expenses increased due to higher plant balances and new depreciation rates effective January 1, 2009. ComEd experienced a decrease in interest expense primarily due to lower outstanding debt in 2009. ComEd also recorded higher interest income related to the remeasurement in 2009 of uncertain income tax positions.

Results of Operations – PECO

(Dollars in millions)	2009	2008	Favorable (Unfavorable) Variance
Operating revenues	$ 5,311	$ 5,567	$ (256)
Purchased power expense and fuel expense	2,746	3,018	272
Revenue net of purchased power expense and fuel expense	2,565	2,549	16
Other operating expenses			
Operating and maintenance	640	731	91
Depreciation and amortization	952	854	(98)
Taxes other than income	276	265	(11)
Total other operating expenses	1,868	1,850	(18)
Operating income	697	699	(2)
Other income and deductions			
Interest expense, net	(187)	(226)	39
Equity in losses of unconsolidated affiliates	(24)	(16)	(8)
Other, net	13	18	(5)
Total other income and deductions	(198)	(224)	26
Income before income taxes	499	475	24
Income taxes	146	150	4
Net income	353	325	28
Preferred stock dividends	4	4	–
Net income on common stock	$ 349	$ 321	$ 28

The increase in net income was driven primarily by increased operating revenue net of purchased power and fuel expense and decreased interest expense, which was partially offset by increased operating expenses. The increase in revenue net of purchased power and fuel expense was primarily related to increased gas distribution rates effective January 1, 2009, which were partially offset by reduced electric delivery volume and unfavorable weather conditions.

PECO's operating expenses increased as a result of increased scheduled CTC amortization expense and pension and other postretirement benefits expense due to lower than expected pension and postretirement plan asset returns in 2008. The increased operating expenses were partially offset by decreased allowance for uncollectible accounts expense.

PECO also experienced a decrease in gross receipts tax expense primarily due to a rate reduction.

Consolidated Statements of Operations

Exelon Corporation and Subsidiary Companies

(In millions, except for per share data)	For the Years Ended December 31, 2009	2008	2007
Operating revenues	$ 17,318	$ 18,859	$ 18,916
Operating expenses			
Purchased power	3,215	4,270	5,282
Fuel	2,066	2,312	2,360
Operating and maintenance	4,612	4,538	4,289
Operating and maintenance for regulatory required programs	63	28	–
Depreciation and amortization	1,834	1,634	1,520
Taxes other than income	778	778	797
Total operating expenses	12,568	13,560	14,248
Operating income	4,750	5,299	4,668
Other income and deductions			
Interest expense	(654)	(699)	(647)
Interest expense to affiliates, net	(77)	(133)	(103)
Equity in losses of unconsolidated affiliates	(27)	(26)	(106)
Other, net	426	(407)	460
Total other income and deductions	(332)	(1,265)	(396)
Income from continuing operations before income taxes	4,418	4,034	4,272
Income taxes	1,712	1,317	1,446
Income from continuing operations	2,706	2,717	2,726
Discontinued operations			
Income (loss) from discontinued operations (net of taxes of $0, $1 and $3, respectively)	1	(1)	6
Gain on disposal of discontinued operations (net of taxes of $0, $14 and $2, respectively)	–	21	4
Income from discontinued operations	1	20	10
Net income	$ 2,707	$ 2,737	$ 2,736

Consolidated Statements of Operations

Exelon Corporation and Subsidiary Companies

(In millions, except for per share data)	2009	2008	2007
	For the Years Ended December 31,		
Average shares of common stock outstanding			
Basic	659	658	670
Diluted	662	662	676
Earnings per average common share – basic:			
Income from continuing operations	$ 4.10	$ 4.13	$ 4.06
Income from discontinued operations	–	0.03	0.02
Net income	$ 4.10	$ 4.16	$ 4.08
Earnings per average common share – diluted:			
Income from continuing operations	$ 4.09	$ 4.10	$ 4.03
Income from discontinued operations	–	0.03	0.02
Net income	$ 4.09	$ 4.13	$ 4.05
Dividends per common share	$ 2.10	$ 2.03	$ 1.76

The information in the Consolidated Statements of Operations shown above is a replication of the information in the Consolidated Statements of Operations in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 152 through 312 of Exelon's 2009 Form 10-K filed with the Securities and Exchange Commission (SEC). See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 61 through 150 of Exelon's 2009 Form 10-K filed with the SEC.

Consolidated Statements of Cash Flows

Exelon Corporation and Subsidiary Companies

(In millions)	2009	2008	2007
	For the Years Ended December 31,		
Cash flows from operating activities			
Net income	$ 2,707	$ 2,737	$ 2,736
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion, including nuclear fuel amortization	2,601	2,308	2,183
Impairment of long-lived assets	223	–	–
Deferred income taxes and amortization of investment tax credits	756	374	(104)
Net fair value changes related to derivatives	(95)	(515)	102
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	(107)	363	(70)
Other non-cash operating activities	652	870	734
Changes in assets and liabilities:			
Accounts receivable	234	67	(585)
Inventories	51	(109)	9
Accounts payable, accrued expenses and other current liabilities	(254)	(44)	146
Option premiums (paid) received, net	(40)	(124)	27
Counterparty collateral received (posted), net	196	1,027	(516)
Income taxes	(29)	(38)	160
Pension and non-pension postretirement benefit contributions	(588)	(290)	(204)
Other assets and liabilities	(113)	(135)	(122)
Net cash flows provided by operating activities	6,094	6,551	4,496
Cash flows from investing activities			
Capital expenditures	(3,273)	(3,117)	(2,674)
Proceeds from nuclear decommissioning trust fund sales	22,905	17,202	7,312
Investment in nuclear decommissioning trust funds	(23,144)	(17,487)	(7,527)
Proceeds from sales of investments	41	–	95
Purchases of investments	(38)	–	–
Change in restricted cash	35	29	(45)
Other investing activities	6	(5)	(70)
Net cash flows used in investing activities	(3,458)	(3,378)	(2,909)

Consolidated Statements of Cash Flows
Exelon Corporation and Subsidiary Companies

(in millions)	For the Years Ended December 31, 2009	2008	2007
Cash flows from financing activities			
Change in short-term debt	(56)	(405)	311
Issuance of long-term debt	1,987	2,265	1,621
Retirement of long-term debt	(1,773)	(1,398)	(262)
Retirement of long-term debt to financing affiliates	(709)	(1,038)	(1,020)
Dividends paid on common stock	(1,385)	(1,335)	(1,180)
Proceeds from employee stock plans	42	130	275
Purchase of treasury stock	-	(436)	(1,208)
Purchase of forward contract in relation to certain treasury stock	-	(64)	(79)
Other financing activities	(3)	68	102
Net cash flows used in financing activities	(1,897)	(2,213)	(1,500)
Increase in cash and cash equivalents	739	960	87
Cash and cash equivalents at beginning of period	1,271	311	224
Cash and cash equivalents at end of period	$ 2,010	$ 1,271	$ 311

The information in the Consolidated Statements of Cash Flows shown above is a replication of the information in the Consolidated Statements of Cash Flows in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 152 through 342 of Exelon's 2009 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation which includes a discussion of critical accounting policies and estimates, on pages 63 through 150 of Exelon's 2009 Form 10-K filed with the SEC.

Consolidated Statements of Balance Sheets
Exelon Corporation and Subsidiary Companies

(in millions)	December 31, 2009	2008
Assets		
Current assets		
Cash and cash equivalents	$ 2,010	$ 1,271
Restricted cash and investments	40	75
Accounts receivable, net		
Customer	1,563	1,928
Other	486	324
Mark-to-market derivative assets	376	480
Inventories, net, at average cost		
Fossil fuel	198	315
Materials and supplies	559	528
Other	209	209
Total current assets	5,441	5,130
Property, plant and equipment, net	27,341	25,813
Deferred debits and other assets		
Regulatory assets	4,872	5,940
Nuclear decommissioning trust funds	6,669	5,500
Investments	704	670
Investments in affiliates	20	45
Goodwill	2,625	2,625
Mark-to-market derivative assets	649	679
Other	859	1,444
Total deferred debits and other assets	16,398	16,603
Total assets	$ 49,180	$ 47,546

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 152 through 342 of Exelon's 2009 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 63 through 150 of Exelon's 2009 Form 10-K filed with the SEC.

Consolidated Statements of Balance Sheets

Exelon Corporation and Subsidiary Companies

(in millions)	December 31, 2009	2008
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings	$ 155	$ 211
Long-term debt due within one year	639	29
Long-term debt to PECO Energy Transition Trust due within one year	415	319
Accounts payable	1,345	1,416
Mark-to-market derivative liabilities	198	212
Accrued expenses	923	1,131
Deferred income taxes	152	77
Other	411	396
Total current liabilities	4,238	3,811
Long-term debt	10,995	11,397
Long-term debt due to PECO Energy Transition Trust	-	805
Long-term debt to other financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,750	4,939
Asset retirement obligations	3,434	3,734
Pension obligations	3,625	4,111
Non-pension postretirement benefit obligations	2,180	2,255
Spent nuclear fuel obligation	1,017	1,015
Regulatory liabilities	3,492	2,520
Mark-to-market derivative liabilities	23	23
Other	1,309	1,412
Total deferred credits and other liabilities	20,830	20,009
Total liabilities	36,453	36,412
Commitments and contingencies		
Preferred securities of subsidiary	87	87
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 660 and 658 shares outstanding at December 31, 2009 and 2008, respectively)	8,923	8,816
Treasury stock, at cost (35 and 35 shares held at December 31, 2009 and 2008, respectively)	(2,328)	(2,338)
Retained earnings	8,134	6,820
Accumulated other comprehensive loss, net	(2,089)	(2,251)
Total shareholders' equity	12,640	11,047
Total liabilities and shareholders' equity	$ 49,180	$47,546

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages [illegible] through [illegible] of Exelon's 2009 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages [illegible] through [illegible] of Exelon's 2009 Form 10-K filed with the SEC.

Consolidated Statements of Changes in Shareholders' Equity

Exelon Corporation and Subsidiary Companies

(Dollars in millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2006	682,474	$ 8,314	$ (630)	$ 3,426	$ (1,103)	$ 10,007
Net income	–	–	–	2,736	–	2,736
Long-term incentive plan activity	6,455	328	–	–	–	328
Employee stock purchase plan issuances	254	18	–	–	–	18
Common stock purchases	–	(79)	(1,208)	–	–	(1,287)
Common stock dividends declared	–	–	–	(1,219)	–	(1,219)
Adoption of accounting for uncertain tax positions	–	–	–	(13)	–	(13)
Other comprehensive loss, net of income taxes of $(290)	–	–	–	–	(431)	(431)
Balance, December 31, 2007	689,183	$ 8,579	$ (1,838)	$ 4,930	$ (1,534)	$ 10,137
Net income	–	–	–	2,737	–	2,737
Long-term incentive plan activity	3,452	217	–	–	–	217
Employee stock purchase plan issuances	318	19	–	–	–	19
Common stock purchases	–	1	(500)	–	–	(499)
Common stock dividends declared	–	–	–	(1,007)	–	(1,007)
Adoption of the fair value option for financial assets and liabilities, net of income taxes of $286	–	–	–	160	(160)	–
Other comprehensive loss, net of income taxes of $(354)	–	–	–	–	(557)	(557)
Balance, December 31, 2008	692,953	$ 8,816	$ (2,338)	$ 6,820	$ (2,251)	$ 11,047
Net income	–	–	–	2,707	–	2,707
Long-term incentive plan activity	1,612	107	10	(5)	–	112
Common stock dividends	–	–	–	(1,388)	–	(1,388)
Other comprehensive income, net of income taxes of $119	–	–	–	–	162	162
Balance, December 31, 2009	694,565	$ 8,923	$ (2,328)	$ 8,134	$ (2,089)	$ 12,640

The information in the Consolidated Statements of Changes in Shareholders' Equity shown above is a replication of the information in the Consolidated Statements of Changes in Shareholders' Equity in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages [illegible] through [illegible] of Exelon's 2009 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages [illegible] through [illegible] of Exelon's 2009 Form 10-K filed with the SEC.

Consolidated Statements of Comprehensive Income

Exelon Corporation and Subsidiary Companies

(in millions)	For the Years Ended December 31, 2009	2008	2007
Net income	$ 2,707	$ 2,737	$ 2,736
Other comprehensive income (loss)			
Pension and non-pension postretirement benefit plans:			
Prior service benefit reclassified to periodic benefit cost, net of income taxes of $(6), $(6) and $(4), respectively	(13)	(9)	(9)
Actuarial loss reclassified to periodic cost, net of income taxes of $74, $52 and $57, respectively	93	60	74
Transition obligation reclassified to periodic cost, net of income taxes of $2, $2 and $2, respectively	3	3	3
Pension and non-pension postretirement benefit plan valuation, net of income taxes of $47, $(959) and $1, respectively	86	(1,459)	19
Change in unrealized (loss) gain on cash flow hedges, net of income taxes of $(2), $563 and $(345), respectively	(12)	855	(513)
Change in unrealized (loss) gain on marketable securities, net of income taxes of $3, $(6) and $(2), respectively	5	(7)	(5)
Other comprehensive income (loss)	162	(557)	(431)
Comprehensive income	$ 2,869	$ 2,180	$ 2,305

The information in the Consolidated Statements of Comprehensive Income shown above is a replication of the information in the Consolidated Statements of Comprehensive Income in Exelon's 2009 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 152 through 342 of Exelon's 2009 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 61 through 150 of Exelon's 2009 Form 10-K filed with the SEC.

Management's Report on Internal Control Over Financial Reporting

The management of Exelon Corporation (Exelon) is responsible for establishing and maintaining adequate internal control over financial reporting. Exelon's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Exelon's management conducted an assessment of the effectiveness of Exelon's internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, Exelon's management concluded that, as of December 31, 2009, Exelon's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report.

February 5, 2010

Information Derived from 2009 Form 10-K

We have presented a condensed discussion of financial results, excerpts from our consolidated financial statements and a copy of our Management's Report on Internal Control Over Financial Reporting in this summary annual report. A complete discussion of our financial results and our complete consolidated financial statements, including notes, appears on pages 63 through 342 of our Form 10-K annual report for the year ended December 31, 2009. That annual report was filed with the Securities and Exchange Commission on February 5, 2010, and can be viewed and retrieved through the Commission's web site at www.sec.gov or our web site at *www.exeloncorp.com*.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, issued a report dated February 5, 2010, on their integrated audit of our consolidated financial statements and our internal controls over financial reporting. In their report they expressed an unqualified opinion that those consolidated financial statements present fairly, in all material respects, the financial position of Exelon Corporation and its subsidiaries at December 31, 2009, and 2008 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Furthermore, they expressed an unqualified opinion that Exelon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the COSO. The full text of PricewaterhouseCoopers LLP's report can be found on page 156 of our 2009 Form 10-K.

Certifications

The CEO of Exelon has made the required annual certifications for 2009 to the New York Stock Exchange and the Philadelphia Stock Exchange that Exelon is in compliance with the listing standards of those exchanges. The CEO and CFO have filed with the SEC all required certifications under section 302 of the Sarbanes-Oxley Act of 2002. These certifications are filed as Exhibits 31-1 and 31-2 to Exelon's 2009 Form 10-K.

CORPORATE PROFILE

Corporate Headquarters

Shareholder Inquiries

Transfer Agent

Employee Stock Purchase Plan

Employee Stock Options

Investor Relations Voice Mailbox

Independent Public Accountants

Website

Stock Ticker

The paper utilized for the printing of this report is certified by the Forest Stewardship Council, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. All the paper utilized in the production of this annual report was manufactured by Mohawk Fine Papers and contains 30% post-consumer recycled fiber. Mohawk Fine Papers purchases enough Green-e certified renewable energy certificates (RECs) to match 100% of the electricity used in its operations. Mohawk has provided the calculations below on use of 33,000 pounds of paper.

The savings derived from using this paper in lieu of virgin fiber paper is equivalent to:

95 trees preserved for the future	274 lbs. waterborne waste not created	40,372 gallons wastewater flow saved	4,467 lbs. solid waste not generated	8,795 lbs. net greenhouse gases prevented	67,320,000 BTUs energy not consumed

The savings derived from choosing a paper manufactured using wind-generated electricity:

14,883 lbs. air emissions not generated	16 barrels crude oil unused

This amount of wind-generated electricity is equivalent to:

1 cars off the road for one year	1,012 trees planted

Mixed Sources

FSC

Exelon Corporation
P.O. Box 805398
Chicago, IL 60680-5398
www.exeloncorp.com

Exelon.

Exelon.

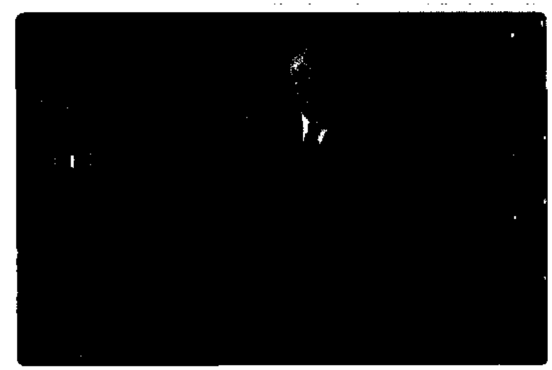
Thomas Edison once said, "Discontent is the first necessity of progress." Let us hope he was right. There is great discontent in the world today. The question is whether that discontent will push us forward, or push us backward.

To me, the answer with respect to energy policy is self-evident. We must push forward.

- We must admit the clear and present danger of climate change.
- We must seize any opportunity to improve our energy efficiency.
- We must pursue renewables and clean coal, ever mindful of the cost.
- We must build the next generation nuclear fleet.
- And we must never abandon the [illegible] and innovative [illegible] of competitive markets.

To Our Shareholders

2008 was an extraordinary year. We witnessed tremendous turmoil in the financial and commodities markets, twin storms that capsized some of our economy's most venerable financial firms and nearly did the same to several companies in our industry. Exelon did not go unscathed, nor did we falter.



John W. Rowe
Chairman and Chief Executive Officer

We remain one of the best run and most profitable companies in our industry. We have the best low-cost, low carbon generation fleet in the country, which we operate with world class efficiency. We still enjoy industry leading scope and scale, a strong balance sheet and outstanding expertise in managing our many risks. And we adhere to our Vision to be the best group of electric generation and electric and gas delivery companies in the United States.

SUSTAINABLE VALUE

Last year we titled our Annual Report "Sustainable Value," a play on words reflecting not only our strong environmental performance and low carbon generating fleet, but also our consistent record of operating and financial performance. While 2008 tested that claim, the year demonstrated yet again that we can deliver sustainable value.

Exelon recorded operating (non-GAAP) earnings* of $4.20 per share for the year, comfortably within our earnings guidance. While less than the $4.32 per share we delivered in 2007, on average Exelon's operating earnings have grown by more than 10 percent per year since the PECO Unicom merger in 2000. Our 2008 GAAP earnings were $4.13 per share, up from $4.05 in 2007.

Our stock price was not immune to the precipitous decline in the overall market during the final months of 2008. After six consecutive years of increases, our Dec. 31, 2008, closing price of $55.61 reflected nearly a 32 percent decline from the year-end 2007 closing price of $81.64. Our performance was slightly better than that of the S&P 500, which dropped 38 percent, but slightly worse than that of the Philadelphia Utility Index, which declined 30 percent. Nevertheless, Exelon remains the most highly valued company in the industry. Our year-end market capitalization of $36.6 billion was $10 billion more than our next largest competitor. Our total return since 2000 remains outstanding: your investment has increased by 199 percent, compared to 47 percent for the Philadelphia Utility Index, and a negative 26 percent for the S&P 500.

Make no mistake. We are not pleased with the closing price of our stock in 2008. But we are proud of our long-term performance, and we are determined to build upon that record in the years ahead.

*For a reconciliation of adjusted (non-GAAP) operating earnings to GAAP (accounting principles generally accepted in the United States) see Exelon's fourth quarter earnings release issued Jan. 22, 2009, posted on the investor relations page at www.exeloncorp.com and included in the 8-K filed with the SEC on that date.

Our Vision remains sound, our company remains rock solid and our commitment to you is unwavering.

Our accomplishments, financial and otherwise, continue to be noticed. We were again named one of America's "Most Admired Companies" by *Fortune* magazine, and we moved from second to first among electric and gas utilities. For the third year, we were named to the Dow Jones Sustainability North America Index. We were again named by *BusinessWeek* as one of the "Best Places to Launch a Career." Our "Energy for the Community" program was honored by VolunteerMatch as the Corporate Volunteer Program of the Year. Highlighting our commitment to diversity, *U.S. Black Engineer & Information Technology Magazine* named ComEd Chairman and CEO Frank Clark and two other ComEd executives to its annual list of the 100 Most Important Blacks in Technology. And I was personally honored to be recognized by the Edison Electric Institute with its inaugural Distinguished Leadership Award in recognition of my 25 years as a CEO in this industry.

Our success is attributable to the hard work of and collaboration between the Exelon management team and our employees. Indicative of this collaboration was the five-year agreement we reached with Illinois Brotherhood of Electrical Workers Local 15, our largest union, which was the product of great effort from John Samolis and our labor relations group. Throughout 2008, our management and employees worked hard and remained focused on our Vision. I applaud their dedication and effort.

SUSTAINABLE OPERATIONAL EXCELLENCE

Central to our continuing success is the operating excellence of Exelon Generation. In 2008, our nuclear fleet turned in another outstanding performance despite an increased number of scheduled refueling outages. The fleet, led by Chris Crane and Chip Pardee, had an overall capacity factor of 93.9 percent. This was the sixth straight year our capacity factor exceeded 93 percent. Our fleet completed the summer period with no outages for the first time in the company's history and set a new record for summer capacity factor (98.6 percent). Our nuclear operations are truly world-class.

Our fossil and renewable operations, led by Mark Schiavoni and Doyle Beneby, also performed well. While we faced maintenance challenges at Eddystone early in the year, our fossil fleet had the best summer commercial availability factor in five years (94.8 percent). We also commenced operations at the Exelon-Epuron Solar Energy Center, from which we will purchase power for 20 years. The center is the nation's fifth largest solar photovoltaic generation project and the largest on the East Coast. This agreement and our continued investment in wind reinforce our efforts to become even greener in our generation business.

Our power marketing team again made the most of Generation's outstanding performance. The benefit of a hardheaded approach to risk management has never been more evident. Power Team's hedging efforts were instrumental in securing our earnings and cash flow in this most volatile of years. We owe much to Ian McLean, Ken Cornew, Joe Glace and their experienced team for their conservative stewardship.

Our delivery companies kept the lights on and the gas flowing. The death of ComEd's Alex Collazo after an underground contact accident reminds us how dangerous this work is and the importance of safety for our employees and customers. While our outage frequency and customer satisfaction statistics improved, outage duration performance was less impressive, in part because of a difficult summer storm season. In June, PECO faced several days of extraordinary heat and humidity that resulted in the fifth highest electric demand in the company's history. This stretch was immediately followed by a violent storm resulting in outages affecting more than 150,000 customers. Thanks to Denis O'Brien's leadership and the efforts of hundreds of crews, over 82,000 customers were restored within 10 hours. Similarly, in August, ComEd experienced the second largest storm of the past 10 years. High winds, more than 85,000 lightning strikes and numerous tornadoes resulted in 520,000 customers losing power. Yet despite the severity of the storm, ComEd teams restored 87 percent of customers within 24 hours, and 98 percent within 48 hours. Frank Clark, Barry Mitchell and many dedicated employees who labored around the clock deserve enormous credit.

Our delivery companies also made steady financial progress. PECO secured a fair outcome in its first gas delivery rate case since 1989. The Pennsylvania Public Utilities Commission unanimously approved an annual rate increase of $77 million that will help fund both assistance to low-income consumers and $280 million of system investments over the next five years. In September, the Illinois Commerce Commission awarded ComEd a $274 million revenue increase for electric delivery service. The ruling will enable ComEd to continue to underwrite infrastructure improvements and advance efforts to develop Smart Grid technologies. Anne Pramaggiore and her team have begun the long process of restoring ComEd to financial health.

Our finance group, under the leadership of Ian McLean and Matt Hilzinger, again delivered the financial discipline you have come to expect. Following on our $1.25 billion share repurchase in February of 2007, we executed a $500 million share repurchase in accordance with our Value Return policy. We also increased our dividend to $2.10 annualized, reinforcing our belief in the sustainability of our financial and operating performance. We issued or refinanced more than $2.2 billion of long-term debt at very attractive rates. Our decision in 2006 to secure credit facilities of more than $7 billion proved invaluable in a year marked by record commodity prices and the failures and near-failures of numerous lenders and counterparties.

Finally, our Business Services Company continued to provide best-in-class professional services at exceptional value to Exelon's operating companies. Ruth Ann Gillis and her group deserve great credit for their accomplishments, particularly our initiative to reduce energy consumption by 25 percent across our facilities and leading the Electric Utility Industry Sustainable Supply Chain Alliance, which is committed to improving the environmental performance of electric utility suppliers.

SUSTAINABLE ADVANTAGE

Despite the challenges of 2008, we made substantial progress in turning our sustainable value into a sustainable advantage. In July, we unveiled *Exelon 2020: a low-carbon roadmap*. Exelon 2020 is our comprehensive plan to reduce, displace or offset 15 million metric tons of greenhouse gas (GHG) emissions – an amount greater than our current annual carbon footprint – each year by 2020. The principles of the plan are those that I outlined in this space last year: reduce our own GHG emissions, help our customers reduce their GHG emissions, and reduce the overall GHG emissions in the markets in which we operate. This is a goal uniquely possible for us because 80 percent of our output comes from nuclear power. But this is not a plan we concocted to get good PR. It is a resource plan for combating climate change, and a blueprint on how to leverage our current value into a sustainable advantage for years into the future.

In October, we announced our intention to acquire NRG. We have looked at this transaction from many perspectives and under many scenarios. Our analysis shows that the combined company would bring enhanced size, scale and scope, in addition to improved diversity in geography and regulatory environments. It would create a new model for independent generation, one better able to survive the booms and busts in economic and commodity cycles. More importantly, it would create real and immediate value for investors in both Exelon and NRG.

But it will not be easy. The unwillingness of NRG's management to discuss a merger at a reasonable price made it necessary for us to take our offer directly to their shareholders. It is our hope that NRG's management will be willing to discuss a merger and this transaction will become friendlier than it now appears. But if not, we are prepared to take our case to NRG's annual shareholder meeting and take the steps necessary to elect new, independent directors. We believe our proposition is compelling, and the fact that almost 46 percent of NRG's shareholders tendered their shares at the initial January expiration date offers independent corroboration. I am under no illusions about the difficulty of completing a transaction such as this. But we are committed to rigorously pursue all opportunities to grow your value

SUSTAINABLE FUTURE

Undoubtedly, we will face continuing challenges in 2009. With a new administration and many new members of Congress, we believe there will be a serious effort to address climate change. As in all things, however, the devil will be in the details. If the administration works to pass a carefully crafted mandatory national program, either a cap and trade system with a cost containment mechanism or a modest tax, there is reason to believe that we can begin to address climate change without disrupting our industry or the broader economy. If the administration elects to rely solely on subsidies and mandates to promote renewable development, however, customers will likely pay too much for too little benefit. Betsy Moler and her team will have to redouble their efforts to work with policymakers so the resulting legislation accomplishes its stated objectives.

On a separate front, post-mortems of the recent failure of the financial system will undoubtedly lead to calls for closer regulation. Some will seek to dismantle competitive markets in our industry, despite the fact that those markets have undeniably delivered increased operational and economic efficiency. The challenge will be particularly acute in Pennsylvania as we complete the transition to competitive markets. We remain convinced that competition is in the best interest of our shareholders and our customers, and we will be vigilant in our protection of those principles. All of this will unfold against the backdrop of a weakened and uncertain economic outlook, pressuring the costs of our operations and benefits upwards and the demand for our product downwards.

2008 has been a challenging and sobering year. In this space two years ago, I noted my belief that Exelon has "the best platform for confronting an uncertain future." These words are enduring. We have a generation business well positioned to make money in any market and economic environment, stable and improving delivery businesses and the balance sheet and financial discipline to see us through difficult times. The sustainability of these advantages manifested itself in 2008. Your board, my management team and I are committed to preserving and enhancing these advantages to ensure that we protect and grow the value of your investment through an equally uncertain 2009.

Our Vision remains sound, our company remains rock solid and our commitment to you is unwavering.

John W. Rowe
Chairman and Chief Executive Officer
Exelon Corporation
March 6, 2009

Exelon will be the best group of electric generation and [illegible] gas delivery companies in the United States—providing [illegible] value for our customers, employees, investors [illegible] we serve.

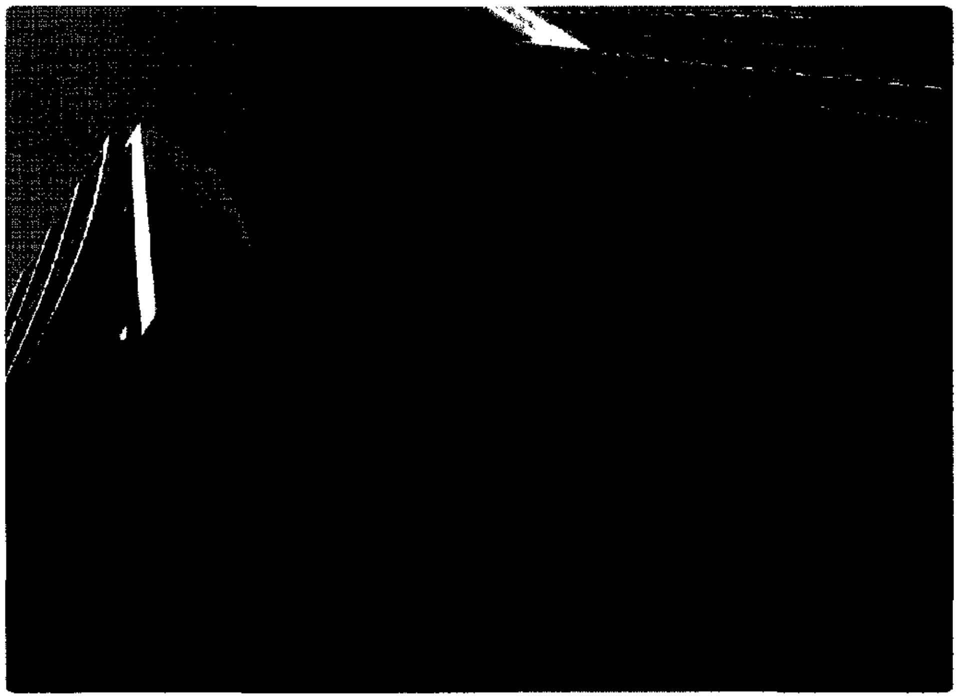
our goals

- Keep the lights on [illegible]
- Run the nuclear [illegible]
- Capitalize on [illegible]
- Create a challenging [illegible]
- Enhance the value of our [illegible]
- Build value [illegible]

our values

Safety—for our employees, [illegible]
Integrity—the highest [illegible]
Diversity—in [illegible]
Respect—trust and [illegible]
Accountability—[illegible]
Continuous [illegible]

Exelon's Chicago headquarters are located in Chase Tower. The [illegible] floors occupied by Exelon represent the world's largest Leadership in Energy and Environmental Design (LEED) Platinum-certified commercial interior space. [illegible] LEED [illegible] Exelon [illegible] environmental [illegible].



ComEd's West Loop station was completed and brought on-line in 2008. The eight-year, $350 million initiative provides Chicago substations with multiple sources of energy supply – substantially reducing the likelihood of a significant loss of power downtown and in the surrounding Chicago neighborhoods.

Our Financial Advantage

Exelon's leadership position in the electric and gas utility industry is made possible by industry-leading financial discipline, cash flow and risk management practices.

With the decline in the price of natural gas, we have seen power prices in the PJM and Electric Reliability Council of Texas (ERCOT) markets fall. Thanks to our hedging strategy and the expertise of Power Team, we are largely insulated from wild swings in gas prices for the next several years.

Exelon has one of the largest, most diverse bank groups in the industry, providing the company with more than $7 billion in liquidity.

The combination of our conservative financial and risk management strategies gives us the strength and flexibility to enhance the value of your company – including through continued investment in our generation, transmission and distribution capabilities and our pursuit of NRG. And we are committed to returning that value to you, as we did in 2008 through our $500 million share repurchase and dividend increase.

Our Operating Advantage

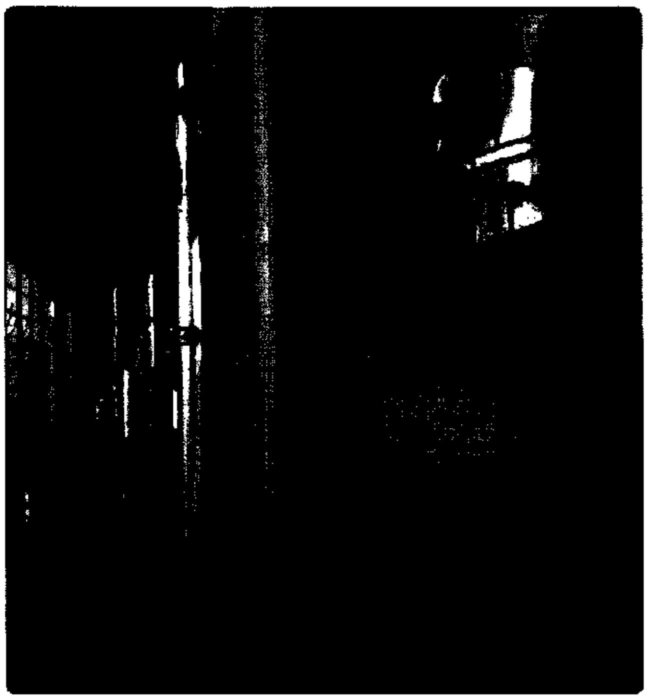
Our superior operating performance allowed us to again keep the lights on and the gas flowing.

In Generation, our well planned and executed outages again led to world class capacity factors. Our employees and contractors completed thousands of painstakingly planned tasks, from small adjustments to valves and pipes to replacement of low pressure turbines and generators to ensure continued safe, efficient, economical power generation.

PECO is making system enhancements to its gas distribution system, such as pipe replacement and using enhanced line-loss detection equipment to decrease methane leakage. PECO's successful rate case will allow for further investment.

ComEd in June 2008, opened a state-of-the-art substation in Chicago's West Loop, an eight year, $350 million project providing Chicago substations multiple sources of supply that substantially reduce the likelihood of a significant loss of power downtown and in Chicago neighborhoods.

Exelon Business Services Company, through our Commercial Operations Group, is migrating to paperless invoicing and payments with our thousands of vendors, taking time and cost out of the system and improving our environmental performance.



Eddystone Generating Station is a four-unit facility located on the Delaware River in Eddystone, Pa. In 2008, Eddystone underwent Exelon Power's largest planned maintenance outage in recent history, completing 3,600 tasks in less than two months.

Fairless Hills Generating Station, located in Bucks County, Pa., opened the Renewable Energy Education Center in 2008. The purpose of the education center is to provide the public – mostly school children – with demonstrations of sustainable technologies for power generation. The center was built to LEED standards and in 2008 was awarded LEED-Silver certification.

Our Environmental Advantage

Each of the Exelon companies is wholly committed to Exelon 2020, our comprehensive approach to climate change.

In Generation, a new service building at the Clinton Power Station and the Renewable Energy Education Center at Fairless Hills are expected to earn LEED-Silver certification from the U.S. Green Building Council in 2009. Generation also has identified the potential for approximately 350 MW of capacity uprates that can reduce annual CO_2 emissions by 2 million metric tons.

ComEd and PECO are working on efforts to reduce the negative impact of sulfur hexafluoride, an environmentally harmful insulating gas used in transformers, by more aggressively detecting leaks and replacing equipment. Our utilities are also incorporating more alternatively-fueled vehicles into their fleets.

Exelon Business Services Company is leading the way in our efforts to green our operations. From our facilities to our data centers and desktop equipment, from our vehicle fleets to publications like this one, we are reducing our own internal energy consumption with higher standards for ourselves and our suppliers.

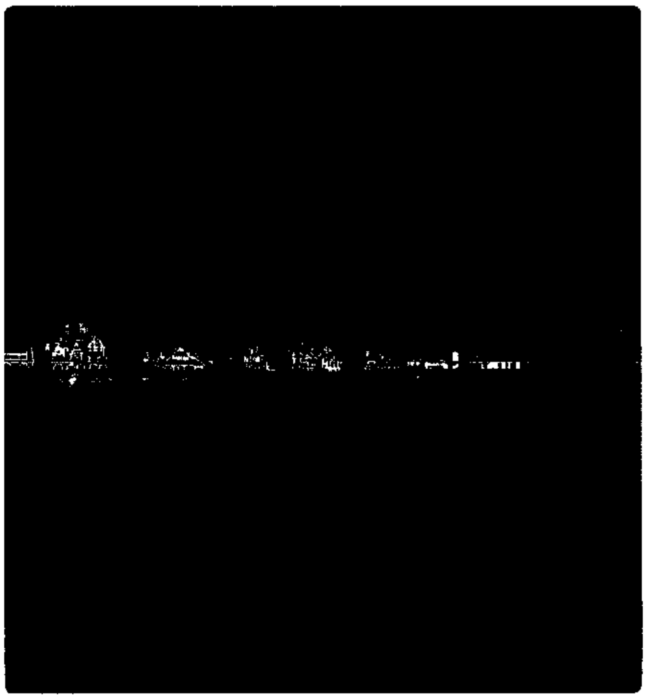
Our Human Advantage

Our people drive the successes of Exelon, both inside and outside the company.

In the fall, Exelon's top executives developed and launched an enhanced diversity and inclusion strategy – a stronger, more measurable approach to ensure that we recognize our similarities and embrace our differences. We have made great strides in our diversity efforts; our continued focus will accelerate our progress.

Providing value to our customers and communities remains a high priority and Generation maintains strong relationships with the communities where our plants are located, lending a hand with funds, services and time. Company-wide, our employees tracked more than 35,000 hours of volunteer time in 2008, earning Exelon the 2008 Corporate Volunteer Program of the Year award from VolunteerMatch.

ComEd and PECO energy efficiency programs have saved customers millions of dollars in energy costs. ComEd's Smart Ideas for Your Home has already helped customers save more than $44 million by recycling more than 5,000 refrigerators, freezers and window air conditioners and purchasing more than 1.8 million compact fluorescent bulbs.



Boathouse Row in Philadelphia is beautifully lit by PECO-provided, energy-efficient LED lights. Another Philadelphia landmark, the Crown Lights of PECO's main office building, went dark on Dec. 31, 2008. The Crown Lights are being replaced with LED lights and will turn back on as part of the city's July 4, 2009, celebration.

Exelon at a Glance

COMED

The Illinois Commerce Commission (ICC) approved a $274 million rate increase effective Sept. 16, 2008. ComEd requested this increase in response to higher costs to modernize and maintain system reliability. The ICC also established a limited Advanced Metering Infrastructure pilot and a workshop process to explore Smart Grid technologies. Implementing new technologies and equipment will dramatically change the nature of service to customers and empower them to make wiser energy choices, which can lead to lower bills and a reduced carbon footprint.

ComEd completed the West Loop Project, the largest Transmission & Distribution project it has ever undertaken. This project improves reliability by expanding the transmission system in Chicago's central business district, transforming it from a radial to a state-of-the-art network system.

Enhanced reliability, consistent service and new business initiatives are paying off. The year-end Customer Satisfaction Index score of 79.2 was 4.4 percent above the 2007 score.

ComEd faced significant storm activity in August, which affected nearly 580,000 customers. ComEd crews restored service to 98 percent of customers within 48 hours.

ComEd expanded its energy efficiency initiatives through a three-year portfolio of programs called Smart Ideas℠. The programs are expected to yield more than $156 million in savings to customers and could result in significantly reduced carbon emissions.

ComEd earned International Standardization Organization (ISO) 14001 certification for its Environmental Management System. This certification, recognized as the gold standard across industries, further solidifies ComEd's commitment to and example of environmental leadership.

ComEd and its nearly 5,600 employees are responsible for maintaining more than 78,000 miles of power lines that make up the electric transmission and distribution systems in northern Illinois. ComEd also provides customer operations for more than 3.8 million customers across the region, or 70 percent of the state's population.

PECO

2008 saw PECO achieve top-decile industry rating in safety, a 17-percent improvement in employee engagement and its highest-ever non-storm reliability rating – all the result of the company's culture of continuous improvement.

PECO in 2008 invested a record $397 million in its capital plan, a 19 percent increase over the year before, to further increase reliability in electric and natural gas systems throughout the region. This included the christening of a $22 million substation serving industrial, business and residential customers in the South Philadelphia area.

PECO built on its community partnerships, donating $500,000 to the African American Museum in Philadelphia, working with Radio Disney to bring electrical safety messages to school children, and building, in a single day with more than 200 PECO volunteers working in torrential downpours, a community playground near Collegeville, Pa., in the name of fallen PECO lineman Michael J. Kaltan.

The company also continued on its quest to become greener by starting construction of a "green roof" at the main office building, building an energy-efficient service building in West Chester, Pa., and forming a partnership with ENERGY STAR®, promoting energy-efficient appliances to its customers. PECO also attained the ISO 14001 certification for its environmental management system, and switched its entire diesel-vehicle fleet over to bio-diesel fuel. All of these initiatives tie in with Exelon's overall efforts to reduce greenhouse gas emissions – Carbon 2020: A Low Carbon Roadmap.

PECO and its approximately 2,400 employees serve nearly 1.6 million electric customers and 485,000 natural gas customers in a combined-service territory of approximately 2,100 square miles. PECO's electric distribution system includes close to 13,000 circuit miles of overhead lines and more than 19,000 cable miles of underground line. PECO's natural gas distribution system includes 29 gate stations and nearly 12,000 miles of pipeline. PECO delivered 83.7 billion cubic feet of natural gas and 39.4 billion kilowatt-hours of electricity in 2008.

EXELON GENERATION

Exelon Nuclear

Exelon Nuclear, the nation's largest operator of commercial nuclear reactors, continued to perform at world-class levels in 2008 as highlighted by its best year ever in safety performance, which included the lowering of the fleet's total industrial safety accident rate by 25 percent. Exelon Nuclear's 10 generating stations and 17 reactors in the Midwest and Mid-Atlantic* regions achieved an average capacity factor of 93.9 percent in 2008, the sixth consecutive year our capacity factor exceeded 93 percent, and produced about 139.9 million megawatt-hours of electricity, enough power to steadily supply approximately 15 million modern U.S. homes.

The fleet also achieved its best overall summer performance on record, achieving a combined 98.6 percent capacity factor, and set new company standards for OSHA Recordable, Industrial Safety and on-line performance during the three-month summer period. The company's 8,500 nuclear professionals also implemented industry best practices to ensure safe, reliable operation throughout the fleet, earning numerous industry awards and recognition for their efforts.

Additionally, the company took full control of the security forces protecting its nuclear facilities – hiring about 1,500 nuclear security employees in 2008; filed its first ever Combined Construction and Operating License application with the U.S. Nuclear Regulatory Commission (NRC) to potentially build and operate a new dual unit nuclear generating facility in Victoria County, Texas; and filed for a 20-year license extension with the NRC for its reactor facility at Three Mile Island Unit 1 in Pennsylvania. Exelon Nuclear expects a decision on the relicensing of the Oyster Creek Station in New Jersey in 2009.

Exelon Power

Exelon Power's fleet of fossil and hydroelectric units in Illinois, Maryland, Massachusetts, Pennsylvania and Texas provided nearly 11 million megawatt hours of reliable generation in 2008. With 105 units at 23 different sites, Exelon Power can provide almost 8,000 megawatts of safe, efficient and environmentally responsible base-load, intermediate and peak power generation. Over the past few years Exelon Power has made great strides in optimizing the performance of its units and maintenance programs while continuing to perform safely to provide the company with the right power, at the right time, and at the right price.

Exelon Power Team

Exelon Power Team is the power marketing division of Exelon. Its role is to manage the risk and maximize the economic value associated with Exelon's electric generating facilities, power purchase agreements, fuel requirements, emission credits, transmission contracts and load obligations. Power Team's wholesale marketing and transaction efforts are focused on the competitive electricity markets in several regions of the United States: the Mid-Atlantic, the Midwest, the Northeast, the Southwest and Texas. Power Team's trade floor and headquarters are located in Kennett Square, Pa.

Exelon Energy markets electricity and natural gas to retail customers in the Midwest. Exelon Energy has offices in Illinois, Ohio and Pennsylvania.

EXELON BUSINESS SERVICES COMPANY

Exelon Business Services Company (EBSC) is a direct, wholly-owned subsidiary of Exelon Corporation that serves as a strategic partner to provide quality products and services at the lowest cost for all Exelon companies. EBSC practice areas include Communications, Corporate Strategy, Finance, Government and Environmental Affairs and Public Policy, Human Resources, Information Technology (IT), Legal and Corporate Governance, Real Estate, Supply, Operational Governance and Quality Control and Commercial Operations such as accounts payable and payroll.

EBSC has approximately 5,200 employees in northern Illinois, Pennsylvania and at virtually every Exelon business location, delivering value by providing cost and operating efficiencies, high-quality service and developing enterprise-wide and organization-specific solutions.

In 2008, EBSC improved its overall performance and service levels, including IT service reliability and client satisfaction. In addition, EBSC helped launch green initiatives in support of Exelon 2020, notably programs to reduce energy consumption by 25 percent across our facilities by the end of 2012 and leadership of the Electric Utility Industry Sustainable Supply Chain Alliance. Importantly, the Diverse Business Enablement program directed $455 million of Exelon's spend on materials and services to minority- and women-owned business enterprises.

*Excluding the Salem Nuclear Generating Station in New Jersey, which is operated by PSEG Nuclear, LLC.

Executive Committee

John W. Rowe
Chairman and
Chief Executive Officer

Frank M. Clark
Chairman and CEO,
ComEd

Christopher M. Crane
President and Chief Operating Officer,
Exelon and Chief Operating Officer
Exelon Generation

Ruth Ann M. Gillis
Executive Vice President,
Exelon and President,
Exelon Business Services Company

Ian P. McLean
Executive Vice President,
Finance and Markets,
Exelon

Elizabeth A. Moler
Executive Vice President
Government and Environmental
Affairs and Public Policy,
Exelon

Denis P. O'Brien
Executive Vice President
Exelon and President and CEO,
PECO

William A. Von Hoene, Jr.
Executive Vice President
and General Counsel,
Exelon

Andrea L. Zopp
Executive Vice President and
Chief Human Resources Officer,
Exelon

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Nelson A. Diaz
Of Counsel,
Cozen O'Connor

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Flying Food Group, LLC

Thomas J. Ridge
Former Secretary,
Department of Homeland Security,
Former Governor of Pennsylvania

M. Walter D'Alessio
Vice Chairman,
NorthMarq Capital, Inc.

Rosemarie B. Greco
Senior Advisor to the
Governor of Pennsylvania,
Health Care Reform

John W. Rogers, Jr.
Ariel Investments, LLC

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and Chief Executive Officer,
Aqua America, Inc.

Paul L. Joskow
President,
Alfred P. Sloan Foundation

Stephen D. Steinour
Chairman, President and
Chief Executive Officer,
Huntington Bancshares Incorporated

Bruce DeMars
Admiral (Retired),
United States Navy

John M. Palms, Ph.D.
Distinguished President Emeritus,
University of South Carolina

Don Thompson
President,
McDonald's USA

Richard W. Mies, Admiral (Retired) United States Navy, joined the Exelon Board February 2009.

Financial Section

In millions, except for per share data	2008	2007	2006	2005	2004
				For the Years Ended December 31,	
Statement of Operations data:					
Operating revenues	$ 18,859	$ 18,916	$ 15,655	$ 15,357	$ 14,133
Operating income	5,299	4,668	3,521	2,724	3,499
Income from continuing operations	$ 2,717	$ 2,726	$ 1,590	$ 951	$ 1,870
Income (loss) from discontinued operations	20	10	2	14	(29)
Income before cumulative effect of changes in accounting principles	2,737	2,736	1,592	965	1,841
Cumulative effect of changes in accounting principles (net of income taxes)	–	–	–	(42)	23
Net income [a]	$ 2,737	$ 2,736	$ 1,592	$ 923	$ 1,864
Earnings per average common share (diluted):					
Income from continuing operations	$ 4.10	$ 4.03	$ 2.35	$ 1.40	$ 2.79
Income (loss) from discontinued operations	0.03	0.02	–	0.02	(0.04)
Cumulative effect of changes in accounting principles (net of income taxes)	–	–	–	(0.06)	0.03
Net income	$ 4.13	$ 4.05	$ 2.35	$ 1.36	$ 2.78
Dividends per common share	$ 2.03	$ 1.76	$ 1.60	$ 1.60	$ 1.26
Average shares of common stock outstanding – diluted	662	676	676	676	669

(a) The changes between 2007 and 2006, 2006 and 2005, and 2005 and 2004 were primarily due to the impact of the goodwill impairment charges of $776 million and $1.2 billion in 2006 and 2005, respectively.

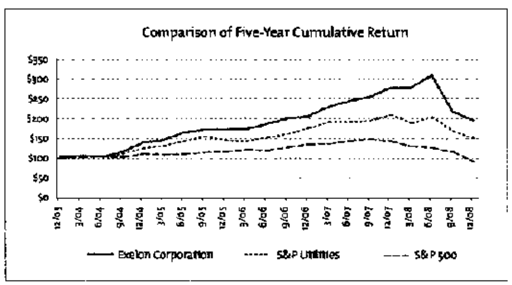
In millions	2008	2007[b]	2006[b]	2005[b]	2004[b]
					December 31,
Balance Sheet data:					
Current assets	$ 5,368	$ 4,580	$ 4,214	$ 3,886	$ 3,578
Property, plant and equipment, net	25,813	24,153	22,775	21,981	21,482
Noncurrent regulatory assets	5,940	5,133	5,808	4,734	5,076
Goodwill [a]	2,625	2,625	2,694	3,475	4,705
Other deferred debits and other assets	8,071	8,870	7,974	7,910	7,748
Total assets	$ 47,817	$ 45,361	$ 43,465	$ 41,986	$ 42,589
Current liabilities	$ 4,080	$ 5,629	$ 4,977	$ 5,839	$ 4,522
Long-term debt, including long-term debt to financing trusts	12,592	11,965	11,911	11,760	12,148
Noncurrent regulatory liabilities	2,520	3,301	3,025	2,518	2,490
Other deferred credits and other liabilities	17,491	14,242	13,458	12,656	13,811
Minority interest	–	–	–	1	42
Preferred securities of subsidiary	87	87	87	87	87
Shareholders' equity	11,047	10,137	10,007	9,125	9,489
Total liabilities and shareholders' equity	$ 47,817	$ 45,361	$ 43,465	$ 41,986	$ 42,589

(a) The changes between 2006 and 2005 and between 2005 and 2004 were primarily due to the impact of the goodwill impairment charge of $776 million and $1.2 billion in 2006 and 2005, respectively.
(b) Exelon and Generation retrospectively reclassified certain assets and liabilities in accordance with FIN 39, "Offsetting of Amounts Related to Certain Contracts", as amended by FSP FIN 39-1, "Amendment of FASB Interpretation No. 39."

The performance graph below illustrates a five year comparison of cumulative total returns based on an initial investment of $100 in Exelon Corporation common stock, as compared with the Standard & Poor's (S&P) 500 Stock Index and the S&P Utility Index for the period 2004 through 2008.

This performance chart assumes:

- $100 invested on December 31, 2003 in Exelon Corporation common stock, in the S&P 500 Stock Index and in the S&P Utility Index; and
- All dividends are reinvested.



	Value of Investment at December 31,					
	2003	2004	2005	2006	2007	2008
Exelon Corporation	$ 100.00	$ 137.35	$ 170.89	$ 204.60	$ 276.34	$ 193.78
S&P 500	100.00	110.84	116.27	134.60	141.98	89.53
S&P Utilities	100.00	124.24	144.88	175.26	209.14	148.69

Results of Operations

(Dollars in millions, except for per share data, unless otherwise noted)	2008	2007	Favorable (Unfavorable) Variance
Operating revenues	$ 18,859	$ 18,916	$ (57)
Operating expenses			
Purchased power and fuel	6,582	7,642	1,060
Operating and maintenance	4,566	4,289	(277)
Depreciation and amortization	1,634	1,520	(114)
Taxes other than income	778	797	19
Total operating expenses	13,560	14,248	688
Operating income	5,299	4,668	631
Other income and deductions			
Interest expense	(699)	(647)	(52)
Interest expense to affiliates, net	(133)	(203)	70
Equity in losses of unconsolidated affiliates	(26)	(106)	80
Other, net	(407)	460	(867)
Total other income and deductions	(1,265)	(496)	(769)
Income from continuing operations before income taxes	4,034	4,172	(138)
Income taxes	1,317	1,446	129
Income from continuing operations	2,717	2,726	(9)
Income from discontinued operations, net of income taxes	20	10	10
Net income	$ 2,737	$ 2,736	$ 1
Diluted earnings per share	$ 4.13	$ 4.05	$ 0.08

Net Income. Exelon's net income for 2008 was consistent compared to 2007. Increases were primarily due to higher average realized margins at Generation, reflecting higher realized prices on market sales; increased revenue from certain long options in Generation's proprietary trading portfolio, net mark-to-market gains on economic hedging activities, the impact of the settlement reached between Generation, ComEd and other generators and utilities in Illinois, and various representatives from the State of Illinois in 2007 (Illinois Settlement), increased transmission and delivery service revenue at ComEd in 2008 resulting from the 2007 transmission and distribution rate cases; the impact of a 2007 loss associated with Generation's tolling agreement with Georgia Power related to the contract with Tenaska; the impact of a decreased charitable contribution to the Exelon Foundation; and gains related to the settlement of claims related to uranium supply agreements. These increases were offset by unrealized and realized losses associated with Generation's nuclear decommissioning trust funds related to the former AmerGen nuclear generating units and its unregulated portions of the Peach Bottom nuclear generating units (Unregulated Units); increased nuclear fuel costs; decreased nuclear output at Generation reflecting increased scheduled refueling outage days in 2008; increased operating and maintenance expense related to the higher number of planned nuclear refueling outages; unfavorable weather conditions in the ComEd and PECO service territories; increased allowance for uncollectible accounts expense at PECO and ComEd as well as the establishment of a reserve related to Generation's accounts receivable from Lehman Brothers Holdings, Inc. (Lehman), labor-related inflation, increased scheduled competitive transition charges (CTC) amortization expense at PECO; impact of a gain realized in 2007 on nuclear decommissioning trust fund investments related to the Unregulated Units primarily associated with changes in Generation's investment strategy; realized nuclear decommissioning trust fund losses related to a tax planning strategy; the impact of the favorable 2007 PJM Interconnection, LLC (PJM) billing settlement with PPL Electric (PPL); the impact of the termination of Generation's power purchase agreement (PPA) with State Line in 2007; and income associated with investments in synthetic fuel-producing facilities in 2007.

Operating Revenues. Operating revenues decreased due to lower nuclear output due to more planned refueling outage days in 2008; unfavorable weather conditions in the ComEd and PECO service territories; the impact of the Illinois Settlement; the reduction in PECO's distribution rates made to refund the Pennsylvania Public Utility Realty Tax Act (PURTA) tax settlement to customers (completely offset by the amortization of the regulatory liability reflected in taxes other than income); and the impact of the termination of Generation's PPA with State Line in 2007. These decreases were partially offset by higher realized prices on market sales at Generation; increased transmission and delivery service revenue at ComEd resulting from the 2007 transmission and distribution rate cases, increased delivery volumes, excluding the effects of weather, at PECO, and increased revenue from certain long options in Generation's proprietary trading portfolio.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased due to net mark-to-market gains on economic hedging activities; favorable settlements reached in 2008 related to uranium supply agreements; unfavorable weather conditions in the ComEd and PECO service territories; and the impact of a 2007 loss associated with Generation's tolling agreement with Georgia Power related to a contract with Tenaska. These decreases were partially offset by increased nuclear fuel costs at Generation; increased transmission expense at PECO; and the impact of the favorable PJM billing dispute settlement with PPL in 2007.

Operating and Maintenance Expense. Operating and maintenance expense increased primarily due to increased allowance for uncollectible accounts expense at PECO and ComEd as well as the establishment of a reserve related to Generation's accounts receivable from Lehman, discrete disallowances, net of allowed regulatory assets, mandated by the September 2008 Illinois Commerce Commission (ICC) order in ComEd's 2007 delivery service rate case, labor-related inflation; increased expenses related to a higher number of planned nuclear refueling outages, including planned nuclear refueling outage costs at Salem Generating Station; and decreased nuclear insurance credits accrued by Generation in 2008. These increases are partially offset by a decrease in costs associated with the evaluation and development of a new nuclear generating facility in Texas, decreased charitable contributions to the Exelon Foundation; and decreased stock-based compensation costs.

Depreciation and Amortization Expense. Depreciation and amortization expense increased primarily due to increased scheduled CTC amortization expense at PECO and higher plant balances due to additional plant placed in service across Exelon.

Taxes Other Than Income. Taxes other than income decreased primarily due to an Illinois distribution tax refund received in 2008 and the amortization of the regulatory liability recorded in connection with the 2007 PURTA settlement, which began in January 2008 and is offset by lower revenues due to a reduction in the distribution rates to refund the PURTA taxes to customers. These factors are partially offset by the impact of increased property taxes and payroll taxes.

Other Income and Deductions. The change in other income and deductions primarily reflects unrealized and realized losses on Generation's nuclear decommissioning trust fund investments of its Unregulated Units; the impact of the 2007 gain from sale of Generation's investment in Termoeléctrica del Golfo and Termoeléctrica Peñoles; and the income associated with investments in synthetic fuel-producing facilities that ceased operations at the end of 2007.

Effective Income Tax Rate. The effective income tax rate was 32.6% for 2008 compared to 34.7% for 2007. The 2008 rate decreased, as compared with 2007, primarily due to the impact of higher marginal tax rates applicable to realized and unrealized losses in the nuclear decommissioning trust funds recorded at Generation, partially offset by the expiration of synthetic fuel tax credits under Internal Revenue Code Section 45K on December 31, 2007.

Discontinued Operations. Income from discontinued operations related to expiration of tax indemnifications in connection to a prior investment in Sithe Energies, Inc.

Results of Operations by Business Segment

The comparisons of 2008 and 2007 operating results and other statistical information set forth below include intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Net Income (Loss) from Continuing Operations by Business Segment

	2008	2007	Favorable (Unfavorable) Variance
Generation	$ 2,258	$ 2,025	$ 233
ComEd	201	165	36
PECO	325	507	(182)
Other [a]	(67)	29	(96)
Total	$ 2,717	$ 2,726	$ (9)

(a) Other primarily includes corporate operations, Exelon Business Service Company, LLC (BSC), investments in synthetic fuel-producing facilities and intersegment eliminations.

Net Income (Loss) by Business Segment

	2008	2007	Favorable (Unfavorable) Variance
Generation	$ 2,278	$ 2,029	$ 249
ComEd	201	165	36
PECO	325	507	(182)
Other [a]	(67)	35	(102)
Total	$ 2,737	$ 2,736	$ 1

(a) Other primarily includes corporate operations, BSC, investments in synthetic fuel-producing facilities and intersegment eliminations.

Results of Operations – Generation

(Dollars in millions)	2008	2007	Favorable (Unfavorable) Variance
Operating revenues	$ 10,754	$ 10,749	$ 5
Operating expenses			
Purchased power and fuel	3,572	4,451	879
Operating and maintenance	2,717	2,454	(263)
Depreciation and amortization	274	267	(7)
Taxes other than income	197	185	(12)
Total operating expenses	6,760	7,357	597
Operating income	3,994	3,392	602
Other income and deductions			
Interest expense	(136)	(161)	25
Equity in losses of unconsolidated affiliates	(1)	1	(2)
Other, net	(469)	155	(624)
Total other income and deductions	(606)	(5)	(601)
Income from continuing operations before income taxes	3,388	3,387	1
Income taxes	1,130	1,362	232
Income from continuing operations	2,258	2,025	233
Discontinued operations			
Gain on disposal of discontinued operations	20	4	16
Income from discontinued operations	20	4	16
Net income	$ 2,278	$ 2,029	$ 249

Generation's net income increased primarily due to higher operating revenues, net of purchased power and fuel expense, partially offset by higher operating and maintenance expenses and unrealized and realized losses in 2008 and realized gains in 2007 related to nuclear decommissioning trust funds associated with the Unregulated Units. Higher net operating revenues, net of purchased power and fuel expense, reflected higher average realized margins, higher net mark-to-market gains on economic hedging activities, lower costs incurred in conjunction with the Illinois Settlement, a 2007 loss associated with the tolling agreement with Georgia Power related to the contract with Tenaska, increased revenue from certain long options in the proprietary trading portfolio and gains related to the settlement of uranium supply agreements in 2008, partially offset by increased nuclear fuel costs, lower nuclear output reflecting a higher number of scheduled refueling and non-refueling outage days, the gain on the termination of the State Line PPA in 2007, a favorable PJM billing settlement with PPL in 2007 and impairments of stored oil and gas inventory in 2008. Higher operating and maintenance expenses included increased wages, salaries and benefits (excluding stock-based compensation), nuclear refueling outage costs associated with a higher number of planned refueling outages, higher costs associated with nuclear decommissioning-related activities and the establishment of a reserve related to counterparty exposure to Lehman, partially offset by decreases in contractor expenses, stock-based compensation and costs associated with the possible construction of a nuclear power plant in Texas. Additional offsets to increased net income in 2008 included decommissioning trust fund activity associated with the Unregulated Units which reflected unrealized losses in 2008, realized losses related to a tax planning strategy in 2008 and the impact of realized gains in 2007 associated with changes in Generation's investment strategy.

Results of Operations – ComEd

(Dollars in millions)	2008	2007	Favorable (Unfavorable) Variance
Operating revenues	$ 6,136	$ 6,104	$ 32
Purchased power expense	3,582	3,747	165
Revenue net of purchased power expense	2,554	2,357	197
Other operating expenses			
Operating and maintenance	1,125	1,091	(34)
Depreciation and amortization	464	440	(24)
Taxes other than income	298	314	16
Total other operating expenses	1,887	1,845	(42)
Operating income	667	512	155
Other income and deductions			
Interest expense, net	(348)	(318)	(30)
Equity in losses of unconsolidated affiliates	(8)	(7)	(1)
Other, net	18	58	(40)
Total other income and deductions	(338)	(267)	(71)
Income before income taxes	329	245	84
Income taxes	128	80	(48)
Net income (loss)	$ 201	$ 165	$ 36

ComEd's net income for 2008 compared to 2007 reflected higher revenue net of purchased power expense, primarily driven by higher transmission rates effective May 1, 2007 and June 1, 2008 and higher distribution rates effective September 16, 2008. In 2008, ComEd received a refund of Illinois Distribution Tax that also contributed to the increase in net income. These increases were partially offset by unfavorable weather; higher operating and maintenance expense, principally driven by disallowances arising from the 2007 Rate Case order, higher storm costs and an increase in the allowance for uncollectible accounts expense, higher depreciation and amortization expense; and higher interest expense.

Results of Operations – PECO

(Dollars in millions)	2008	2007	Favorable (Unfavorable) Variance
Operating revenues	$ 5,567	$ 5,613	$ (46)
Purchased power expense and fuel expense	3,018	2,983	(35)
Revenue net of purchased power expense and fuel expense	2,549	2,630	(81)
Other operating expenses			
Operating and maintenance	731	630	(101)
Depreciation and amortization	854	773	(81)
Taxes other than income	265	280	15
Total other operating expenses	1,850	1,683	(167)
Operating income	699	947	(248)
Other income and deductions			
Interest expense, net	(226)	(248)	22
Equity in losses of unconsolidated affiliates	(16)	(7)	(9)
Other, net	18	45	(27)
Total other income and deductions	(224)	(210)	(14)
Income before income taxes	475	737	(262)
Income taxes	150	230	80
Net income	325	507	(182)
Preferred stock dividends	4	4	–
Net income on common stock	$ 321	$ 503	$ (182)

PECO's net income for 2008 compared to 2007 decreased due to lower operating revenues net of purchased power and fuel expense, reflecting unfavorable weather conditions, as well as higher operating and maintenance expenses primarily driven by an increase in the allowance for uncollectible accounts expense and increased scheduled CTC amortization, which was in accordance with the 1998 restructuring settlement mandated by the Competition Act, partially offset by the decrease in interest expense due to *lower long-term debt balances owed to PECO Energy Transition Trust*.

Consolidated Statements of Operations

Exelon Corporation and Subsidiary Companies

(In millions, except for per share data)	For the Years Ended December 31, 2008	2007	2006
Operating revenues	$ 18,859	$ 18,916	$ 15,655
Operating expenses			
Purchased power	4,270	5,282	2,683
Fuel	2,312	2,360	2,549
Operating and maintenance	4,566	4,289	3,868
Impairment of goodwill	–	–	776
Depreciation and amortization	1,634	1,520	1,487
Taxes other than income	778	797	771
Total operating expenses	13,560	14,248	12,134
Operating income	5,299	4,668	3,521
Other income and deductions			
Interest expense	(699)	(647)	(616)
Interest expense to affiliates, net	(133)	(203)	(264)
Equity in losses of unconsolidated affiliates	(26)	(106)	(111)
Other, net	(407)	460	266
Total other income and deductions	(1,265)	(496)	(725)
Income from continuing operations before income taxes	4,034	4,172	2,796
Income taxes	1,317	1,446	1,206
Income from continuing operations	2,717	2,726	1,590
Discontinued operations			
Income (loss) from discontinued operations (net of taxes of $1, $3 and $0, respectively)	(1)	6	(2)
Gain on disposal of discontinued operations (net of taxes of $14, $2 and $2, respectively)	21	4	4
Income from discontinued operations	20	10	2
Net income	$ 2,737	$ 2,736	$ 1,592

Consolidated Statements of Operations

Exelon Corporation and Subsidiary Companies

(in millions, except for per share data)	For the Years Ended December 31, 2008	2007	2006
Average shares of common stock outstanding			
Basic	658	670	670
Diluted	662	676	676
Earnings per average common share – basic:			
Income from continuing operations	$ 4.13	$ 4.06	$ 2.37
Income from discontinued operations	0.03	0.02	–
Net income	$ 4.16	$ 4.08	$ 2.37
Earnings per average common share – diluted:			
Income from continuing operations	$ 4.10	$ 4.03	$ 2.35
Income from discontinued operations	0.03	0.02	–
Net income	$ 4.13	$ 4.05	$ 2.35
Dividends per common share	$ 2.03	$ 1.76	$ 1.60

The information in the Consolidated Statements of Operations shown above is a replication of the information in the Consolidated Statements of Operations in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 197 through 367 of Exelon's 2008 Form 10-K filed with the Securities and Exchange Commission (SEC). See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 77 through 160 of Exelon's 2008 Form 10-K filed with the SEC.

Consolidated Statements of Cash Flows

Exelon Corporation and Subsidiary Companies

(in millions)	For the Years Ended December 31, 2008	2007	2006
Cash flows from operating activities			
Net income	$ 2,737	$ 2,736	$ 1,592
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion, including nuclear fuel	2,308	2,183	2,132
Impairment charges	–	–	894
Deferred income taxes and amortization of investment tax credits	374	(104)	73
Net realized and unrealized mark-to-market transactions	(515)	102	(83)
Other non-cash operating activities	1,233	664	197
Changes in assets and liabilities:			
Accounts receivable	67	(585)	(62)
Inventories	(109)	9	(59)
Accounts payable, accrued expenses and other current liabilities	136	330	67
Counterparty collateral asset	670	(246)	259
Counterparty collateral liability	357	(270)	172
Income taxes	(38)	160	69
Restricted cash	14	(15)	–
Pension and non-pension postretirement benefit contributions	(230)	(204)	(180)
Other assets and liabilities	(453)	(264)	(236)
Net cash flows provided by operating activities	6,551	4,496	4,835
Cash flows from investing activities			
Capital expenditures	(3,117)	(2,674)	(2,418)
Proceeds from nuclear decommissioning trust fund sales	17,202	7,312	4,793
Investment in nuclear decommissioning trust funds	(17,487)	(7,527)	(5,081)
Proceeds from sales of investments	–	95	2
Change in restricted cash	29	(45)	(9)
Other investing activities	(5)	(70)	(49)
Net cash flows used in investing activities	(3,378)	(2,909)	(2,762)

Consolidated Statements of Cash Flows
Exelon Corporation and Subsidiary Companies

(in millions)	For the Years Ended December 31, 2008	2007	2006
Cash flows from financing activities			
Issuance of long-term debt	1,265	1,621	1,370
Retirement of long-term debt	(1,398)	(262)	(402)
Retirement of long-term debt to financing affiliates	(1,038)	(1,020)	(910)
Retirement of short-term debt	–	–	(300)
Change in short-term debt	(405)	311	(685)
Dividends paid on common stock	(1,335)	(1,180)	(1,070)
Proceeds from employee stock plans	130	215	184
Purchase of treasury stock	(436)	(1,208)	(185)
Purchase of forward contract in relation to certain treasury stock	(64)	(79)	–
Other financing activities	68	102	11
Net cash flows used in financing activities	(3,213)	(1,500)	(1,989)
Increase (decrease) in cash and cash equivalents	960	87	84
Cash and cash equivalents at beginning of period	311	224	140
Cash and cash equivalents at end of period	$ 1,271	$ 311	$ 224

The information in the Consolidated Statements of Cash Flows shown above is a replication of the information in the Consolidated Statements of Cash Flows in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 139 through 363 of Exelon's 2008 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 77 through 160 of Exelon's 2008 Form 10-K filed with the SEC.

Consolidated Statements of Balance Sheets
Exelon Corporation and Subsidiary Companies

(in millions)	December 31, 2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 1,271	$ 311
Restricted cash and investments	75	118
Accounts receivable, net		
Customer	1,928	2,041
Other	324	611
Mark-to-market derivative assets	410	247
Inventories, net, at average cost		
Fossil fuel	315	252
Materials and supplies	528	471
Deferred income taxes	–	102
Other	517	427
Total current assets	5,368	4,580
Property, plant and equipment, net	25,813	24,153
Deferred debits and other assets		
Regulatory assets	5,940	5,133
Nuclear decommissioning trust funds	5,500	6,823
Investments	670	668
Investments in affiliates	45	63
Goodwill	2,625	2,625
Mark-to-market derivative assets	507	55
Other	1,349	1,261
Total deferred debits and other assets	16,636	16,628
Total assets	$ 47,817	$ 45,361

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 139 through 363 of Exelon's 2008 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 77 through 160 of Exelon's 2008 Form 10-K filed with the SEC.

Consolidated Statements of Balance Sheets

Exelon Corporation and Subsidiary Companies

(In millions)	December 31, 2008	December 31, 2007
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings	$ 211	$ 616
Long-term debt due within one year	29	605
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transition Trust due within one year	319	501
Accounts payable	1,416	1,450
Mark-to-market derivative liabilities	214	234
Accrued expenses	1,151	1,240
Other	740	983
Total current liabilities	4,080	5,629
Long-term debt	11,397	9,915
Long-term debt due to ComEd Transitional Funding Trust and PECO Energy Transition Trust	805	1,505
Long-term debt to other financing trusts	390	545
Deferred credits and other liabilities		
Deferred income taxes and unamortized tax credits	4,939	5,081
Asset retirement obligations	3,734	3,812
Pension obligations	4,111	777
Non-pension postretirement benefits obligations	2,255	1,717
Spent nuclear fuel obligation	1,015	997
Regulatory liabilities	2,520	3,301
Mark-to-market derivative liabilities	24	298
Other	1,413	1,560
Total deferred credits and other liabilities	20,011	17,543
Total liabilities	36,683	35,137
Commitments and contingencies		
Preferred securities of subsidiary	87	87
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 658 and 661 shares outstanding at December 31, 2008 and 2007, respectively)	8,816	8,579
Treasury stock, at cost (35 and 28 shares held at December 31, 2008 and 2007, respectively)	(2,338)	(1,838)
Retained earnings	6,820	4,930
Accumulated other comprehensive loss, net	(2,251)	(1,534)
Total shareholders' equity	11,047	10,137
Total liabilities and shareholders' equity	$ 47,817	$45,361

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages [illegible] through [illegible] of Exelon's 2008 Form 10-K filed with the SEC. See also Management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages [illegible] through [illegible] of Exelon's 2008 Form 10-K filed with the SEC.

Consolidated Statements of Changes in Shareholders' Equity

Exelon Corporation and Subsidiary Companies

(Dollars in millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2005	675,809	$ 7,987	$ (444)	$ 3,206	$ (1,624)	$ 9,125
Net income	–	–	–	1,592	–	1,592
Long-term incentive plan activity	6,385	313	–	–	–	313
Employee stock purchase plan issuances	280	14	–	–	–	14
Common stock purchases	–	–	(186)	–	–	(186)
Common stock dividends declared	–	–	–	(1,372)	–	(1,372)
Adjustment to initially apply Statement of Financial Accounting Standards No. 158 (SFAS No. 158), net of income taxes of $804	–	–	–	–	(1,268)	(1,268)
Other comprehensive income, net of income taxes of $1,179	–	–	–	–	1,789	1,789
Balance, December 31, 2006	682,474	8,314	(630)	3,426	(1,103)	10,007
Net income	–	–	–	2,736	–	2,736
Long-term incentive plan activity	6,455	328	–	–	–	328
Employee stock purchase plan issuances	254	16	–	–	–	16
Common stock purchases	–	(79)	(1,208)	–	–	(1,287)
Common stock dividends declared	–	–	–	(1,219)	–	(1,219)
Adoption of Financial Accounting Standards Board Interpretation No. 48 (FIN 48)	–	–	–	(13)	–	(13)
Other comprehensive income, net of income taxes of $(290)	–	–	–	–	(431)	(431)
Balance, December 31, 2007	689,183	8,579	(1,838)	4,930	(1,534)	10,137
Net income	–	–	–	2,737	–	2,737
Long-term incentive plan activity	3,452	217	–	–	–	217
Employee stock purchase plan issuances	318	19	–	–	–	19
Common stock purchases	–	1	(500)	–	–	(499)
Common stock dividends declared	–	–	–	(1,007)	–	(1,007)
Adoption of Financial Accounting Standards Board No. 159 (FAS No. 159), net of income taxes of $286	–	–	–	160	(160)	–
Other comprehensive loss, net of income taxes of $(354)	–	–	–	–	(557)	(557)
Balance, December 31, 2008	692,953	$ 8,816	$ (2,338)	$ 6,820	$ (2,251)	$ 11,047

The information in the Consolidated Statements of Changes in Shareholders' Equity shown above is a replication of the information in the Consolidated Statements of Changes in Shareholders' Equity in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages [illegible] through [illegible] of Exelon's 2008 Form 10-K filed with the SEC. See also Management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages [illegible] through [illegible] of Exelon's 2008 Form 10-K filed with the SEC.

Consolidated Statements of Comprehensive Income

Exelon Corporation and Subsidiary Companies

(In millions)	For the Years Ended December 31, 2008	2007	2006
Net income	$ 2,737	$ 2,736	$ 1,592
Other comprehensive income (loss)			
Pension and non-pension postretirement benefit plans:			
Prior service (benefit) reclassified to periodic benefit cost, net of income taxes of $(6), $(4), $0	(9)	(9)	–
Actuarial loss reclassified to periodic cost, net of income taxes of $52, $57, $0	80	74	–
Transition obligation reclassified to periodic cost, net of income taxes of $2, $2, $0	3	3	–
Pension and non-pension postretirement benefit plans valuation, net of income taxes of $(959), $1, $0	(1,459)	19	–
Minimum pension liability, net of income taxes of $0, $0, and $674, respectively	–	–	1,138
Net unrealized (loss) gain on cash-flow hedges, net of income taxes of $563, $(345) and $368, respectively	855	(513)	559
Unrealized (loss) gain on marketable securities, net of income taxes of $(6), $(6), and $437, respectively	(7)	(5)	92
Other comprehensive (loss) income	(557)	(431)	1,789
Comprehensive income	$ 2,180	$ 2,305	$ 3,381

The information in the Consolidated Statements of Comprehensive Income shown above is a replication of the information in the Consolidated Statements of Comprehensive Income in Exelon's 2008 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 119 through 367 of Exelon's 2008 Form 10-K filed with the SEC. See also management's discussion and analysis of financial condition and results of operation, which includes a discussion of critical accounting policies and estimates, on pages 57 through 160 of Exelon's 2008 Form 10-K filed with the SEC.

Management's Report on Internal Control Over Financial Reporting

The management of Exelon Corporation (Exelon) is responsible for establishing and maintaining adequate internal control over financial reporting. Exelon's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Exelon's management conducted an assessment of the effectiveness of Exelon's internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, Exelon's management concluded that, as of December 31, 2008, Exelon's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2008, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report.

February 6, 2009

Information Derived from 2008 Form 10-K

We have presented a condensed discussion of financial results, excerpts from our consolidated financial statements and a copy of our *Management's Report on Internal Control Over Financial Reporting* in this summary annual report. A complete discussion of our financial results and our complete consolidated financial statements, including notes, appears on pages 77 through 367 of our Form 10-K annual report for the year ended December 31, 2008. That annual report was filed with the Securities and Exchange Commission on February 6, 2009 and can be viewed and retrieved through the Commission's web site at www.sec.gov or our web site at *www.exeloncorp.com*.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, issued a report dated February 6, 2009 on their integrated audit of our consolidated financial statements and our internal controls over financial reporting. In their report they expressed an unqualified opinion that those consolidated financial statements present fairly, in all material respects, the financial position of Exelon Corporation and its subsidiaries at December 31, 2008 and 2007 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. They also expressed an unqualified opinion that Exelon's assessment, included in Management's Report on Internal Controls Over Financial Reporting, that Exelon maintained effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by COSO, is fairly stated, in all material respects. Furthermore, they expressed an unqualified opinion that Exelon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the COSO. The full text of PricewaterhouseCoopers LLP's report can be found on page 183 of our 2008 Form 10-K.

Certifications

The CEO of Exelon has made the required annual certifications for 2008 to the New York Stock Exchange and the Philadelphia Stock Exchange that Exelon is in compliance with the listing standards of those exchanges. The CEO and CFO have filed with the SEC all required certifications under section 302 of the Sarbanes-Oxley Act of 2002. These certifications are filed as Exhibits 31-1 and 31-2 to Exelon's 2008 Form 10-K.

CORPORATE PROFILE

[illegible]

Corporate Headquarters
[illegible]

Shareholder Services
[illegible]

Employee Plan Services
[illegible]

Investor Relations Voice Mailbox
[illegible]

Independent Public Accountants
[illegible]

Website
[illegible]

Stock Ticker
[illegible]

Shareholder Inquiries
[illegible]

[illegible]

100% of the paper utilized for the printing of this report is Forest Stewardship Council certified, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. All the paper utilized in the production of this annual report is manufactured by Mohawk Paper and the FSC certified portion of the paper contains 30% pulp derived from post-consumer recycled fiber. The paper for this report was manufactured entirely with wind-generated electricity. Mohawk has provided the calculations below based on use of 69,000 pounds of Mohawk Options paper.

The savings derived from using this paper in lieu of virgin fiber paper is equivalent to:

124 trees preserved for the future	357 lbs waterborne waste not created	52,545 gallons wastewater flow saved	5,814 lbs. solid waste not generated	11,447 lbs. net greenhouse gases prevented	87,618,000 BTUs energy not consumed

The savings derived from choosing a paper manufactured using wind-generated electricity

19,370 lbs. air emissions not generated	21 barrels crude oil unused

This amount of wind generated electricity is equivalent to:

2 cars off the road for one year	1,318 trees planted

FSC Mixed Sources

Exelon Corporation
P.O. Box 805398
Chicago, IL 60680-5398
www.exeloncorp.com

Exelon.

Exhibit C-2 "SEC Filings"
Exelon Energy Company

Exelon Energy Company does not file 8-Ks or 10-Ks as a stand-alone company. Exelon Energy Company's ultimate parent, Exelon Corporation, files with the SEC. Enclosed are the most recent Exelon Corporation 10-K dated February 5, 2010 and the two most recent 8-Ks filed by Exelon Corporation. All SEC filings can be found at: www.exeloncorp.com under the "Investor Relations" section of the website.

FORM 10-K

EXELON CORP - EXC

Filed: February 05, 2010 (period: December 31, 2009)

Annual report which provides a comprehensive overview of the company for the past year

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2009

OR

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

Commission File Number	Exact Name of Registrant as Specified in its Charter; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	**EXELON CORPORATION** (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	**EXELON GENERATION COMPANY, LLC** (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	**COMMONWEALTH EDISON COMPANY** (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	**PECO ENERGY COMPANY** (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
EXELON CORPORATION:	
Common Stock, without par value	New York and Chicago
PECO ENERGY COMPANY:	
Cumulative Preferred Stock, without par value: $4.68 Series, $4.40 Series, $4.30 Series and $3.80 Series	New York
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	New York

Securities registered pursuant to Section 12(g) of the Act:

COMMONWEALTH EDISON COMPANY:

Common Stock Purchase Warrants, 1971 Warrants and Series B Warrants

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Exelon Corporation	Yes ☒	No ☐
Exelon Generation Company, LLC	Yes ☒	No ☐
Commonwealth Edison Company	Yes ☒	No ☐
PECO Energy Company	Yes ☒	No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Exelon Corporation	Yes ☐	No ☒
Exelon Generation Company, LLC	Yes ☐	No ☒
Commonwealth Edison Company	Yes ☐	No ☒
PECO Energy Company	Yes ☐	No ☒

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	✓			
Exelon Generation Company, LLC			✓	
Commonwealth Edison Company			✓	
PECO Energy Company			✓	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Exelon Corporation	Yes ☐	No ☒
Exelon Generation Company, LLC	Yes ☐	No ☒
Commonwealth Edison Company	Yes ☐	No ☒
PECO Energy Company	Yes ☐	No ☒

The estimated aggregate market value of the voting and non-voting common equity held by nonaffiliates of each registrant as of June 30, 2009, was as follows:

Exelon Corporation Common Stock, without par value	$ 33,730,940,743
Exelon Generation Company, LLC	Not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	No established market
PECO Energy Company Common Stock, without par value	None

The number of shares outstanding of each registrant's common stock as of January 29, 2010 was as follows:

Exelon Corporation Common Stock, without par value	659,895,066
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,519
PECO Energy Company Common Stock, without par value	170,478,507

Documents Incorporated by Reference

Portions of the Exelon Proxy Statement for the 2010 Annual Meeting of Shareholders are incorporated by reference in Part III.

TABLE OF CONTENTS

Table of Contents

Table of Contents

GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities	
Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon's holding company
Exelon Transmission Company	Exelon Transmission Company, LLC
Enterprises	Exelon Enterprises Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
ComEd Funding	ComEd Funding LLC
CTFT	ComEd Transitional Funding Trust
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, and PECO, collectively

Other Terms and Abbreviations	
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARRA of 2009	American Recovery and Reinvestment Act of 2009
ASLB	Atomic Safety Licensing Board
Block Contracts	Forward Purchase Energy Block Contracts
CAIR	Clear Air Interstate Rule
CAMR	Federal Clear Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CTC	Competitive Transition Charge
DOE	U.S. Department of Energy
DOJ	United States Department of Justice
DSP Program	Default Service Provider Program
EPA	Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FTC	Federal Trade Commission

Table of Contents

GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GWh	Gigawatt Hour
HB 80	Pennsylvania House Bill No. 80
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
IFRS	International Financial Reporting Standards
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MGP	Manufactured Gas Plant
MISO	Midwest Independent Transmission System Operator, Inc.
Moody's	Moody's Investor Service
mmcf	Million Cubic Feet
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NJDEP	New Jersey Department of Environmental Protection
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
PPA	Power Purchase Agreement
PCCA	Pennsylvania Climate Change Act
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PUHCA	Public Utility Holding Company Act of 1935
PURTA	Pennsylvania Public Realty Tax Act
RCRA	Resource Conservation and Recovery Act

[Table of Contents](#)

REC	Renewable Energy Credit
RFP	Request for Proposal
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
SECA	Seams Elimination Charge/Cost Adjustments/Assignment
SERP	Supplemental Employee Retirement Plan
SFC	Supplier Forward Contract
SILO	Sale-In, Lease-Out
SNF	Spent Nuclear Fuel
SSCM	Simplified Service Cost Method
TEG	Termoelectrica del Golfo
TEP	Termoelectrica Penoles
VIE	Variable Interest Entity

FILING FORMAT

This combined Form 10-K is being filed separately by Exelon, Generation, ComEd and PECO. Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this Report are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by a Registrant include those factors discussed herein, including those factors with respect to such Registrant discussed in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operation, (c) ITEM 8. Financial Statements and Supplementary Data: Note 18 and (d) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that a Registrant files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the web site maintained by the SEC at *www.sec.gov* and Exelon's website at *www.exeloncorp.com*. Information contained on Exelon's website shall not be deemed incorporated into, or to be a part of, this Report.

The Exelon corporate governance guidelines and the charters of the standing committees of its Board of Directors, together with the Exelon Code of Business Conduct and additional information regarding Exelon's corporate governance, are available on Exelon's website at *www.exeloncorp.com* and will be made available, without charge, in print to any shareholder who requests such documents from Bruce G. Wilson, Senior Vice President, Deputy General Counsel, and Corporate Secretary, Exelon Corporation, P.O. Box 805398, Chicago, Illinois 60680-5398.

PART I

ITEM 1. BUSINESS

General

Exelon, a utility services holding company, operates through its principal subsidiaries—Generation, ComEd and PECO—as described below, each of which is treated as an operating segment by Exelon. See Note 20 of the Combined Notes to Consolidated Financial Statements for additional segment information.

Exelon was incorporated in Pennsylvania in February 1999. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation

Generation's business consists of its owned and contracted electric generating facilities, its wholesale energy marketing operations and its competitive retail supply operations.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

ComEd

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

Generation

Generation is one of the largest competitive electric generation companies in the United States, as measured by owned and controlled MW. Generation combines its large generation fleet with an experienced wholesale energy marketing operation and a competitive retail supply operation.

Generation's presence in well-developed wholesale energy markets, integrated hedging strategy that mitigates the adverse impact of short-term market volatility, and low-cost nuclear generating fleet that is operated consistently at high capacity factors position it well to succeed in competitive energy markets.

At December 31, 2009, Generation owned generation assets with an aggregate net capacity of 24,850 MW, including 17,009 MW of nuclear capacity. Generation controlled another 6,153 MW of capacity through long-term contracts.

Generation's wholesale marketing unit, Power Team, a major wholesale marketer of energy, draws upon Generation's energy generation portfolio and logistical expertise to ensure delivery of energy to Generation's wholesale customers under long-term and short-term contracts, including a full requirements PPA with PECO, which expires on December 31, 2010, and procurement contracts with ComEd and PECO covering a portion of their current and future electricity requirements. In addition, Power Team markets energy in the wholesale, bilateral and spot markets.

Generation's retail business provides retail electric and gas services as an unregulated retail energy supplier in Illinois, Pennsylvania, Michigan and Ohio. Generation's retail business is dependent upon continued deregulation of retail electric and gas markets and Generation's ability to obtain supplies of electricity and gas at competitive prices in the wholesale market.

Generation is a public utility under the Federal Power Act, which gives the FERC exclusive ratemaking jurisdiction over wholesale sales of electricity and the transmission of electricity in interstate commerce. Under the Federal Power Act, FERC has the authority to grant or deny market-based rates for sales of energy, capacity and ancillary services to ensure that such sales are just and reasonable. The FERC's jurisdiction over ratemaking also includes the authority to suspend the market-based rates of the utilities and set cost-based rates should the FERC find the market-based rates are not just and reasonable. Pursuant to the Federal Power Act, all public utilities subject to FERC's jurisdiction are required to file rate schedules with FERC with respect to wholesale sales and transmission of electricity. Open-Access Transmission tariffs established under FERC regulation give Generation transmission access that enables Generation to participate in competitive wholesale markets. Matters subject to FERC jurisdiction include, but are not limited to, third-party financings, review of mergers, dispositions of jurisdictional facilities and acquisitions of securities of another public utility or an existing operational generating facility; affiliate transactions; intercompany financings and cash management arrangements; certain internal corporate reorganizations; and certain holding company acquisitions of public utility and holding company securities and matters. Specific operations of Generation are also subject to the jurisdiction of various other Federal, state, regional and local agencies, including the NRC. Additionally, Generation is subject to mandatory reliability standards promulgated by the NERC, with the approval of the FERC. The promulgation of these standards has created the risk of fines and penalties being imposed by NERC and/or FERC for noncompliance. Exelon has a company-wide NERC Reliability Standards Compliance Program, which includes an employee training program, independent audits, and self assessments.

For a number of years, RTOs, such as PJM, have been formed in a number of regions to provide transmission service across multiple transmission systems. To date, PJM, the MISO, ISO-NE and Southwest Power Pool, have been approved as RTOs. The intended benefits of establishing these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability, market monitoring and the elimination or reduction of redundant transmission charges imposed by multiple transmission providers when wholesale customers take transmission service across several transmission systems.

See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

Table of Contents

Generating Resources

At December 31, 2009, the generating resources of Generation consisted of the following:

Type of Capacity	MW
Owned generation assets [a]	
Nuclear	17,009
Fossil [b]	6,189
Hydroelectric/Renewable	1,652
Owned generation assets	24,850
Long-term contracts [c]	6,153
Total generating resources	31,003

(a) See "Fuel" for sources of fuels used in electric generation.

(b) Includes 933 MW of capacity related to Units 1 and 2 at Cromby Generating Station and Units 1 and 2 Eddystone Generating station which were approved for retirement by the Exelon Board of Directors on December 1, 2009. See Plant Retirements section for further details.

(c) Long-term contracts range in duration up to 21 years.

The owned and contracted generating resources of Generation are located in the United States in the Midwest region, which is comprised of Illinois (approximately 46% of capacity), the Mid-Atlantic region, which is comprised of Pennsylvania, New Jersey, Maryland and West Virginia (approximately 37% of capacity), the Southern region, which is comprised of Texas, Georgia and Oklahoma (approximately 16% of capacity), and the New England region, which is comprised of Massachusetts and Maine (approximately 1% of capacity).

Nuclear Facilities

Generation has ownership interests in eleven nuclear generating stations currently in service, consisting of 19 units and 17,009 MW of capacity. Generation's nuclear generating stations are operated by Generation, with the exception of the two units at Salem Generating Station (Salem), which are operated by PSEG Nuclear, LLC (PSEG Nuclear), an indirect, wholly owned subsidiary of PSEG. In 2009 and 2008, electric supply (in GWh) generated from the nuclear generating facilities was 81% and 79%, respectively, of Generation's total electric supply, which also includes fossil and hydroelectric generation and electric supply purchased for resale. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of Generation's electric supply sources.

AmerGen Reorganization. AmerGen, a wholly owned subsidiary of Generation through January 8, 2009, owned and operated the Clinton Nuclear Power Station (Clinton), the Three Mile Island (TMI) Unit No. 1 and the Oyster Creek Generating Station (Oyster Creek) through that time. Effective January 8, 2009, AmerGen was merged into Generation, which now holds the operating licenses for Clinton, TMI and Oyster Creek.

Nuclear Operations. Capacity factors, which are significantly affected by the number and duration of refueling and non-refueling outages, can have a significant impact on Generation's results of operations. As the largest generator of nuclear power in the United States, Generation can negotiate favorable terms for the materials and services that its business requires. Generation's nuclear plants have historically benefited from minimal environmental impact from operations and a safe operating history.

During 2009 and 2008, the nuclear generating facilities operated by Generation achieved a 93.6% and 93.9% capacity factor, respectively. Generation aggressively manages its scheduled refueling outages to minimize their duration and to maintain high nuclear generating capacity factors, resulting in a stable generation base for Generation's short and long-term supply commitments and Power Team trading activities. During scheduled refueling outages, Generation performs maintenance and equipment upgrades in order to minimize the occurrence of unplanned outages and to maintain safe reliable operations.

In addition to the rigorous maintenance and equipment upgrades performed by Generation during scheduled refueling outages, Generation has extensive operating and security procedures in place to ensure the safe operation of the nuclear units. In addition, Generation has extensive safety systems in place to protect the plant, personnel and surrounding area in the unlikely event of an accident.

Regulation of Nuclear Power Generation. Generation is subject to the jurisdiction of the NRC with respect to the operation of its nuclear generating stations, including the licensing for operation of each unit. The NRC subjects nuclear generating stations to continuing review and regulation covering, among other things, operations, maintenance, emergency planning, security and environmental and radiological aspects of those stations. The NRC may modify, suspend or revoke operating licenses and impose civil penalties for failure to comply with the Atomic Energy Act, the regulations under such Act or the terms of the licenses. Changes in regulations by the NRC may require a substantial increase in capital expenditures for nuclear generating facilities and/or increased operating costs of nuclear generating units.

NRC reactor oversight results, as of December 31, 2009, show that the performance indicators for the nuclear plants operated by Generation are all in the highest performance band, with the exception of one indicator for Oyster Creek, which the NRC considers to be in an acceptable performance band.

Licenses. Generation has 40-year operating licenses from the NRC for each of its nuclear units and has received 20-year operating license renewals for Peach Bottom Units 2 and 3, Dresden Units 2 and 3, Quad Cities Units 1 and 2, Oyster Creek and TMI Unit 1. The following table summarizes the current operating license expiration dates for Generation's nuclear facilities in service:

Station	Unit	In-Service Date (a)	Current License Expiration
Braidwood (b)	1	1988	2026
	2	1988	2027
Byron (b)	1	1985	2024
	2	1987	2026
Clinton (c)	1	1987	2026
Dresden (b, d)	2	1970	2029
	3	1971	2031
LaSalle (b)	1	1984	2022
	2	1984	2023
Limerick (e)	1	1986	2024
	2	1990	2029
Oyster Creek (c, f)	1	1969	2029
Peach Bottom (d, g)	2	1974	2033
	3	1974	2034
Quad Cities (b, h)	1	1973	2032
	2	1973	2032
Salem (d)	1	1977	2016
	2	1981	2020
Three Mile Island (c, i)	1	1974	2034

(a) Denotes year in which nuclear unit began commercial operations.

(b) Stations previously owned by ComEd.

(c) Stations previously owned by AmerGen.
(d) On October 28, 2004, the NRC issued the renewed operating licenses for Dresden Unit 2 and Unit 3.
(e) Stations previously owned by PECO.
(f) On April 8, 2009, the NRC issued the renewed operating license for Oyster Creek Unit 1.
(g) On May 7, 2003, the NRC issued the renewed operating licenses for Peach Bottom Unit 2 and Unit 3.
(h) On October 28, 2004, the NRC issued the renewed operating licenses for Quad Cities Unit 1 and Unit 2.
(i) On October 22, 2009, the NRC issued the renewed operating license for Three Mile Island Unit 1.

On May 29, 2009, a coalition of citizen groups filed a Petition for Review of the NRC's renewal of Oyster Creek's operating license in the United States Court of Appeals for the Third Circuit. If the appeal is successful, it is unlikely that it would result in a revocation of the renewed license; however, it could cause the NRC to impose additional conditions over the course of the period of extended operation.

On August 18, 2009, PSEG submitted an application to the NRC to extend the operating licenses of Salem Units 1 and 2 by 20 years. The NRC is expected to spend a total of 22 to 30 months to review the application before making a decision.

Generation expects to apply for and obtain approval of license renewals for the remaining nuclear units. The operating license renewal process takes approximately four to five years from the commencement of the renewal process until completion of the NRC's review. The NRC review process takes approximately two years from the docketing of an application. Each requested license renewal is expected to be for 20 years beyond the original license expiration. Depreciation provisions are based on the estimated useful lives of the stations, which reflect the actual and assumed renewal of operating licenses for all of Generation's operating nuclear generating stations.

Nuclear Uprates. On June 12, 2009, in connection with the 38-MW increase in capacity at Generation's Quad Cities nuclear plant in Illinois, Generation announced a series of planned power uprates across its nuclear fleet that will result in between 1,300 and 1,500 MW of additional generation capacity within eight years. The uprate projects represent a total expected investment of approximately $3.5 billion, as measured in current costs. Using proven technologies, the projects take advantage of new production and measurement technologies, new materials and learning from a half-century of nuclear power operations. Uprate projects, representing approximately one quarter of the planned uprates, are underway at the Limerick and Peach Bottom nuclear stations in Pennsylvania and the Dresden, LaSalle and Quad Cities plants in Illinois. The remainder of uprate MW will come from additional projects across Generation's nuclear fleet beginning in 2010 and ending in 2017. At 1,500 nuclear-generated MW, the uprates would displace 8 million metric tons of carbon emissions annually that would otherwise come from burning fossil fuels. The uprates are to be accomplished through an organized, strategically sequenced implementation plan. The implementation effort includes a periodic review and refinement of the project in light of changing market conditions. The amount of expenditures to implement the plan ultimately will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

New Site Development. Generation pursues growth opportunities that are consistent with its disciplined approach to investing to maximize shareholder value, taking earnings, cash flow and financial risk into account. Generation has been exploring the development of a new nuclear plant located in Victoria County in southeast Texas; however, Generation has not made a decision to build a nuclear plant at this time. As a result of uncertainties in the domestic economy, the limited availability of Federal loan guarantees and related economic considerations, Generation announced on June 30, 2009, that it will seek an Early Site Permit (ESP) for its proposed new nuclear plant site rather than a construction and operating license as originally planned and filed with the NRC during 2008. The change in licensing strategy allows Generation to continue with some aspects of site evaluation and approvals while deferring a decision on construction and technology choices for up to 20 years. The ESP application is on schedule to be submitted to the NRC by March 31, 2010. Additionally, Generation continues to hold options for acquiring the land. Among the various conditions that must be resolved before any formal decision is made to build a new nuclear plant by Generation are the granting of an ESP; significant progress to resolve questions around the short-term interim and long-term permanent storage, as well as potential future recycling, of SNF; broad public acceptance of a new nuclear plant; and assurances that a new plant can be financially successful, which would entail economic analysis that would incorporate assessing construction and financing costs, including the availability of sufficient financing, production and other potential tax credits, and other key economic factors. In June 2009, Exelon and Generation approved an additional $30 million of expenditures on the project, bringing total authorized spending on the project to $130 million. Amounts spent on the project through December 31, 2009 have been expensed and total approximately $97 million. The development phase of the project is expected to extend into 2010, with approval of funding beyond the $130 million commitment subject to management review and Exelon board approval.

Nuclear Waste Disposal. There are no facilities for the reprocessing or permanent disposal of SNF currently in operation in the United States, nor has the NRC licensed any such facilities. Generation currently stores all SNF generated by its nuclear generating facilities in on-site storage pools or in dry cask storage facilities. Since Generation's SNF storage pools generally do not have sufficient storage capacity for the life of the respective plant, Generation is developing dry cask storage facilities, as necessary, to support operations.

As of December 31, 2009, Generation had approximately 52,300 SNF assemblies (12,600 tons) stored on site in SNF pools or dry cask storage. On-site dry cask storage in concert with on-site storage pools will be capable of meeting all current and future SNF storage requirements at Generation's sites through the end of the license renewal period, and through decommissioning, until the DOE completes removing SNF from the sites. The following table describes the current status of Generation's SNF storage facilities.

Site	Date for loss of full core reserve (a)
Braidwood	2013
Byron	2011
Clinton	2018
Dresden	Dry cask storage in operation
LaSalle	2010
Limerick	Dry cask storage in operation
Oyster Creek	Dry cask storage in operation
Peach Bottom	Dry cask storage in operation
Quad Cities	Dry cask storage in operation
Salem	2011
Three Mile Island (b)	2025

(a) The date for loss of full core reserve identifies when the on-site storage pool will no longer have sufficient space to receive a full complement of fuel from the reactor core. Dry cask storage will be in operation at those sites prior to the closing of their on-site storage pools.

(b) The DOE previously has indicated it will begin accepting spent fuel in 2020. If this does not occur, Three Mile Island will need an onsite dry cask storage facility.

For a discussion of matters associated with Generation's contracts with the DOE for the disposal of SNF, see Note 12 of the Combined Notes to Consolidated Financial Statements.

As a by-product of their operations, nuclear generating units produce LLRW. LLRW is accumulated at each generating station and permanently disposed of at Federally licensed disposal facilities. The Federal Low-Level Radioactive Waste Policy Act of 1980 provides that states may enter into agreements to provide regional disposal facilities for LLRW and restrict use of those facilities to waste generated within the region. Illinois and Kentucky have entered into an agreement, although neither state currently has an operational site and none is anticipated to be operational until after 2020. Pennsylvania, which had agreed to be the host site for LLRW disposal facilities for generators located in Pennsylvania, Delaware, Maryland and West Virginia, has suspended the search for a permanent disposal site.

Generation is currently utilizing on-site storage capacity at its nuclear generation stations for limited amounts of LLRW and has been shipping its LLRW to disposal facilities in Utah and South Carolina. The disposal facility in South Carolina at present is only receiving LLRW from LLRW generators in South Carolina, New Jersey (which includes Oyster Creek and Salem), and Connecticut. Due to the limited availability of LLRW disposal facilities, Generation continues to anticipate difficulties in shipping LLRW off of its sites and continues to pursue alternative disposal strategies for LLRW, including an LLRW reduction program to minimize cost impacts and on-site storage.

Nuclear Insurance. Generation is subject to liability, property damage and other risks associated with a major accidental outage at any of its nuclear stations. Generation has reduced its financial exposure to these risks through insurance and other protection provisions. See "Nuclear Insurance" within Note 18 of the Combined Notes to Consolidated Financial Statements for details.

For information regarding property insurance, see ITEM 2. Properties—Generation. Generation is self-insured to the extent that any losses may exceed the amount of insurance maintained or are within the policy deductible for its insured losses. Such losses could have a material adverse effect on Exelon's and Generation's financial condition and results of operations.

Decommissioning. NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts at the end of the life of the facility to decommission the facility. See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Exelon Corporation, Executive Overview; ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Policies and Estimates, Nuclear Decommissioning Asset Retirement Obligations and Nuclear Decommissioning Trust Fund Investments; and Notes 2, 7 and 11 of the Combined Notes to Consolidated Financial Statements for additional information regarding Generation's NDT funds and its decommissioning obligations.

Dresden Unit 1, Peach Bottom Unit 1 and Zion (Zion Station), a two-unit nuclear generation station, have ceased power generation. SNF at Dresden Unit 1 is currently being stored in dry cask storage until a permanent repository under the NWPA is completed. All SNF for Peach Bottom Unit 1, which ceased operation in 1974, has been removed from the site and the SNF pool is drained and decontaminated. SNF at Zion Station is currently stored in on-site storage pools. Generation's estimated liability to decommission Dresden Unit 1, Peach Bottom Unit 1 and Zion Station was $780 million at December 31, 2009. As of December 31, 2009, NDT funds set aside to pay for these obligations were $1,188 million.

Zion Station Decommissioning. On December 11, 2007, Generation entered into an Asset Sale Agreement with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, LLC (ZionSolutions) for decommissioning of Zion Station, which is located in Zion, Illinois and which ceased operation in 1998.

If the various closing conditions under the Asset Sale Agreement are satisfied and the transaction is completed, Generation will transfer to ZionSolutions substantially all of the assets (other than land) associated with Zion Station, including assets held in NDTs (approximately $888 million as of December 31, 2009). In consideration for Generation's transfer of those assets, ZionSolutions will assume decommissioning and other liabilities associated with Zion Station. For accounting purposes, based on agreements signed to date, the decommissioning funds are expected to continue to be recorded on Generation's balance sheet and the transferred decommissioning obligation is expected to be replaced with a payable to ZionSolutions on Generation's balance sheet. ZionSolutions will take possession and control of the land associated with Zion Station pursuant to a Lease Agreement with Generation, to be executed at the closing. Under the Lease Agreement, ZionSolutions will commit to complete the required decommissioning work according to an established schedule and will construct a dry cask storage facility on the land for the SNF currently held in SNF pools at Zion Station. Rent payable under the Lease Agreement will be $1.00 per year, although the Lease Agreement requires ZionSolutions to pay property taxes associated with Zion Station and penalty rents may accrue if there are unexcused delays in the progress of decommissioning work at Zion Station or the construction of the dry cask SNF storage facility. To reduce any potential risk of default by EnergySolutions or ZionSolutions, EnergySolutions is required to provide a $200 million letter of credit to be used to fund decommissioning costs in case of a shortfall of decommissioning funds following specified failures of performance. EnergySolutions has also provided a performance guarantee and will enter into other agreements that will provide rights and remedies for Generation in the case of other specified events of default, including a special purpose easement for disposal capacity at the EnergySolutions site in Clive, Utah, for all LLRW volume of Zion Station. However, if the resources of EnergySolutions Inc. and its subsidiaries are inadequate to complete required decommissioning work, Generation may be required to complete the work at its own expense.

ZionSolutions and Generation will also enter into a Put Option Agreement pursuant to which ZionSolutions will have the option to transfer the remaining Zion Station assets and any associated liabilities back to Generation upon completion of all required decommissioning and other work at Zion Station. The purchase price payable under the Put Option Agreement is $1.00 plus the assumption of associated liabilities.

Completion of the transactions contemplated by the Asset Sale Agreement is subject to the satisfaction of a number of closing conditions, including the receipt of a private letter ruling from the IRS, and the approval of the license transfer from the NRC. On July 14, 2008, the IRS issued a private letter ruling indicating that the proposed transfer of the decommissioning funds would be treated as non-taxable to both Generation and EnergySolutions, and the NRC approved the license transfer request on May 4, 2009. Prior to completion of the transaction, EnergySolutions must submit a budget that demonstrates that the required work can be completed on schedule for the amount of funds held in decommissioning trusts. On October 14, 2008, EnergySolutions announced that it intended to defer the transfer of the Zion Station assets until after the financial markets stabilize and EnergySolutions reaffirms that there is sufficient value in the Zion decommissioning trust funds to ensure the success of the Zion early decommissioning project. During 2009, NDT fund balances associated with Zion Station improved to $888 million as of December 31, 2009 compared to $749 million as of December 31, 2008. Pursuant to their agreement, EnergySolutions and Generation have until December 31, 2011, to close the transaction, although the parties have rights to withdraw from the transaction before that date. Generation believes that accelerated decommissioning will make the land available for other uses earlier than originally thought possible, and can be completed cost effectively for the amounts that were collected from ratepayers and deposited into the NDT funds for Zion Station.

Fossil, Hydroelectric and Renewable Facilities

Generation operates various fossil and hydroelectric facilities and maintains ownership interests in several other facilities including LaPorte, Keystone, Conemaugh and Wyman, which are operated by third parties. In 2009 and 2008, electric supply (in GWh) generated from owned fossil and hydroelectric generating facilities was 6% and 6%, respectively, of Generation's total electric supply. The majority of this output was dispatched to support Generation's power marketing activities. For additional information regarding Generation's electric generating facilities, see ITEM 2. Properties—Generation.

Licenses. Fossil generation plants are generally not licensed and, therefore, the decision on when to retire plants is, fundamentally, a commercial one. Hydroelectric plants are licensed by FERC. The license for the Conowingo Hydroelectric Project expires on August 31, 2014 and for the Muddy Run Pumped Storage Facility Project expires on September 1, 2014. In March 2009, Generation filed a Pre-Application Document and Notice of Intent to renew the licenses, pursuant to FERC relicensing requirements. For those plants located within the control areas administered by PJM or the New England control area administered by ISO New England Inc. (ISO-NE), notice is required to be provided to PJM or ISO-NE, as applicable, before a plant can be retired.

Plant Retirements. On December 2, 2009, Exelon announced its intention to permanently retire three coal-fired generating units and one oil/gas-fired generating unit, effective May 31, 2011. The units to be retired are Cromby Generating Station Unit 1 and Unit 2 and Eddystone Generating Station Unit 1 and Unit 2. On January 5, 2010, PJM notified Exelon that based upon its preliminary analysis, the retirement of one or more of the Cromby and Eddystone units may result in reliability impacts to the transmission system. On February 1, 2010, Generation notified PJM that to the extent the retirement of these units results in reliability impacts, Generation would continue operations beyond its desired deactivation date during the period of construction of the necessary transmission upgrades, provided that Exelon receives the required environmental permits and adequate cost-based compensation. For more information regarding the proposed plant retirements, see Note 14 of the Combined Notes to Consolidated Financial Statements.

City Solar. On April 22, 2009, Exelon announced that it is developing a 10-MW solar power plant in Chicago, Illinois. The new plant supports Exelon's strategy to reduce carbon emissions associated with fossil-fueled electricity generation. As of December 31, 2009, the project is approximately 82% complete and has commenced commercial operations. The project is expected to be completed by February 28, 2010. The estimated project cost is $64 million. As of December 31, 2009, total costs incurred were approximately $51 million.

Insurance. Generation does not purchase business interruption insurance for its wholly owned fossil and hydroelectric operations. Generation maintains both property damage and liability insurance. For property damage and liability claims, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on Exelon and Generation's financial condition and their results of operations and cash flows. For information regarding property insurance, see ITEM 2. Properties—Generation.

Long-Term Contracts

In addition to energy produced by owned generation assets, Generation sells electricity purchased under the following long-term contracts in effect as of December 31, 2009:

Seller	Location	Expiration	Capacity (MW)
Kincaid Generation, LLC	Kincaid, Illinois	2013	1,108
Tenaska Georgia Partners, LP [a]	Franklin, Georgia	2030	942
Tenaska Frontier, Ltd	Shiro, Texas	2020	830
Green Country Energy, LLC [b]	Jenks, Oklahoma	2022	795
Elwood Energy, LLC	Elwood, Illinois	2012	775
Lincoln Generating Facility, LLC	Manhattan, Illinois	2011	664
Wolf Hollow	Granbury, Texas	2023	350
Old Trail Windfarm, LLC	McLean, Illinois	2026	198
Others [c]	Various	2011 to 2028	491
Total			6,153

(a) Commencing June 1, 2010 and lasting for 20 years, Generation has agreed to sell its rights to 942 MW of capacity, energy, and ancillary services supplied from its existing long-term contract with Tenaska Georgia Partners, LP through a PPA with Georgia Power, a subsidiary of Southern Company.

(b) Commencing June 1, 2012 and lasting for 10 years, Generation has agreed to sell its rights to 520 MW, or approximately two-thirds, of capacity, energy, and ancillary services supplied from its existing long-term contract with Green Country Energy, LLC through a PPA with Public Service Company of Oklahoma, a subsidiary of American Electric Power Company, Inc.

(c) Includes long-term capacity contracts with seven counterparties.

Illinois Settlement Agreement

In July 2007, following extensive discussions with legislative leaders in Illinois, Generation, ComEd and other utilities and generators in Illinois reached an agreement (Illinois Settlement) with various parties concluding discussions of measures to address concerns about higher electric bills in Illinois without rate freeze, generation tax or other legislation that Exelon believes would be harmful to consumers of electricity, electric utilities, generators of electricity and the State of Illinois. Legislation reflecting the Illinois Settlement (Illinois Settlement Legislation) was signed into law in August 2007. Generation and ComEd committed to contributing $811 million to rate relief programs over the four-year period and partial funding for the IPA. Generation committed to contribute an aggregate of $747 million, consisting of $435 million to pay ComEd for rate relief programs for ComEd customers, $307.5 million for rate relief programs for customers of other Illinois utilities and $4.5 million for partially funding operations of the IPA. Through December 31, 2009, Generation has recognized net costs from its contributions of $727 million in the Statement of Operations of its total commitment of $747 million. See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information regarding the Illinois Settlement Legislation.

Fuel

The following table shows sources of electric supply in GWh for 2009 and estimated for 2010:

	Source of Electric Supply [a]	
	2009	2010 (Est.)
Nuclear units	139,670	139,725
Purchases—non-trading portfolio	23,206	21,025
Fossil and hydroelectric units	10,189	11,674
Total supply	173,065	172,424

(a) Represents Generation's proportionate share of the output of its generating plants.

The fuel costs for nuclear generation are substantially less than for fossil-fuel generation. Consequently, nuclear generation is generally the most cost-effective way for Generation to meet its wholesale obligations, including to ComEd and PECO, and some of Generation's retail business requirements.

The cycle of production and utilization of nuclear fuel includes the mining and milling of uranium ore into uranium concentrates, the conversion of uranium concentrates to uranium hexafluoride, the enrichment of the uranium hexafluoride and the fabrication of fuel assemblies. Generation has uranium concentrate inventory and supply contracts sufficient to meet all of its uranium concentrate requirements through 2013. Generation's contracted conversion services are sufficient to meet all of its uranium conversion requirements through 2015. All of Generation's enrichment requirements have been contracted through 2012. Contracts for fuel fabrication have been obtained through 2013. Generation does not anticipate difficulty in obtaining the necessary uranium concentrates or conversion, enrichment or fabrication services to meet the nuclear fuel requirements of its nuclear units.

Coal is procured primarily through annual supply contracts, with the remainder supplied through either short-term contracts or spot-market purchases.

Natural gas is procured through annual, monthly and spot-market purchases. Some fossil generation stations can use either oil or natural gas as fuel. Fuel oil inventories are managed so that in the winter months sufficient volumes of fuel are available in the event of extreme weather conditions and during the remaining months to take advantage of favorable market pricing.

Generation uses financial instruments to mitigate price risk associated with certain commodity price exposures. Generation also hedges forward price risk with both over-the-counter and exchange-traded instruments. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Policies and Estimates and Note 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding derivative financial instruments.

Power Team

Generation's wholesale marketing and retail electric supplier operations include the physical delivery and marketing of power obtained through its generation capacity and through long-term, intermediate-term and short-term contracts. Generation seeks to maintain a net positive supply of energy and capacity, through ownership of generation assets and power purchase and lease agreements, to protect it from the potential operational failure of one of its owned or contracted power generating units. Generation has also contracted for access to additional generation through bilateral long-term PPAs. PPAs are commitments related to power generation of specific generation plants and/or are dispatchable in nature similar to asset ownership. Generation enters into PPAs as part of its overall strategic growth plan, with objectives such as obtaining low-cost energy supply sources to meet its physical delivery obligations to customers and assisting customers to meet renewable portfolio standards. Power Team may buy power to meet the energy demand of its customers, including ComEd and PECO. These purchases may be for more than the energy demanded by Power Team's customers. Power Team then sells this open position, along with capacity not used to meet customer demand, in the wholesale electricity markets. Where necessary, Generation has also purchased transmission service to ensure that it has reliable transmission capacity to physically move its power supplies to meet customer delivery needs in markets without an organized RTO. Generation also incorporates contingencies into its planning for extreme weather conditions, including potentially reserving capacity to meet summer loads at levels representative of warmer-than-normal weather conditions.

Power Team also manages the price and supply risks for energy and fuel associated with generation assets and the risks of power marketing activities. Generation implements a three-year ratable sales plan to align its hedging strategy with its financial objectives. Generation also enters into transactions that are outside of this ratable sales plan, such as the ComEd swap which runs into 2013. However, except for the ComEd swap arrangement described below, Generation is exposed to relatively greater commodity price risk beyond 2010 for which a larger portion of its electricity portfolio may be unhedged. Generation has been and will continue to be proactive in using hedging strategies to mitigate this risk in subsequent years. As of December 31, 2009, the percentage of expected generation hedged was 91% – 94%, 69% – 72%, and 37% – 40% for 2010, 2011 and 2012, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include cash flow hedges, other derivatives and certain non-derivative contracts, including sales to ComEd and PECO to serve their retail load. A portion of Generation's hedging strategy may be implemented through the use of fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. The trading portfolio is subject to a risk management policy that includes stringent risk management limits including volume, stop-loss and value-at-risk limits to manage exposure to market risk. Additionally, the corporate risk management group and Exelon's RMC monitor the financial risks of the power marketing activities. Power Team also uses financial and commodity contracts for proprietary trading purposes but this activity accounts for only a small portion of Power Team's efforts.

At December 31, 2009, Generation's short and long-term commitments relating to the purchase and sale of energy and capacity from and to unaffiliated utilities and others were as follows:

(in millions)	Net Capacity Purchases (a)	Power Only Purchases (b)	Power Only Sales	Transmission Rights Purchases (c)
2010	$ 305	$ 91	$ 1,307	$ 10
2011	291	49	1,046	9
2012	274	22	568	9
2013	151	—	238	6
2014	145	—	120	—
Thereafter	1,105	—	761	—
Total	$ 2,271	$ 162	$ 4,040	$ 34

(a) Net capacity purchases include PPAs and other capacity contracts that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at December 31, 2009. Expected payments include certain capacity charges which are conditional on plant availability.

(b) Excludes renewable energy PPA contracts that are contingent in nature.

(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

On January 1, 2007, Generation began supplying a portion of ComEd's load through staggered SFCs resulting from an ICC-approved "reverse auction" in 2006. Approximately 35% of the contracted supply from the 2006 auction was awarded to Generation. Under the terms of the auction, one-third of the contracted load expired in May 2008, another one-third expired in May 2009 and the remaining load will expire in May 2010. For the period from June 2008 to May 2009, Generation was awarded standard block energy purchase contracts with ComEd through an ICC-approved RFP. ComEd purchased the remainder of its energy load for this period on the spot market and through the existing SFCs. In addition, in order to fulfill a requirement of the Illinois Settlement to mitigate the price risk inherent in this plan, ComEd locked in a portion of the energy price through a five-year financial swap contract with Generation.

The Illinois Settlement Legislation established a new competitive process, effective June 2009, for energy procurement to be managed by the IPA, with oversight by the ICC. The IPA's plan for ComEd's procurement of energy from June 2009 through May 2010 was approved by the ICC in January 2009. Under the IPA's plan, Generation will continue to supply a portion of ComEd's energy load. See Notes 2 and 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding ComEd's procurement-related proceedings and the financial swap contract.

Generation has a PPA with PECO under which Generation has agreed to supply PECO with all of PECO's electric supply needs through 2010. Generation supplies electricity to PECO from its portfolio of generation assets, PPAs and other market sources. Subsequent to 2010, PECO will procure all of its electricity from market sources, including Generation. See PECO—Retail Electric Services, Pennsylvania Transition-Related and Regulatory Matters for additional information regarding PECO's competitive, full-requirements energy-supply procurement process after 2010.

Capital Expenditures

Generation's business is capital intensive and requires significant investments in energy generation and in other internal infrastructure projects. Generation's estimated capital expenditures for 2010 are as follows:

(In millions)	
Production plant	$1,126
Nuclear fuel [a]	848
Total	$1,974

(a) Includes Generation's share of the investment in nuclear fuel for the co-owned Salem plant

ComEd

ComEd is engaged principally in the purchase and regulated retail sale of electricity and the provision of distribution and transmission services to a diverse base of residential, commercial and industrial customers in northern Illinois. ComEd is a public utility under the Illinois Public Utilities Act subject to regulation by the ICC related to distribution rates and service, the issuance of securities, and certain other aspects of ComEd's business. ComEd is a public utility under the Federal Power Act subject to regulation by FERC related to transmission rates and certain other aspects of ComEd's business. Specific operations of ComEd are also subject to the jurisdiction of various other Federal, state, regional and local agencies. Additionally, ComEd is subject to mandatory reliability standards set by the NERC, for which Exelon has formed a company-wide NERC Reliability Standards Compliance Program.

ComEd's retail service territory has an area of approximately 11,300 square miles and an estimated population of 8 million. The service territory includes the City of Chicago, an area of about 225 square miles with an estimated population of 3 million. ComEd has approximately 3.8 million customers.

ComEd's franchises are sufficient to permit it to engage in the business it now conducts. ComEd's franchise rights are generally nonexclusive rights documented in agreements and, in some cases, certificates of public convenience issued by the ICC. With few exceptions, the franchise rights have stated expiration dates ranging from 2010 to 2066. ComEd anticipates working with the appropriate agencies to extend or replace the franchise agreements prior to expiration.

ComEd's kWh sales and peak electricity load are generally higher during the summer and winter months, when temperature extremes create demand for either summer cooling or winter heating. ComEd's highest peak load occurred on August 1, 2006 and was 23,613 MW; its highest peak load during a winter season occurred on January 15, 2009 and was 16,328 MW.

Retail Electric Services

Under Illinois law, transmission and distribution service is regulated, while electric customers are allowed to purchase generation from a competitive electric generation supplier.

As of December 31, 2009, several competitive electric generation suppliers have been granted approval by the ICC to serve retail electricity customers in Illinois. There are currently a minimal number of residential customers being served by alternate suppliers. At December 31, 2009, approximately 53,400 retail customers (primarily commercial and industrial customers), representing approximately 52% of ComEd's annual retail kWh sales, had elected to purchase their electricity from a competitive electric generation supplier. Customers who receive electricity from a competitive electric generation supplier continue to pay a delivery charge to ComEd.

Under Illinois law, ComEd is required to deliver electricity to all customers. ComEd's obligation to provide fixed-price full service electric service including generation supply service, which is referred to as POLR obligations, varies by customer size. ComEd's obligation to provide such service to residential customers and other small customers with demands of under 100 kW continues for all customers who do not or cannot choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier. ComEd does not have a fixed-price full service obligation to many of its largest customers with demands of 400 kW or greater, as this group of customers has previously been declared competitive. ComEd has full service obligations for customers with demands of 100-400 kW through May 2010. Customers with competitive declarations may still purchase power and energy from ComEd, but only at hourly market prices.

Delivery Service Rate Cases. In August 2005, ComEd filed a rate case with the ICC to comprehensively revise its tariffs and to adjust rates for delivering electricity effective January 2007. During 2006, the ICC issued various orders associated with this case, which resulted in a total annual rate increase of $83 million effective January 2007. ComEd and various other parties appealed the rate order to the courts. In September 2009, the Illinois Appellate Court affirmed the ICC's order and denied the appeals. Several parties have asked the Appellate Court to rehear some of the rate design issues addressed in the opinion. There is no set time in which the court must act.

In October 2007, ComEd filed a rate case with the ICC for approval to increase its delivery service revenue requirement by approximately $360 million. The ICC issued an order in the rate case approving a $274 million increase in the annual revenue requirement, which became effective in September 2008. ComEd and several other parties have filed appeals of the rate order with the courts. ComEd cannot predict the timing of resolution or the results of the appeals. In the event the order is ultimately changed, the changes are expected to be prospective.

Procurement Related Proceedings. ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. Beginning on January 1, 2007, ComEd procured 100% of energy to meet its load service requirements through ICC-approved staggered SFCs with various suppliers, including Generation. Under the terms of the auction, one-third of the contracted load expired in May 2008, another one-third expired in May 2009 and the remaining load will expire in May 2010. For the period from June 2008 to May 2009, the ICC approved an interim plan under which ComEd procured a portion of its energy load through an RFP for standard wholesale products. ComEd purchased the remainder of its energy load for this period on the spot market and through the existing SFCs. ComEd hedged the price of a significant portion of energy purchased on the spot market with a five-year variable to fixed financial swap contract with Generation.

Beginning in June 2009, under the Illinois Settlement Legislation, the IPA designs, and the ICC approves an electricity supply portfolio for ComEd and administers a competitive process under which ComEd procures its electricity supply. On January 7, 2009, the ICC approved the IPA's plan for the procurement of ComEd's expected energy requirements from June 2009 through May 2010 and a portion of ComEd's expected energy requirements from June 2010 through May 2011. On December 28, 2009, the ICC approved the IPA's procurement plan covering the period June 2010 through May 2015. See Notes 2 and 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding ComEd's procurement-related proceedings and the financial swap contract.

Other. Illinois law provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) 30,000 or more customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. During the years 2009, 2008 and 2007, ComEd does not believe that it had any interruptions that have triggered this damage liability or reimbursement requirement.

Construction Budget

ComEd's business is capital intensive and requires significant investments primarily in energy transmission and distribution facilities, to ensure the adequate capacity and reliability of its system. Based on PJM's RTEP, ComEd has various construction commitments, as discussed in Note 18 of the Combined Notes to Consolidated Financial Statements. ComEd's most recent estimate of capital expenditures for electric plant additions and improvements for 2010 is $935 million.

PECO

PECO is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is a public utility under the Pennsylvania Public Utility Code subject to regulation by the PAPUC as to electric and gas rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by FERC as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Specific operations of PECO are subject to the jurisdiction of various other Federal, state, regional and local agencies. Additionally, PECO is also subject to mandatory reliability standards by the NERC, for which Exelon has a company-wide NERC Reliability Standards Compliance Program.

PECO's combined electric and natural gas retail service territory has an area of approximately 2,100 square miles and an estimated population of 3.7 million. PECO provides electric delivery service in an area of approximately 1,900 square miles, with a population of approximately 3.7 million, including 1.4 million in the City of Philadelphia. PECO supplies natural gas service in an area of approximately 1,900 square miles in southeastern Pennsylvania adjacent to the City of Philadelphia, with a population of approximately 2.3 million. PECO delivers electricity to approximately 1.6 million customers and natural gas to approximately 485,000 customers.

PECO has the necessary authorizations to furnish regulated electric and natural gas service in the various municipalities or territories in which it now supplies such services. PECO's authorizations consist of charter rights and certificates of public convenience issued by the PAPUC and/or "grandfathered rights," which are rights generally unlimited as to time and generally exclusive from competition from other electric and natural gas utilities. In a few defined municipalities, PECO's natural gas service territory authorizations overlap with that of another natural gas utility but PECO does not consider those situations as posing a material competitive or financial threat.

PECO's kWh sales and load of electricity are generally higher during the summer and winter months, when temperature extremes create demand for either summer cooling or winter heating. PECO's highest peak load occurred on August 3, 2006 and was 8,932 MW; its highest peak load during a winter season occurred on December 20, 2004 and was 6,838 MW.

PECO's gas sales are generally higher during the winter months when cold temperatures create demand for winter heating. PECO's highest daily gas send out occurred on January 17, 2000 and was 718 mmcf.

Retail Electric Services

Pennsylvania permits competition by competitive electric generation suppliers for the supply of retail electricity while transmission and distribution service remains regulated. At December 31, 2009, less than 1% of PECO's residential and large commercial and industrial loads and 6% of its small commercial and industrial load were purchasing generation service from competitive electric generation suppliers.

Under the 1998 restructuring settlement, in accordance with the Competition Act, PECO's electric generation rates are capped through a transition period ending December 31, 2010.

During the transition period, PECO has been authorized to recover $5.3 billion of costs that might not otherwise be recovered in a competitive market (stranded costs) with a 10.75% return on the unamortized balance through the imposition and collection of non-bypassable CTCs on customer bills. The 1998 restructuring settlement also authorized PECO to securitize up to $5 billion of its stranded cost recovery. At December 31, 2009, the unamortized balance of PECO's stranded costs, or CTC regulatory asset, was approximately $883 million, which will be fully amortized in 2010. For 2010, PECO estimates collections of CTC revenue of $1,032 million. In 2010, to the extent the actual recoveries of CTCs differ from the authorized amount, a quarterly or monthly reconciliation adjustment to the CTC rates will be made to increase or decrease future remaining collections accordingly. The billing of CTCs will cease on December 31, 2010.

PECO has a PPA with Generation under which PECO obtains all of its electric supply from Generation through 2010. The price for this electricity is essentially equal to the energy revenues PECO is authorized to recover from customers as specified by PECO's 1998 restructuring settlement mandated by the Competition Act.

Pennsylvania Transition-Related Legislative and Regulatory Matters. In Pennsylvania, despite the recent decline in wholesale electricity market prices, there has been some continuing interest from elected officials in mitigating the potential impact of electric generation price increases on customers when rate caps expire. While PECO's retail electric generation rate cap transition period does not end until December 31, 2010, transition periods have ended for seven other Pennsylvania electric distribution companies, and, in most instances, post-transition electric generation price increases occurred. In recent years, elected officials in Pennsylvania have suggested legislation to address concerns over post-transition electric generation price increases. Measures suggested by legislators include rate-increase deferrals and phase-ins, rate-cap extensions, a generation tax and contributions of value by Pennsylvania utility companies toward rate-relief programs.

During 2009, PECO received PAPUC approval of its Market Rate Transition Phase-In Program and the settlement of its DSP Program. The DSP Program, which has a 29-month term beginning January 1, 2011 and ending May 31, 2013, complies with electric supply procurement guidelines set forth in Act 129 and will provide default electric service following the expiration of electric generation rate caps on December 31, 2010. In accordance with the DSP Program, PECO conducted two competitive procurements for electric supply for default electric service customers commencing January 2011. PECO has procured approximately 50% of the total estimated electric supply needed to serve the residential customer class in 2011. The results of these procurements indicate a price increase of 4%, on average, over current prices for residential customers. The actual price change will not be known until all the scheduled procurements have been completed.

See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

Smart Meter and Energy Efficiency Programs

Smart Meter Programs. PECO is planning to spend up to approximately $650 million on its smart meter and smart grid infrastructure. On November 25, 2009, PECO filed a joint petition for partial settlement of its $550 million Smart Meter Procurement and Installation Plan with the PAPUC, which was filed on August 14, 2009 in accordance with the requirements of Act 129. On January 28, 2010, the ALJ issued an initial decision approving the partial settlement and determining remaining cost allocation issues subject to final PAPUC approval. PECO plans to file for PAPUC approval of an initial dynamic pricing and customer acceptance program in June 2010, and for approval of a universal meter deployment plan for its remaining customers in 2012.

On October 27, 2009, the DOE announced its intent to award PECO $200 million in the ARRA of 2009 matching grant funds under the Smart Grid Investment Grant Program. Assuming successful completion of the DOE negotiations and PECO's receipt of the full award on reasonable terms, PECO is committed to implementing expanded initial deployment of 600,000 smart meters within three years and then accelerating universal smart meter deployment from 15 years to 10 years.

Energy Efficiency Programs. Pursuant to Act 129's energy efficiency and conservation/demand (EE&C) reduction targets, PECO filed its EE&C plan with the PAPUC on July 1, 2009. On October 28, 2009, the PAPUC issued an order providing partial approval of PECO's EE&C plan. The approved plan totals more than $330 million and includes the CFL program, weatherization programs, an energy efficiency appliance rebate and trade-in program, rebates and energy efficiency programs for non-profit, educational, governmental and business customers, customer incentives for energy management programs and incentives to help customers reduce energy demand during peak periods. On December 24, 2009, PECO filed revisions to the portions of the plan not approved based on PAPUC feedback.

See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

Natural Gas

PECO's natural gas sales and distribution revenues are derived pursuant to rates regulated by the PAPUC. PECO's purchased natural gas cost rates, which represent a portion of total rates, are subject to quarterly adjustments designed to recover or refund the difference between the actual cost of purchased natural gas and the amount included in rates. In October 2008, the PAPUC approved a settlement of a gas distribution rate increase that provides for an annual revenue increase of $77 million. The approved distribution rate adjustment became effective on January 1, 2009.

PECO's natural gas customers have the right to choose their natural gas suppliers or to purchase their gas supply from PECO at cost. Approximately 35% of PECO's current total yearly throughput is provided by natural gas suppliers other than PECO and is related primarily to the supply of PECO's large commercial and industrial customers. Natural gas transportation service provided to customers by PECO remains subject to rate regulation. PECO also provides billing, metering, installation, maintenance and emergency response services at regulated rates.

PECO's natural gas supply is provided by purchases from a number of suppliers for terms of up to two years. These purchases are primarily delivered under long-term firm transportation contracts. PECO's aggregate annual firm supply under these firm transportation contracts is 46 million dekatherms. Peak natural gas is provided by PECO's liquefied natural gas (LNG) facility and propane-air plant. PECO also has under contract 23 million dekatherms of underground storage through service agreements. Natural gas from underground storage represents approximately 30% of PECO's 2009-2010 heating season planned supplies.

Construction Budget

PECO's business is capital intensive and requires significant investments primarily in energy transmission and distribution facilities to ensure the adequate capacity and reliability of its system. Based on PJM's RTEP, PECO has various construction commitments, as discussed in Note 18 of the Combined Notes to Consolidated Financial Statements. PECO's most recent estimate of capital expenditures for plant additions and improvements for 2010 is $500 million. See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources for further information.

ComEd and PECO

Transmission Services

ComEd and PECO provide unbundled transmission service under rates established by FERC. FERC has used its regulation of transmission to encourage competition for wholesale generation services and the development of regional structures to facilitate regional wholesale markets. Under FERC's open access transmission policy promulgated in Order No. 888, ComEd and PECO, as owners of transmission facilities, are required to provide open access to their transmission facilities under filed tariffs at cost-based rates. ComEd and PECO are required to comply with FERC's Standards of Conduct regulation, as amended, governing the communication of non-public information between the transmission owner's employees and wholesale merchant employees.

PJM is the ISO and the FERC-approved RTO for the Mid-Atlantic and Midwest regions. PJM is the transmission provider under, and the administrator of, the PJM Open Access Transmission Tariff (PJM Tariff), operates the PJM energy, capacity and other markets, and, through central dispatch, controls the day-to-day operations of the bulk power system for the PJM region. ComEd and PECO are members of PJM and provide regional transmission service pursuant to the PJM Tariff. ComEd, PECO and the other transmission owners in PJM have turned over control of their transmission facilities to PJM, and their transmission systems are currently under the dispatch control of PJM. Under the PJM Tariff, transmission service is provided on a region-wide, open-access basis using the transmission facilities of the PJM members at rates based on the costs of transmission service.

Table of Contents

ComEd's transmission rates are established based on a formula that was approved by FERC in January 2008. FERC's order establishes the agreed-upon treatment of costs and revenues in the determination of network service transmission rates and the process for updating the formula rate calculation on an annual basis.

ComEd's most recent annual formula rate update filed in May 2009 reflects actual 2008 expenses and investments plus forecasted 2009 capital additions. The update resulted in a revenue requirement of $436 million resulting in an increase of approximately $6 million from the 2008 revenue requirement, plus an additional $4 million related to the 2008 true-up of actual costs. The 2009 revenue requirement of $440 million, which includes the 2008 true-up, became effective June 1, 2009 and is recovered over the period extending through May 31, 2010. The regulatory asset associated with the true-up is being amortized as the associated revenues are received. ComEd will continue to reflect its best estimate of its anticipated true-up in the financial statements.

The Competition Act, Pennsylvania's electric utility restructuring legislation, was adopted in 1996 and unbundled electric generation, transmission and distribution services. PECO's most recently approved bundled rate for these services was approved in 1990 and established a weighted average debt and equity return on its electric rate base of 11.23%. As a result of PECO's 1998 restructuring settlement, retail transmission rates were capped at the level in effect on December 31, 1996. The cap expired on December 31, 2006, however those rates will continue to be in effect until PECO files a rate case or there is some other specific regulatory action to adjust retail transmission rates. PECO's transmission rate included in the PJM Open Access Transmission Tariff is a FERC-approved rate. This is the rate that all load serving entities in the PECO transmission zone pay for transmission service. The PAPUC approves how PECO recovers this cost through its retail transmission rates.

See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information regarding transmission services.

Employees

As of December 31, 2009, Exelon and its subsidiaries had 19,329 employees in the following companies, of which 8,728 or 45% are covered by collective bargaining agreements (CBAs):

	IBEW Local 15 (a)	IBEW Local 614 (b)	Other CBA agreements (c)	Employees Covered by CBA	Total Employees
Generation	1,690	242	1,787	3,719	9,516
ComEd	3,639	—	—	3,639	5,819
PECO(d)	—	1,254	—	1,254	2,301
Other	89	—	27	116	1,503
Total	5,418	1,496	1,814	8,728	19,329

(a) A separate CBA between ComEd and IBEW Local 15, ratified on November 20, 2009, covers approximately 130 employees in ComEd's System Services Group.

(b) 1,254 PECO craft and call center employees in the Philadelphia service territory are covered by CBAs with IBEW Local 614. The CBAs expire on March 31, 2015. Additionally, Exelon Power, an operating unit of Generation, has an agreement with IBEW Local 614, which expires on March 31, 2015 and covers 242 employees.

(c) During 2009 and early 2010, CBAs were agreed to with the following Security Officers unions: Braidwood, Byron, Clinton, Dresden, Oyster Creek and TMI. The agreements generally expire during 2012 except for the agreements at Clinton and Oyster Creek, which expire in 2013. Additionally, during 2009, a 5-year agreement was reached with Oyster Creek Nuclear Local 1289, which will expire in 2015.

(d) Other includes shared services employees at BSC.

Environmental Regulation

General

Exelon, Generation, ComEd and PECO are subject to regulation regarding environmental matters by the United States and by various states and local jurisdictions where the Registrants operate their facilities. The U.S. EPA administers certain Federal statutes relating to such matters, as do various interstate and local agencies. Various state and local environmental protection agencies or boards have jurisdiction over certain activities in states in which Exelon and its subsidiaries do business. State and local regulation includes the authority to regulate air, water and noise emissions and solid waste disposals.

The Exelon board of directors is responsible for overseeing the management of environmental matters. Exelon has a management team to address environmental matters, including the CEO who also serves as Exelon's Chief Environmental Officer; the Vice President, Corporate Strategy and Exelon 2020; and the Corporate Environmental Strategy Director and the Environmental Regulatory Strategy Director, as well as senior management of Generation, ComEd and PECO. Performance for those individuals directly involved in environmental strategy activities is reviewed and affects compensation as part of the annual individual performance review process. The Exelon board has delegated to its corporate governance committee authority to oversee Exelon's strategies and efforts to protect and improve the quality of the environment, including, but not limited to, Exelon's climate change and sustainability policies and programs, and Exelon 2020, Exelon's comprehensive business and environmental plan, as discussed in further detail below. The Exelon board has also delegated to its generation oversight committee authority to oversee environmental, health and safety issues relating to Generation, and to its energy delivery oversight committee authority to oversee environmental, health and safety issues related to ComEd, PECO and Exelon Transmission Company.

Water

Under the Federal Clean Water Act (Clean Water Act), NPDES permits for discharges into waterways are required to be obtained from the U.S. EPA or from the state environmental agency to which the permit program has been delegated and must be renewed periodically. All of Generation's power generation facilities discharging industrial wastewater into waterways are subject to these regulations and operate under NPDES permits or pending applications for renewals of such permits after being granted an administrative extension.

In July 2004, the U.S. EPA issued the final Phase II rule implementing Section 316(b) of the Clean Water Act. The Clean Water Act requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts. The Phase II rule established national performance standards for reducing the impact on aquatic organisms at existing power plants and provided each facility with a number of compliance options and permitted site-specific variances based on a cost-benefit analysis. The requirements were intended to be implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to this regulation. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected. Those facilities are Clinton, Cromby, Dresden, Eddystone, Fairless Hills, Handley, Mountain Creek, Oyster Creek, Peach Bottom, Quad Cities, Salem and Schuylkill. Following legal challenges to the Phase II Rule, the Rule has been withdrawn and remanded to the U.S. EPA for revisions consistent with the courts' decisions. In the interim, Generation has been complying with the requirements of the state permitting agencies, which are administering the Rule pursuant to their best professional judgment until a new final Rule is issued by the U.S. EPA. On January 7, 2010, the NJDEP issued a draft NPDES permit for Oyster Creek that would require the installation of cooling towers within seven years after the effective date of the permit. Oyster Creek will continue to operate under its current permit, issued in 1994, until the draft permit is finalized after a period of public comment. Generation believes the public comment period and regulatory process could take up to two years before a final permit is issued. Should the permit be issued in its current form, Generation estimates it would be required to have cooling towers in operation by 2019.

Generation estimates that the cost to retrofit Oyster Creek with closed-cycle cooling towers would be approximately $700 million to $800 million. This cost estimate includes construction materials and labor, lost capacity and energy revenue during construction, and other ongoing operations and maintenance costs. Generation believes that these additional costs would call into question the economic viability of operating Oyster Creek until the expiration of its current operating license in 2029, and Generation would close Oyster Creek if either the final Section 316(b) regulations or NJDEP requirements have performance standards that require the installation of cooling towers. Closure of Oyster Creek could result in reliability issues associated with the transmission system. Generation believes the period allowed for compliance will be sufficient to address any transmission reliability issues before operations at Oyster Creek are shut down. For example, should PJM require the plant to operate under a "reliability-must-run" order, Generation would be allowed full recovery of its costs to operate until the transmission issues are resolved.

In 2005 and 2006, the Illinois EPA issued NOVs to Generation alleging violations of state groundwater standards at the Braidwood, Dresden and Byron generating stations. Exelon and Generation are in litigation with the Illinois EPA regarding these NOVs and cannot determine the outcome of these matters but believe their ultimate resolution should not, after consideration of reserves established, have a material impact on Exelon's or Generation's respective results of operations, cash flows or financial position. See Note 18 of the Combined Notes to Consolidated Financial Statements for discussion of NOVs received by Generation related to violations of Illinois state groundwater standards.

Generation is also subject to the jurisdiction of certain other state and regional agencies and compacts, including the Delaware River Basin Commission and the Susquehanna River Basin Commission.

Solid and Hazardous Waste

The CERCLA, as amended, provides for immediate response and removal actions coordinated by the U.S. EPA in the event of threatened releases of hazardous substances into the environment and authorizes the U.S. Government either to clean up sites at which hazardous substances have created actual or potential environmental hazards or to order persons responsible for the situation to do so. Under CERCLA, generators and transporters of hazardous substances, as well as past and present owners and operators of hazardous waste sites, are strictly, jointly and severally liable for the cleanup costs of waste at sites, most of which are listed by the U.S. EPA on the National Priorities List (NPL). These PRPs can be ordered to perform a cleanup, can be sued for costs associated with a U.S. EPA-directed cleanup, may voluntarily settle with the U.S. Government concerning their liability for cleanup costs, or may voluntarily begin a site investigation and site remediation under state oversight prior to listing on the NPL. Various states, including Illinois and Pennsylvania, have also enacted statutes that contain provisions substantially similar to CERCLA. In addition, the RCRA governs treatment, storage and disposal of solid and hazardous wastes and cleanup of sites where such activities were conducted.

Generation, ComEd and PECO and their subsidiaries are or are likely to become parties to proceedings initiated by the U.S. EPA, state agencies and/or other responsible parties under CERCLA and RCRA with respect to a number of sites, including MGP sites, or may undertake to investigate and remediate sites for which they may be subject to enforcement actions by an agency or third party.

MGP Sites

MGPs manufactured gas in Illinois and Pennsylvania from approximately 1850 to the 1950s. ComEd and PECO generally did not operate MGPs as corporate entities but did acquire MGP sites as part of the absorption of smaller utilities, for which they may be liable for environmental remediation. ComEd and PECO perform a detailed study of the MGP reserve on an annual basis and believe that appropriate reserves have been recorded. Since ComEd, pursuant to an ICC order, and PECO, pursuant to the joint settlement of the 2008 gas distribution rate case, are recovering environmental costs of remediation of the MGP sites through a provision within customer rates, future estimated recoveries are recorded as a regulatory asset. See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information.

Costs of Environmental Remediation

At December 31, 2009, Exelon had accrued $175 million, consisting of $17 million, $113 million, and $45 million at Generation, ComEd and PECO, respectively, for various environmental investigation and remediation alternatives. Exelon has recorded a regulatory asset of $143 million, consisting of $103 million and $40 million at ComEd and PECO, respectively, related to the recovery of MGP remediation costs. See Notes 18 and 19 of the Combined Notes to Consolidated Financial Statements for additional information.

The amount to be expended in 2010 at Exelon for compliance with environmental remediation is expected to total $23 million, consisting of $1 million, $19 million and $3 million at Generation, ComEd and PECO, respectively. In addition, Generation, ComEd and PECO may be required to make significant additional expenditures not presently determinable.

Cotter Corporation

The U.S. EPA has advised Cotter Corporation, a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs. Generation, which assumed ComEd's potential liability, has accrued what it believes to be an adequate amount within the estimated cost range to cover its anticipated share of the liability. See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information.

Air

Air quality regulations promulgated by the U.S. EPA and the various state and local environmental agencies in Illinois, Massachusetts, Pennsylvania and Texas in accordance with the Federal Clean Air Act and the Clean Air Act Amendments of 1990 (Amendments) impose restrictions on emission of particulates, sulfur dioxide (SO_2), nitrogen oxides (NO_x), mercury and other pollutants and require permits for operation of emission sources. Such permits have been obtained by Exelon's subsidiaries and must be renewed periodically.

The Amendments establish a comprehensive and complex national program to substantially reduce air pollution, including a two-phase program to reduce acid rain effects by significantly reducing emissions of SO_2 and NO_x from power plants. Flue-gas desulfurization systems (SO_2 scrubbers) have been installed at all of Generation's coal-fired units.

In addition to Federal and state regulatory activities, several legislative proposals regarding the control of emissions of air pollutants from a variety of sources, including generating plants, have been proposed in the United States Congress. For example, several multi-pollutant bills have been introduced in past years that would reduce generating plant emissions of NO_x, SO_2, mercury and carbon. At this time, Generation can provide no assurance that new legislative and regulatory proposals, if adopted, will not have a significant effect on Generation's operations, cash flows, or financial position.

See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information regarding national clean air legislation in the forms of the CAIR and CAMR, in addition to Keystone's compliance with the Acid Rain Program Phase II limits and NOVs issued to Generation and ComEd for violations of the Clean Air Act.

Global Climate Change

Exelon believes the evidence of global climate change is compelling and that the energy industry, though not alone, is a significant contributor to the human-caused emissions of GHGs that many in the scientific community believe contribute to global climate change. Exelon, as a producer of electricity from predominantly low-carbon generating facilities (such as nuclear and hydroelectric), has a relatively small GHG emission profile, or carbon footprint, compared to other domestic generators of electricity. By virtue of its significant investment in low-carbon intensity assets, Generation's emission intensity, or rate of carbon dioxide (CO_2) emitted per unit of electricity generated, is among the lowest in the industry. Exelon does produce GHG emissions from the direct combustion of fossil fuels, primarily at its generating plants; CO_2, methane and nitrous oxide are all emitted in this process, with CO_2 representing the largest portion of these GHG emissions. GHG emissions from Generation's combustion of fossil fuels represent approximately 90% of Exelon's total GHG emissions; this is also a highly variable component of its GHG emissions to forecast due to the primarily intermediate and peaking profile of Exelon's fossil generating fleet. However, only approximately 6% of Exelon's total electric supply is provided by its fossil fuel generating plants. Other GHG emission sources at Exelon include natural gas (methane) leakage on the gas pipeline system and the coal piles at its generating plants, sulfur hexafluoride (SF_6) leakage in its electric operations and refrigerant leakage from its chilling and cooling equipment as well as fossil fuel combustion in its motor vehicles and usage of electricity in its facilities. Despite its small carbon footprint, Exelon believes its operations could be significantly affected by the possible physical risks of climate change and by mandatory programs to reduce GHG emissions. See Item 1A. Risk Factors for information regarding the market and financial, regulatory and legislative, and operational risks associated climate change.

See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information regarding international, Federal, regional and state climate change legislation and regulation and its potential impact on Exelon.

Exelon's Voluntary Climate Change Efforts. In a world increasingly concerned about global climate change, nuclear power as well as other virtually non-GHG emitting power will play a pivotal role. As a result, Exelon's low-carbon generating fleet is seen by management as a competitive advantage. Exelon believes that the significance of its low GHG emission profile can only grow as policymakers take action to address global climate change.

Despite Exelon's low GHG emission inventory and the absence of a mandatory national program in the United States, Exelon is actively engaged in voluntary reduction efforts. Exelon announced on May 6, 2005 that it had established a voluntary goal to reduce its GHG emissions by 8% from 2001 levels by the end of 2008. Exelon made this pledge under the U.S. EPA's Climate Leaders program, a voluntary industry-government partnership addressing climate change. The U.S. EPA confirmed on April 6, 2009 that Exelon achieved its 2008 voluntary GHG reduction goal through its planned GHG management efforts, including the retirement of older, inefficient fossil power plants, reduced leakage of SF_6, increased use of renewable energy and its current energy efficiency initiatives. Based on its verified GHG emissions inventory, Exelon's 2008 carbon dioxide-equivalent (CO_2-e) emissions were 9.7 million metric tons.

Compared to its 2001 baseline of 15.7 million metric tons of CO_2-e emissions, Exelon achieved a reduction of nearly 6.0 million metric tons (a 38% reduction below baseline) at the end of 2008. The cost of achieving the voluntary GHG emissions reduction goal did not have a material effect on Exelon's results of operations, cash flows or financial position.

In 2008, Exelon expanded its commitment to GHG reduction with the announcement of a comprehensive business and environmental strategic plan. The plan, Exelon 2020, details an enterprise-wide strategy and a wide range of initiatives being pursued by Exelon to reduce Exelon's GHG emissions and those of its customers, communities, suppliers and markets. Exelon 2020 sets a goal for Exelon to reduce, offset, or displace more than 15 million metric tons of GHG emissions per year by 2020 (from 2001 levels).

Through Exelon 2020, Exelon is pursuing three broad strategies: reducing or offsetting its own carbon footprint, helping customers and communities reduce their GHG emissions, and offering more low-carbon electricity in the marketplace. Initiatives to reduce Exelon's own carbon footprint include reducing building energy consumption by 25%, reducing vehicle fleet emissions, improving the efficiency of the generation and delivery system for electricity and natural gas, and developing an industry-leading green supply chain. Plans to help customers reduce their GHG emissions include ComEd's new portfolio of energy efficiency programs, a similar portfolio of energy efficiency programs at PECO to meet the requirements of the recently enacted Act 129, the implementation of smart-meters and real-time pricing programs and a broad array of communication initiatives to increase customer awareness of approaches to manage their energy consumption. See Note 2 of the Combined Notes to Consolidated Financial Statements for further information regarding ComEd and PECO smart grid filings and stimulus grant applications. Finally, Exelon will offer more low-carbon electricity in the marketplace by increasing its investment in renewable power and adding capacity to existing nuclear plants through uprates.

Exelon has incorporated Exelon 2020 into its overall business plans and has an organized implementation effort underway. This implementation effort includes a periodic review and refinement of Exelon 2020 initiatives in light of changing market conditions. Exelon has recently completed a periodic review of the original analysis of the costs and abatement potential of various emissions-reducing opportunities and remains committed to achieving the goal put forward in 2008. Specific initiatives and the amount of expenditures to implement the plan will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

FutureGen Alliance

Exelon supports efforts to develop new technologies to help reduce GHG emissions but recognizes that many opportunities to invest in new and emerging technologies are not yet commercially viable without Federal and state financial support. On January 30, 2010, Exelon announced that Generation intends to become a member of the FutureGen Alliance (FutureGen), which has been established to help fund a clean coal technology demonstration plan in Mattoon, Illinois. The proposed arrangement between Generation and FutureGen is subject to a number of conditions, including the execution of definitive agreements for participation by Generation and other contributing members. The proposed arrangement contemplates that Generation would make phased contributions of up to $32.1 million over a period of up to six years, commencing with the execution of a Cooperative Agreement between FutureGen and the DOE to provide partial funding for the project. Contributing members would have rights to withdraw from participation before a decision is made to start actual construction of the project or if there are insufficient funds to complete the project. Construction of the project is dependent on funding from contributing members, a grant of more than $1 billion from DOE, and financing from other sources.

Renewable and Alternative Energy Portfolio Standards

Thirty-three states have adopted some form of RPS requirement. As previously described, Illinois and Pennsylvania have laws specifically addressing energy efficiency and renewable energy initiatives. In addition to state level activity, RPS legislation has been considered and may be considered again in the future by the United States Congress. Also, states that currently do not have RPS requirements may determine to adopt such legislation in the future.

Table of Contents
The Illinois Settlement Legislation required that procurement plans implemented by electric utilities include cost-effective renewable energy resources in amounts that equal or exceed 2% of the total electricity that each electric utility supplies to its eligible retail customers by June 1, 2008, increasing to 10% by June 1, 2015, with a goal of 25% by June 1, 2025. Utilities are allowed to pass-through any costs from the procurement of these renewable resources subject to legislated rate impact criteria. ComEd procured approximately $19 million in RECs under the ICC-approved RFP for the period June 2008 through May 2009. On May 13, 2009, the ICC approved the results of an RFP to procure RECs for a total cost of $31 million for the period June 2009 through May 2010. See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

The AEPS Act mandates that 1.5% to 8.0% and 4.2% to 10.0% of electric energy sold by an electric distribution company or electric generation supplier to Pennsylvania retail electric customers shall be generated from Tier I and Tier II alternative energy resources, respectively, as measured in AECs. During 2009, PECO entered into agreements with accepted bidders, including Generation, for the purchase of 412,000 AECs annually for five years beginning no later than December 31, 2009. This agreement along with the five-year agreement entered into during 2008 for the purchase of 40,000 AECs annually were executed in accordance with its PAPUC approved plan to acquire and bank approximately 450,000 non-solar Tier I AECs annually for a five-year term in order to prepare for 2011, the first year of PECO's required compliance with the AEPS Act following the completion of its electric generation rate cap transition period.

In August 2009, the PAPUC approved a joint petition filed by PECO and various interveners for expedited approval of PECO's early procurement and banking of up to 8,000 solar Tier 1 AECs annually for ten years. On January 25, 2010, the PAPUC approved the fixed-price agreement solar AEC procurement results. PECO plans to enter into the fixed-price agreements by February 8, 2010.

While Generation is not directly affected by RPS or AEPS legislation from a compliance perspective, increased deployment of renewable and alternative energy resources will affect regional energy markets and, at the same time, may present some opportunities for sales of Generation's renewable power, including from Generation's hydroelectric and landfill gas generating stations and wind energy PPAs.

See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

Executive Officers of the Registrants as of February 5, 2010

Exelon

Name	Age	Position
Rowe, John W.	64	Chairman and Chief Executive Officer, Exelon; Chairman, Generation
Crane, Christopher M.	51	President and Chief Operating Officer, Exelon and Generation
Clark, Frank M.	64	Chairman and Chief Executive Officer, ComEd
O'Brien, Denis P.	49	Executive Vice President, Exelon; Chief Executive Officer and President, PECO
Gillis, Ruth Ann	55	Executive Vice President and Chief Administrative and Diversity Officer, Exelon; President, Exelon Business Services Company
McLean, Ian P.	60	Executive Vice President, Exelon and Chief Executive Officer, Exelon Transmission Company
Moler, Elizabeth A.	61	Executive Vice President, Government Affairs and Public Policy
Von Hoene Jr., William A.	56	Executive Vice President, Finance and Legal
Zopp, Andrea L.	53	Executive Vice President and General Counsel
Cornew, Kenneth W.	44	Senior Vice President, Exelon; President, Power Team division of Generation
Hilzinger, Matthew F.	46	Senior Vice President and Chief Financial Officer
DesParte, Duane M.	46	Vice President and Corporate Controller

Generation

Name	Age	Position
Rowe, John W.	64	Chairman and Chief Executive Officer, Exelon; Chairman
Crane, Christopher M.	51	President and Chief Operating Officer, Exelon and Generation
Pardee, Charles G.	50	Senior Vice President; President and Chief Nuclear Officer, Exelon Nuclear
Cornew, Kenneth W.	44	Senior Vice President, Exelon; President, Power Team
Beneby, Doyle N.	50	Senior Vice President, Exelon Generation, Acting President Exelon Power
Hilzinger, Matthew F.	46	Senior Vice President and Chief Financial Officer, Exelon (Principal Financial Officer)
Galvanoni, Matthew R.	37	Vice President and Assistant Corporate Controller, Exelon; Chief Accounting Officer (Principal Accounting Officer)

ComEd

Name	Age	Position
Clark, Frank M.	64	Chairman and Chief Executive Officer
Pramaggiore, Anne R.	51	President and Chief Operating Officer
Hooker, John T.	61	Executive Vice President, Legislative and External Affairs
Donnelly, Terence R.	49	Executive Vice President, Operations
Bradford, Darryl M.	54	Senior Vice President, Regulatory and Energy Policy and General Counsel
Butler Jr., Calvin G.	40	Senior Vice President, ComEd Corporate Affairs
Marquez, Fidel	48	Senior Vice President, Customer Operations
Trpik Jr., Joseph R.	40	Senior Vice President, Chief Financial Officer and Treasurer
Waden, Kevin J.	38	Vice President and Controller

PECO

Name	Age	Position
O'Brien, Denis P.	49	Executive Vice President, Exelon; Chief Executive Officer and President
Adams, Craig L.	57	Senior Vice President and Chief Operating Officer
Barnett, Phillip S.	46	Senior Vice President and Chief Financial Officer
Bonney, Paul R.	51	Vice President, Regulatory Affairs and General Counsel
Diaz Jr., Romulo L.	63	Vice President, Governmental and External Affairs
Acevedo, Jorge A.	38	Vice President and Controller

Each of the above executive officers holds such office at the discretion of the respective Registrant's board of directors or governing body, as applicable, until his or her replacement or earlier resignation, retirement or death.

Prior to his election to his listed positions, Mr. Rowe was Chairman, Chief Executive Officer and President of Exelon from 2004 to 2008 and has served as Chairman and Chief Executive Officer of Exelon since 2002.

Prior to his election to his listed position, Mr. Crane was Executive Vice President, Exelon and Chief Operating Officer, Generation from 2007 to 2008; Senior Vice President, Exelon, and President and Chief Nuclear Officer, Exelon Nuclear from 2004 to 2007.

Prior to his election to his listed positions, Mr. Clark was Executive Vice President and Chief of Staff of Exelon and President of ComEd from 2004 to 2005. Mr. Clark is listed as an executive officer of Exelon by reason of his position as the Chairman and Chief Executive Officer of ComEd.

Prior to his election to his listed position, Mr. O'Brien was President of PECO from 2003 to 2007.

Prior to her election to her listed position, Ms. Gillis was Executive Vice President, Exelon and President, Exelon Business Services Company from 2008 through 2009. Previously, she was Senior Vice President, Exelon and President, Exelon Business Services Company from 2005 to 2008; and Senior Vice President, Exelon, and Executive Vice President, ComEd from 2004 to 2005.

Prior to his election to his listed position, Mr. McLean was Executive Vice President, Finance and Markets from 2008 to 2009; and Executive Vice President, Exelon and President of the Exelon Power Team division of Generation from 2002 to 2008.

Prior to her election to her listed position, Ms. Moler was Executive Vice President, Governmental and Environmental Affairs and Public Policy from 2002 through 2009.

Prior to his election to his listed position, Mr. Von Hoene was Executive Vice President and General Counsel from 2008 to 2009; Senior Vice President and General Counsel, Exelon from 2006 to 2008; Senior Vice President and Acting General Counsel, Exelon from 2005 to 2006; and Senior Vice President and Deputy General Counsel, Exelon from 2004 to 2005.

Prior to her election to her listed position, Ms. Zopp was Executive Vice President, Exelon and Chief Human Resources Officer from 2008 through 2009; Senior Vice President, Exelon and Chief Human Resources Officer from 2007 to 2008; Senior Vice President, Human Resources, Exelon from 2006 to 2007; and Senior Vice President, General Counsel and Corporate Secretary, Sears Holding Corporation from 2003 to 2005.

Prior to his election to his listed position, Mr. Cornew held the following positions in the Power Team division of Generation: Senior Vice President, Trading and Origination from 2007 to 2008 and Senior Vice President, Power Transactions and Wholesale Marketing from 2004 to 2007.

Prior to his election to his listed position, Mr. Hilzinger was Senior Vice President, Exelon and Corporate Controller from 2005 to 2008; and Vice President, Exelon and Corporate Controller from 2002 to 2005. Mr. Hilzinger was Principal Accounting Officer for ComEd and PECO through December 31, 2006.

Prior to his election to his listed position, Mr. DesParte was Vice President, Finance of BSC from 2007 to 2008 and Vice President, Exelon Energy Delivery from 2004 to 2006.

Prior to his election to his listed position, Mr. Pardee was Senior Vice President, Generation and Chief Nuclear Officer, Exelon Nuclear from 2007 to 2008; Senior Vice President and Chief Operating Officer, Exelon Nuclear from 2005 to 2007; and Senior Vice President Engineering and Technical Services from 2004 to 2005.

Prior to his election to his listed position, Mr. Beneby was Vice President, Power Operations from 2008 to 2009; Vice President, Construction and Maintenance, PECO from 2006 to 2008; Vice President, Electric Operations, PECO from 2005 to 2006; and Vice President, Engineering and System Performance, Exelon Energy Delivery from 2004 to 2005.

Prior to his election to his listed position, Mr. Galvanoni was Vice President and Controller, ComEd and PECO from 2006 through 2009; Director of Financial Reporting and Analysis, Exelon during 2006; and Director of Accounting and Reporting, Generation from 2004 to 2005.

Prior to her election to her listed position, Ms. Pramaggiore was Executive Vice President, Customer Operations, Regulatory and External Affairs from 2007 to 2009; Senior Vice President, Regulatory and External Affairs, ComEd from 2005 to 2007; and Vice President, Regulatory and Strategic Services from 2002 to 2005.

Prior to his election to his listed position, Mr. Hooker was Senior Vice President, State Governmental Affairs and Real Estate and Facilities from 2008 to 2009; Senior Vice President, ComEd, Legislative and External Affairs from 2005 to 2008; and Senior Vice President, Exelon Energy Delivery Real Estate and Property Management from 2003 to 2005.

Prior to his election to his listed position, Mr. Donnelly was Senior Vice President, Transmission and Distribution, ComEd from 2007 through 2009; Senior Vice President, Technical Services, ComEd and PECO in 2007; and Vice President, Transmission and Substations, ComEd and PECO from 2004 through 2007.

Prior to his election to his listed position, Mr. Bradford was the Senior Vice President and General Counsel of ComEd from 2007 through June 2009; Vice President, General Counsel, ComEd from 2005 to 2007; and Vice President, Associate General Counsel, ComEd from 2003 to 2007.

Prior to his election to his listed position, Mr. Butler was Senior Vice President, Large Customer Services, State Legislative and Government Affairs, ComEd from May 2009 to January 2010; Vice President, State Legislative and Government Affairs, ComEd from 2008 to 2009; Senior Vice President, External Affairs, RR Donnelley from 2005 to 2008; and Vice President of Operations, Pontiac Division, RR Donnelley from 2004 to 2005.

Prior to his election to his listed position, Mr. Marquez was Vice President of External Affairs and Large Customer Services from 2007 to May 2009, and Vice President of External Affairs, ComEd, from 2004 to 2007.

Prior to his election to his listed position, Mr. Trpik was Vice President and Assistant Corporate Controller, Exelon, from 2004 through 2009.

Prior to his election to his listed position, Mr. Waden was Director of Accounting Operations, ComEd from 2007 through 2009; and Director of Financial Reporting and Accounting Research, Exelon Energy Delivery, LLC from 2003 through 2006.

Prior to his election to his listed position, Mr. Adams was Senior Vice President and Chief Supply Officer, BSC from 2004 to 2007.

Prior to his election to his listed position, Mr. Barnett was Senior Vice President, Corporate Financial Planning, Exelon, from 2005 to 2007; and Vice President Finance, Exelon Generation from 2003 to 2005.

Prior to his election to his listed position, Mr. Bonney was Vice President and Deputy General Counsel, Regulatory from 2001 to 2006.

Prior to his election to this listed position, Mr. Diaz was Associate General Counsel, Exelon from 2008 through 2009; City Solicitor, City of Philadelphia from 2005 through 2008; and Chair of the Commercial and Regulatory Law Group, City of Philadelphia from 2002 through 2005.

Prior to his election to his listed position, Mr. Acevedo was Assistant Controller of Generation from 2007 through July 2009; and Director of Accounting, Power Team, from 2003 through 2007.

ITEM 1A. RISK FACTORS

Each of the Registrants operates in a market and regulatory environment that poses significant risks, many of which are beyond each Registrant's control. Management of each Registrant regularly meets with the Chief Risk Officer and the RMC, which is comprised of officers of the Registrants, to identify and evaluate the most significant risks of the Registrant's businesses, and the appropriate steps to manage and mitigate those risks. The Chief Risk Officer and senior executives of the Registrants discuss those risks with the Risk Oversight and Audit Committees of the Exelon Board of Directors and the ComEd and PECO Boards of Directors. In addition, the Exelon Board of Directors' Generation Oversight and Energy Delivery Oversight Committees, respectively, evaluate risks related to the generation and energy delivery businesses. The risk factors discussed below may adversely affect one or more of the Registrants' results of operations and cash flows and the market prices of their publicly-traded securities. Each of the Registrants has disclosed the material risks known to it to affect its business at this time. However, there may be further risks and uncertainties that are not presently known or that are not currently believed to be material that may in the future adversely affect its performance or financial condition.

The Registrants' most significant risks arise as a consequence of: (1) Generation's position as a predominantly nuclear generator selling power into competitive wholesale markets, and (2) the role of both ComEd and PECO as operators of electric transmission and distribution systems in two of the largest metropolitan areas in the United States. The Registrants' major risks fall primarily under the categories of market and financial risk, regulatory and legislative risk, and operational risk.

First, Exelon and Generation have exposure to certain market and financial risks, including the risk of price fluctuations in the wholesale power markets. Wholesale power prices are a function of supply and demand, which in turn are driven by factors such as the price of fuels, and in particular the price of natural gas and coal, that drive the wholesale market prices that Generation's nuclear power plants can command, the rate of expansion of subsidized low carbon generation such as wind energy in the markets in which Generation's output is sold, and the impacts on energy demand of factors such as weather, economic conditions and implementation of energy efficiency and demand response programs.

Second, the Registrants face regulatory and legislative risks, including changes to the laws and regulations that govern competitive markets and utility cost recovery, and that drive environmental policy. In particular, Exelon's and Generation's financial performance may be adversely affected by changes that could affect Generation's ability to sell the power it produces and sell into the competitive wholesale power markets at market-based prices. In addition, potential legislation regarding climate change and renewable portfolio standards could increase the pace of development of wind energy facilities, which could put downward pressure in some markets on wholesale market prices for electricity from Generation's nuclear assets, partially offsetting any additional value Exelon and Generation could hope to derive from Generation's nuclear assets under a carbon constrained regulatory regime that might exist in the future.

Third, the Registrants face a number of operational risks, including those risks inherent in running the nation's largest fleet of nuclear power reactors and large electric distribution systems. The safe and effective operation of the nuclear facilities and the ability to effectively manage its associated decommissioning obligations as well as the ability to maintain the availability, reliability and safety of its energy delivery systems are fundamental to Exelon's ability to protect and grow shareholder value.

Finally, the operating costs of ComEd and PECO and the opinions of customers and regulators of ComEd and PECO are affected by those companies' ability to maintain the availability, reliability and safety of their energy delivery systems. A discussion of each of these risks and other risk factors is included below.

Market and Financial Risks

Generation is exposed to price fluctuations in the wholesale power market, which may negatively impact its results of operations. (Exelon and Generation)

Generation fulfills its energy supply commitments from the output of the generating facilities that it owns as well as through buying electricity under long-term and short-term contracts in both the wholesale bilateral and spot markets. The excess or deficiency of energy owned or controlled by Generation compared to its obligations exposes Generation to the risks of rising and falling prices in those markets, and Generation's cash flows may vary accordingly. Generation's cash flows from generation that is not used to meet Generation's long-term supply commitments are largely dependent on wholesale prices of electricity and Generation's ability to successfully market energy, capacity and ancillary services.

The wholesale spot market price of electricity for each hour is generally determined by the cost of supplying the next unit of electricity to the market during that hour. Many times, the next unit of electricity will be supplied from generating stations fueled by fossil fuels. Consequently, the open-market wholesale price of electricity likely reflects the cost of fossil fuels plus the cost to convert to electricity. Therefore, changes in the supply and cost of fossil fuels generally affect the open market wholesale price of electricity. In the event that alternative generation resources, such as wind and solar, are mandated through RPS or otherwise subsidized or encouraged through climate legislation and added to the supply, they could displace a higher cost fossil plant, which could reduce the price at which market participants sell their electricity. This could then reduce the market price at which all generators in that region, including Generation, would sell their output.

The market price for electricity is also affected by changes in the demand for electricity. Economic conditions, weather, and increases in energy efficiency and demand response can impact demand and prevent higher-cost generating resources from being called upon, effectively lowering the market price received for electricity.

The continued sluggish economy in the United States has led to reduced demand for electricity and lower prices for electricity and other commodities, which will adversely affect the Registrants' financial condition, results of operations and cash flows. This could adversely affect the Registrants' ability to pay dividends or fund other discretionary uses of cash such as growth projects. The weak world economy reduced the international demand for coal, oil and natural gas, and led to sharply lower fossil fuel prices putting downward pressure on electricity prices. The use of new technologies to recover natural gas from shale deposits is expected to increase natural gas supply and reserves, which will tend to place further downward pressure on natural gas prices and could reduce Generation's revenues. A slow recovery of the economy could result in a prolonged depression of or further decline in commodity prices, which could adversely affect Exelon's and Generation's results of operations, cash flows and financial position.

In addition to price fluctuations, Generation is exposed to other risks of the wholesale power market that are beyond its control, which may negatively impact its results of operations. (Exelon and Generation)

Credit Risk. In the bilateral markets, Generation is exposed to the risk that counterparties that owe Generation money, or are obligated to purchase energy or fuel from Generation will not perform their obligations for operational or financial reasons. In the event the counterparties to these arrangements fail to perform, Generation might be forced to purchase or sell energy or fuel in the wholesale markets at less favorable prices and incur additional losses, to the extent of amounts, if any, already paid to the counterparties. In the spot markets, Generation is exposed to the risks of whatever default mechanisms exist in that market, some of which attempt to spread the risk across all participants, which may or may not be an effective way of lessening the severity of the risk and the amounts at stake. Generation is also a party to agreements with entities in the energy sector that have experienced rating downgrades or other financial difficulties. In addition, the retail businesses subject Generation to credit risk through competitive electricity and natural gas supply activities that serve commercial and industrial companies. Retail credit risk results when customers default on their contractual obligations. This risk represents the loss that may be incurred due to the nonpayment of a customer's account balance, as well as the loss from the resale of energy previously committed to serve the customer.

Unstable Markets. The wholesale spot markets are evolving markets that vary from region to region and are still developing practices and procedures. Problems in or the failure of any of these markets could adversely affect Generation's business. In addition, a significant decrease in market participation could affect market liquidity and have a detrimental effect on market stability.

Market performance and other economic factors may decrease the value of decommissioning trust funds and benefit plan assets or increase the related obligations, which then could require significant additional funding. (Exelon, Generation, ComEd and PECO)

Disruptions in the capital markets and their actual or perceived effects on particular businesses and the greater economy may adversely affect the value of the investments held within Exelon's employee benefit plan trusts and Generation's NDTs. The Registrants have significant obligations in these areas and Exelon and Generation hold substantial assets in these trusts. The asset values are subject to market fluctuations and will yield uncertain returns, which may fall below the Registrants' projected return rates. A decline in the market value of the NDT fund investments may increase the funding requirements to decommission Generation's nuclear plants. A decline in the market value of the pension and other postretirement benefit plan assets will increase the funding requirements associated with Exelon's pension and other postretirement benefit plans. Additionally, Exelon's pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the liabilities increase, potentially increasing benefit costs and funding requirements. Changes in demographics, including increased numbers of retirements or changes in life expectancy assumptions, may also increase the funding requirements of the obligations related to the pension and other postretirement benefit plans. Also, if future increases in pension and other postretirement costs as a result of reduced plan assets or other factors are not recoverable from ComEd and PECO customers, the results of operations and financial positions of ComEd and PECO could be negatively affected. Ultimately, if the Registrants are unable to successfully manage the decommissioning trust funds and benefit plan assets and obligations, their results of operations and financial positions could be negatively affected.

Disruptions in the capital and credit markets and increased volatility in commodity markets may adversely affect the Registrants' businesses in several ways, including the availability and cost of short-term funds for liquidity requirements, the Registrants' ability to meet long-term commitments, Generation's ability to hedge effectively its generation portfolio, and the competitiveness and liquidity of energy markets; each could adversely affect the Registrants' financial condition, results of operations and cash flows. (Exelon, Generation, ComEd and PECO)

The Registrants rely on the capital markets, particularly for publicly-offered debt, as well as the banking and commercial paper markets, to meet their financial commitments and short-term liquidity needs if internal funds are not available from the Registrants' respective operations. Further disruptions in the capital and credit markets, or further deterioration of the banks' financial condition could adversely affect the Registrants' ability to draw on their respective bank revolving credit facilities. The Registrants' access to funds under those credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments to the Registrants if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Registrants and other borrowers within a short period of time. Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could result in the deferral of discretionary capital expenditures, changes to Generation's hedging strategy to reduce collateral-posting requirements, or a reduction in dividend payments or other discretionary uses of cash.

The strength and depth of competition in competitive energy markets depends heavily on active participation by multiple trading parties, which could be adversely affected by disruptions in the capital and credit markets and legislative and regulatory initiatives that may affect participants in commodities transactions. Reduced capital and liquidity and failures of significant institutions that participate in the energy markets could diminish the liquidity and competitiveness of energy markets that are important to the respective businesses of the Registrants. Perceived weaknesses in the competitive strength of the energy markets could lead to pressures for greater regulation of those markets or attempts to replace those market structures with other mechanisms for the sale of power, including the requirement of long-term contracts such as the financial swap contract between Generation and ComEd as described further in Note 2 of the Combined Notes to Consolidated Financial Statements, which could have a material adverse effect on Exelon's and Generation's results of operations and cash flows.

If the Registrants were to experience a downgrade in their credit ratings below investment grade or otherwise fail to satisfy the credit standards of trading counterparties, they would be required to provide significant amounts of collateral under their agreements with counterparties and could experience higher borrowing costs. (Exelon, Generation, ComEd and PECO)

Generation's trading business is subject to credit quality standards that may require market participants to post collateral for their obligations. If Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating) or otherwise fail to satisfy the credit standards of trading counterparties, it would be required under trading agreements to provide collateral in the form of letters of credit or cash, which may have a material adverse effect upon its liquidity. The amount of collateral required to be provided by Generation at any point in time is dependent on a variety of factors, including (1) the notional amount of trading positions, (2) the nature of counterparty and related agreements, and (3) changes in power or other commodity prices. In addition, if Generation were downgraded, it could experience higher borrowing costs as a result of the downgrade. Generation could experience a downgrade in its ratings if any of the credit rating agencies concludes that the level of business or financial risk and overall creditworthiness of the power generation industry or Generation has deteriorated. Changes in ratings methodologies by the agencies could also have a negative impact on the ratings of Generation.

ComEd's financial swap contract with Generation and its operating agreement with PJM contain collateral provisions that are affected by its credit rating and market prices. If certain wholesale market conditions exist and ComEd were to lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required under the financial swap contract with Generation to provide collateral in the form of letters of credit or cash, which may have a material adverse effect upon its liquidity. Collateral posting by ComEd under the financial swap will generally increase as forward market prices fall and decrease as forward market prices rise. Conversely, collateral requirements under the PJM operating agreement will generally increase as market prices rise and decrease as market prices fall. Given the relationship to market prices, contract collateral requirements can be volatile. In addition, if ComEd were downgraded, it could experience higher borrowing costs as a result of the downgrade.

PECO's operating agreement with PJM and its natural gas procurement contracts contain collateral provisions that are affected by its credit rating. If certain wholesale market conditions exist and PECO were to lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide collateral in the form of letters of credit or cash, which may have a material adverse effect upon its liquidity. PECO's collateral requirements relating to its natural gas supply contracts are a function of market prices. Collateral posting requirements for PECO with respect to these contracts will generally increase as forward market prices fall and decrease as forward market prices rise. Given the relationship to forward market prices, contract collateral requirements can be volatile. In addition, if PECO were downgraded, it could experience higher borrowing costs as a result of the downgrade.

Either or both ComEd and PECO could experience a downgrade in its ratings if any of the credit rating agencies concludes that the level of business or financial risk and overall creditworthiness of the utility industry in general or ComEd or PECO in particular has deteriorated. ComEd or PECO could experience a downgrade if the current supportive regulatory environment in Illinois or Pennsylvania becomes less predictable by materially lowering returns for utilities in the state or adopting other measures to manage higher electricity prices. Additionally, the ratings for ComEd or PECO could be downgraded if either company's financial results are weakened from current levels due to weaker operating performance or due to a failure to properly manage its capital structure. In addition, changes in ratings methodologies by the agencies could also have a negative impact on the ratings of ComEd or PECO.

ComEd and PECO conduct their respective businesses and operate under governance models and other arrangements and procedures intended to assure that ComEd and PECO are treated as separate, independent companies, distinct from Exelon and other Exelon subsidiaries in order to isolate ComEd and PECO from Exelon and other Exelon subsidiaries in the event of financial difficulty at Exelon or another Exelon subsidiary. These measures (commonly referred to as "ringfencing") may help avoid or limit a downgrade in the credit ratings of ComEd and PECO in the event of a reduction in the credit rating of Exelon. Despite these ringfencing measures, the credit ratings of ComEd and PECO could remain linked, to some degree, to the credit ratings of Exelon. Consequently, a reduction in the credit rating of Exelon could result in a reduction of the credit rating of ComEd or PECO, or both. A reduction in the credit rating of ComEd or PECO could have a material adverse effect on ComEd or PECO, respectively.

See Liquidity and Capital Resources—Recent Market Conditions and Security Ratings for further information regarding the potential impacts of credit downgrades on the Registrants' cash flows.

Results of operations may be negatively affected by increasing costs. (Exelon, Generation, ComEd and PECO)

Inflation affects the Registrants through increased operating costs and increased capital costs for plant and equipment. In addition, the Registrants face rising medical benefit costs, including the current costs for active and retired employees. These medical benefit costs are increasing at a rate that is significantly greater than the rate of general inflation. Additionally, it is possible that these costs may increase at a rate that is higher than anticipated by the Registrants. If the Registrants are unable to successfully manage their medical benefit costs, pension costs, or other increasing costs, their results of operations could be negatively affected.

Generation's financial performance may be negatively affected by price volatility, availability and other risk factors associated with the procurement of nuclear and fossil fuel. (Exelon and Generation)

Generation depends on nuclear fuel, coal, natural gas and oil to operate its generating facilities. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. Coal, natural gas and oil are procured for generating plants through annual, short-term and spot-market purchases. The supply markets for nuclear fuel, coal, natural gas and oil are subject to price fluctuations, availability restrictions and counterparty default that may negatively affect the results of operations for Generation. It is not possible to accurately predict the future cost or availability of these commodities.

Generation's risk management policies cannot fully eliminate the risk associated with its commodity trading activities. (Exelon and Generation)

Generation's asset-based power position as well as its power marketing, fuel procurement and other commodity trading activities expose Generation to risks of commodity price movements. Generation attempts to manage this exposure through enforcement of established risk limits and risk management procedures. These risk limits and risk management procedures may not work as planned and cannot eliminate all risks associated with these activities. Even when its policies and procedures are followed, and decisions are made based on projections and estimates of future performance, results of operations may be diminished if the judgments and assumptions underlying those decisions prove to be incorrect. Factors, such as future prices and demand for power and other energy-related commodities, become more difficult to predict and the calculations become less reliable the further into the future estimates are made. As a result, Generation cannot predict the impact that its commodity trading activities and risk management decisions may have on its business, operating results or financial position.

Power Team buys and sells energy and other products in the wholesale markets and enters into financial contracts to manage risk and hedge various positions in Generation's power generation portfolio. The proportion of hedged positions in its power generation portfolio may cause volatility in Generation's future results of operations.

Generation may not be able to effectively respond to increased demand for energy. (Exelon and Generation)

Generation's financial growth may depend in part on its ability to respond to increased demand for energy. If demand for electricity rises in the future, it may be necessary for the market to increase capacity through the construction of new generating facilities. Development by Generation of new generating facilities would require the commitment of substantial capital resources, including access to the capital markets. The wholesale markets for electricity and certain states' statutes contemplate that future generation will be built in those markets at the risk of market participants. Thus, the ability of Generation to recover the costs of and to earn an adequate return on any future investment in generating facilities will be dependent on its ability to build, finance and efficiently operate facilities that are competitive in those markets. Additionally, construction of new generating facilities by Generation in markets in which it currently competes would be subject to market concentration tests administered by FERC. If Generation cannot pass these tests administered by FERC, it could be limited in how it responds to increased demand for energy.

Financial performance and load requirements may be adversely affected if Generation is unable to effectively manage its power portfolio. (Exelon and Generation)

A significant portion of Generation's power portfolio is used to provide power under a long-term PPA with PECO and procurement contracts with ComEd and other customers. To the extent portions of the power portfolio are not needed for that purpose, Generation's output is sold in the wholesale market. To the extent its power portfolio is not sufficient to meet the requirements of its customers under the related agreements, Generation must purchase power in the wholesale power markets. Generation's financial results may be negatively affected if it is unable to cost-effectively meet the load requirements of its customers, manage its power portfolio and effectively handle the changes in the wholesale power markets.

Challenges to tax positions taken by the Registrants as well as tax law changes and the inherent difficulty in quantifying potential tax effects of business decisions, could negatively impact the Registrants' results of operations and cash flows. (Exelon, Generation, ComEd and PECO)

1999 sale of fossil generating assets. The IRS has challenged Exelon's 1999 tax position on an involuntary conversion and like-kind exchange transaction. If the IRS is successful in its challenge, it would accelerate future income tax payments and increase interest expense related to the deferred tax gain that would become currently payable. As of December 31, 2009, Exelon's and ComEd's potential cash outflow, including tax and interest (after tax), could be as much as $1.1 billion excluding penalties. If the deferral were successfully challenged by the IRS, it could also negatively affect Exelon's and ComEd's results of operations by up to $300 million (after tax) related to interest expense. In addition to attempting to impose tax on the above transactions, the IRS has asserted penalties for a substantial understatement of tax, which could result in an after-tax charge of $196 million to Exelon's and ComEd's results of operations should the IRS prevail in asserting the penalties. The timing effects of the final resolution of this matter are unknown. See Note 10 of the Combined Notes to Consolidated Financial Statements for additional information.

Tax reserves and the recoverability of deferred tax assets. The Registrants are required to make judgments in order to estimate their obligations to taxing authorities. These tax obligations include income, real estate, sales and use and employment-related taxes and ongoing appeals issues related to these tax matters. These judgments include reserves for potential adverse outcomes regarding tax positions that have been taken that may be subject to challenge by the tax authorities. The Registrants also estimate their ability to utilize tax benefits, including those in the form of carryforwards for which the benefits have already been reflected, and tax credits. See Notes 1 and 10 of the Combined Notes to Consolidated Financial Statements for additional information.

Increases in customer rates and the impact of economic downturns may lead to greater expense for uncollectible customer balances. Additionally, increasing rates could lead to decreased volumes delivered. Both of these factors may decrease ComEd's and PECO's results from operations and cash flows. (Exelon, ComEd and PECO)

ComEd's current procurement plan includes purchasing power through contracted suppliers and the spot market. Purchased power prices fluctuate based on the supply and demand for electricity, which could lead to higher customer bills and potentially additional uncollectible accounts expense.

The cost of PECO's purchased power, which is provided by Generation through a PPA, is capped as part of the transition period through 2010. For service following the end of PECO's transition period, PECO will purchase power on the open market, with no return or profit to PECO, which may significantly increase the cost of power PECO procures and in turn increase costs to the customer. The increase in rates could cause customer usage to decrease, resulting in lower transmission and distribution revenues and lower profit margins for PECO.

Gas rates charged to PECO customers are comprised primarily of purchased natural gas cost charges, which provide no return or profit to PECO, and distribution charges, which provide a return or profit to PECO. Purchased natural gas cost charges, which comprise most of a customer's bill and may be adjusted quarterly, are designed for PECO to recover the cost of the natural gas commodity and pipeline transportation and storage services that PECO procures to service its customers. Gas rates may change quarterly based on market conditions, which may lead to higher prices and potentially additional uncollectible accounts expense. PECO's cash flows can be affected by differences between the time period when natural gas is purchased and the ultimate recovery from customers. If purchased natural gas cost charges increase substantially reflecting higher natural gas procurement costs incurred by PECO, customer usage may decrease, resulting in lower distribution charges and lower profit margins for PECO.

In addition to increased purchased power for ComEd and PECO customers and purchased natural gas costs for PECO customers, economic downturns and the related limitations on service termination may result in an increase in the number of uncollectible customer balances, which would negatively impact ComEd's and PECO's results from operations and cash flows.

In accordance with PAPUC regulations, after November 30 of any year and before April 1 of the following year, an electric distribution utility or natural gas distribution utility cannot terminate service to customers with household incomes at or below 250% of the Federal poverty level. As a result, PECO may be delayed in stopping service to customers who are delinquent in their bills, which increases PECO's uncollectible accounts expense.

The Illinois Settlement Legislation prohibits utilities from terminating electric service to an Illinois residential space-heating customer due to nonpayment, extending from December 1 of any year through March 1 of the following year. ComEd's ability to disconnect non space-heating residential customers is also affected by certain weather restrictions, at any time of year, under the Illinois Public Utilities Act. As a result, ComEd may be delayed in stopping service to customers who are delinquent in their bills, which could increase ComEd's uncollectible accounts expense.

The effects of weather may impact the Registrants' results of operations and cash flows. (Exelon, Generation, ComEd and PECO)

Temperatures above normal levels in the summer tend to increase summer cooling electricity demand and revenues, and temperatures below normal levels in the winter tend to increase winter heating electricity and gas demand and revenues. Moderate temperatures adversely affect the usage of energy and resulting revenues. Extreme weather conditions or damage resulting from storms may stress ComEd's and PECO's transmission and distribution systems, resulting in increased maintenance and capital costs and limiting each company's ability to meet peak customer demand. These extreme conditions may have detrimental effects on ComEd's and PECO's results of operations and cash flows.

Generation's operations are also affected by weather, which affects demand for electricity as well as operating conditions. To the extent that weather is warmer in the summer or colder in the winter than assumed, Generation may require greater resources to meet its contractual commitments. Extreme weather conditions or storms may affect the availability of generation and its transmission, limiting Generation's ability to source or send power to where it is sold. In addition, drought-like conditions can impact Generation's ability to run certain generating assets at full capacity. These conditions, which cannot be accurately predicted, may have an adverse effect by causing Generation to seek additional capacity at a time when wholesale markets are tight or to seek to sell excess capacity at a time when those markets are weak.

Certain long-lived assets recorded on the Registrants' statements of financial position may become impaired, which would result in write-offs of the impaired amounts. (Exelon, Generation, ComEd and PECO)

The Registrants evaluate the carrying value of long-lived assets to be held and used for impairment whenever indications of impairment exist. The carrying value of a long-lived asset is considered impaired when the carry value is not recoverable and exceeds its fair value. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. In the event that a long-lived asset is impaired, a loss would be recognized based on the amount by which the carrying value exceeds the fair value. Fair value is determined primarily by available market valuations or, if applicable, future discounted estimated cash flows or other valuation methods. Factors such as the business climate, including current energy and market conditions, and the condition of assets are considered when evaluating long-lived assets for impairment. An impairment would require Generation to reduce the long-lived asset through a charge to expense by the amount of the impairment, and such an impairment could have a material adverse impact on Exelon's and Generation's results of operations.

Exelon and ComEd both had approximately $2.6 billion of goodwill recorded at December 31, 2009 in connection with the merger between PECO and Unicom Corporation, the former parent company of ComEd. Under GAAP, goodwill will remain at its recorded amount unless it is determined to be impaired, which is generally based upon an annual analysis that compares the implied fair value of the goodwill to its carrying value. If an impairment occurs, the amount of the impaired goodwill will be written-off and expensed, reducing equity.

The actual timing and amounts of any goodwill impairments will depend on many sensitive, interrelated and uncertain variables, including changing interest rates, utility sector market performance, ComEd's capital structure, results of ComEd's rate proceedings, operating and capital expenditure requirements and other factors, some not yet known. Such a potential impairment would be a noncash charge, which could have a material impact on Exelon's and ComEd's operating results.

See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operation—Critical Accounting Policies and Estimates and Note 6 of the Combined Notes to the Consolidated Financial Statements for additional discussion on goodwill impairments.

The Registrants' businesses are capital intensive and the costs of capital projects may be significant. (Exelon, Generation, ComEd and PECO)

The Registrants' businesses are capital intensive and require significant investments in energy generation and in other internal infrastructure projects. The Registrants' results of operations could be adversely affected if they were unable to effectively manage their capital projects or raise the necessary capital. See Item 1 of this Form 10-K for further information regarding the Registrants' potential future capital expenditures.

Exelon and its subsidiaries have guaranteed the performance of third parties, which may result in substantial costs in the event of non-performance. (Exelon, Generation, ComEd and PECO)

The Registrants have issued certain guarantees of the performance of others, which obligate Exelon and its subsidiaries to perform in the event that the third parties do not perform. In the event of non-performance by the third parties, the Registrants could incur substantial cost to fulfill their obligations under these guarantees. Such performance guarantees could have a material impact on the operating results, financial condition, or cash flows of the Registrants. See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information.

Due to its dependence on its two most significant customers, ComEd and PECO, Generation will be negatively affected in the event of non-performance or change in the creditworthiness of either of its most significant customers. (Exelon and Generation)

Generation currently provides power under procurement contracts with ComEd for a significant portion of ComEd's electricity supply requirements and a PPA with PECO to meet 100% of PECO's electricity supply requirements through 2010. In addition, Generation entered into a financial swap contract with ComEd, effective August 2007, to hedge a portion of ComEd's electricity supply requirements through May 2013. Consequently, Generation is highly dependent on ComEd's and PECO's continued payments under these procurement contracts and the PPA and would be adversely affected by negative events affecting these agreements, including the non-performance or a significant change in the creditworthiness of either ComEd or PECO. A default by ComEd or PECO under these agreements would have an adverse effect on Generation's results of operations and financial position.

Generation's business may be negatively affected by competitive electric generation suppliers. (Exelon and Generation)

Because retail customers in both Illinois and Pennsylvania can switch from ComEd or PECO to a competitive electric generation supplier for their energy needs, planning to meet Generation's obligation to provide the supply needed to serve Generation's share of the ComEd load and to supply PECO with all of the energy PECO needs to fulfill its default service obligation is more difficult than planning for retail load before the advent of retail competition. Before retail competition, the primary variables affecting projections of load were weather and the economy. With retail competition, another major factor is the ability of retail customers to switch to competitive electric generation suppliers. If fewer of such customers switch from ComEd or PECO than Generation anticipates, the ComEd and/or PECO load that Generation must serve will be greater than anticipated, which could, if market prices have increased, increase Generation's costs (due to its need to go to market to cover its incremental supply obligation) more than the increase in Generation's revenues. If more of such customers switch than Generation anticipates, the ComEd and/or PECO load that Generation must serve will be lower than anticipated, which could, if market prices have decreased, cause Generation to lose opportunities in the market.

Regulatory and Legislative Risks

The Registrants' generation and energy delivery businesses are highly regulated and could be subject to adverse legislative actions. Fundamental changes in regulation or legislation could disrupt the Registrants' business plans and adversely affect their operations and financial results. (Exelon, Generation, ComEd and PECO)

Substantially all aspects of the businesses of the Registrants are subject to comprehensive Federal or state regulation. Further, Exelon's and Generation's operating results and cash flows are heavily dependent upon the ability of Generation to sell power at market-based rates, as opposed to cost-based or other similarly regulated rates, and Exelon's, ComEd's and PECO's operating results and cash flows are heavily dependent on their ability to recover their costs for purchased power and their costs of distribution of power to their customers. In their business planning and in the management of their operations, the Registrants must address the effects of regulation of their businesses and changes in the regulatory framework, including initiatives by Federal and state legislatures, RTOs, ratemaking jurisdictions and taxing authorities. Fundamental changes in regulations or other adverse legislative actions impacting the Registrants' businesses would require changes in their business planning models and operations and could adversely affect their operating results, cash flows and the value of their assets.

Legislative and regulatory developments related to climate change and RPS may also significantly affect Exelon's and Generation's operating results, cash flows and the value of their assets. Various proposals for climate legislation and GHG regulation, if enacted into law, could result in increased costs to entities that generate electricity through carbon-emitting fossil fuels, which could increase the market price at which all generators in that region, including Generation, may sell their output, thereby increasing the revenue Generation could realize from its low-carbon nuclear assets. However, legislation regarding climate change and RPS could also increase the pace of development of wind energy facilities in the Midwest, which could put downward pressure on wholesale market prices for electricity from Generation's Midwest nuclear assets, partially offsetting any additional value Exelon and Generation could hope to derive from Generation's nuclear assets under a carbon constrained regulatory regime that might exist in the future. The Registrants cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on the Registrants.

Generation may be negatively affected by possible Federal legislative or regulatory actions that could affect the scope and functioning of the wholesale markets. (Exelon and Generation)

Federal and state legislative and regulatory bodies are facing pressures to address consumer concerns that energy prices in wholesale markets exceed the marginal cost of operating nuclear plants, claims that this difference is evidence that the competitive model is not working, and resulting calls for some form of re-regulation, the elimination of marginal pricing, the imposition of a generation tax, or some other means of reducing the earnings of Generation and its competitors. As the energy markets continue to mature, a low number of wholesale market power participants entering procurement proceedings may also influence how certain regulators and legislators view the effectiveness of these competitive markets.

The criticism of restructured electricity markets, which has escalated in recent years as retail rate freezes expired and prices of electricity increased with rising fuel prices, is expected to continue in 2010. A number of advocacy groups have urged FERC to reconsider its support of competitive wholesale electricity markets and require the RTOs to revise the rules governing the RTO-administered markets. Generation is dependent on wholesale energy markets and open transmission access and rights by which Generation delivers power to its wholesale customers, including ComEd and PECO. Generation uses the wholesale regional energy markets to sell power that Generation does not need to satisfy its long-term contractual obligations, and to purchase power to meet obligations not provided by its own resources. These wholesale markets allow Generation to take advantage of market price opportunities but also expose Generation to market risk.

Wholesale markets have only been implemented in certain areas of the country and each market has unique features, which may create trading barriers between the markets. Approximately 80% of Generation's generating resources, which include directly-owned assets and capacity obtained through long-term contracts, are located in the region encompassed by PJM. Generation's future results of operations will depend on (1) FERC's continued adherence to and support for policies that favor the development of competitive wholesale power markets, such as the PJM market, and (2) the absence of material changes to market structures that would limit or otherwise negatively affect the competitiveness of the PJM market, such as, for example, withdrawal of significant participants from the regional wholesale markets. Generation could also be adversely affected by efforts of state legislatures and regulatory authorities to respond to the concerns of consumers or others about the costs of energy that are reflected through wholesale markets.

In particular, the advocacy groups oppose the RTOs' use of a "single clearing price" for electricity sold in the RTO markets utilizing locational marginal pricing. FERC conducted conferences which led to a rulemaking on Wholesale Competition in Regions with Organized Electric Markets. On October 17, 2008, FERC issued a Final Rule, Order No. 719, to improve the operation of organized wholesale electric markets in the areas of (1) demand response and market pricing during periods of operating reserve shortage; (2) long-term power contracting; (3) market-monitoring policies; and (4) the responsiveness of RTOs and ISOs. A number of entities have filed requests for rehearing with FERC. The outcome of this FERC rulemaking process could significantly affect Generation's results of operations, financial position and cash flows.

In addition, on June 21, 2007, FERC issued a Final Rule on Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities. FERC provided clarification to the Final Rule on December 14, 2007. The Final Rule made a number of changes in FERC's market-based rate analysis and required several market power update filings by Generation, ComEd and PECO, the first of which was made on January 14, 2008. As discussed in more detail in Note 2 of the Combined Notes to Consolidated Financial Statements, during 2009, FERC issued three orders accepting Exelon's filings, and therefore affirmed that Exelon's affiliates with market-based rates can continue to make market-based sales. Accordingly, the application of the Final Rule has not had and is not currently expected to have a material adverse effect on Exelon's and Generation's results of operations, although the longer term impact will depend on how FERC applies the Final Rule as its enforcement of the rule matures with time and experience.

Currently, legislation under consideration in Congress and rulemakings under consideration by the Commodity Futures Trading Commission would require over-the-counter derivative products to be moved to exchanges or be centrally cleared. Power Team currently has substantial unsecured credit with various counterparties available for over-the-counter derivative transactions that could require Generation, or its counterparties, to post additional collateral if they were moved to an exchange or centrally cleared. These rule changes could reduce overall market liquidity and participation, which is a threat to the competitive market model. In addition, these changes could significantly affect Generation's cash flows.

Generation's affiliation with ComEd and PECO, together with the presence of a substantial percentage of Generation's physical asset base within the ComEd and PECO service territories, could increase Generation's cost of doing business to the extent future complaints or challenges regarding ComEd and/or PECO retail rates result in settlements or legislative or regulatory requirements funded in part by Generation. (Exelon and Generation)

Generation has significant generating resources within the service areas of ComEd and PECO and makes significant sales to each of them. Those facts tend to cause Generation to be directly affected by developments in those markets. Government officials, legislators and advocacy groups are aware of Generation's affiliation with ComEd and PECO and its sales to each of them. In periods of rising utility rates, particularly when driven by increased costs of energy production and supply, those officials and advocacy groups may question or challenge costs incurred by ComEd or PECO, including transactions between Generation, on the one hand, and ComEd or PECO, on the other hand, regardless of any previous regulatory processes or approvals underlying those transactions. The prospect of such challenges may increase the time, complexity and cost of the associated regulatory proceedings, and the occurrence of such challenges may subject Generation to a level of scrutiny not faced by other unaffiliated competitors in those markets. In addition, government officials and legislators may seek ways to force Generation to contribute to efforts to mitigate potential or actual rate increases, through measures such as generation-based taxes and contributions to rate-relief packages.

Legislators or regulators may respond to anticipated increases in rates following the end of the retail electric generation rate cap transition period in Pennsylvania on December 31, 2010 by enacting laws or regulations aimed at restricting or controlling those rates or by establishing rate relief programs that could require significant funding from PECO and/or Generation that could adversely affect PECO and/or Generation's results of operations. (Exelon, Generation and PECO)

In Pennsylvania, there has been some continuing interest from legislators and regulators in mitigating the potential impact of electric generation price increases on customers when rate caps expire. Although Act 129 provides guidelines associated with electricity procurement that support competitive, market-based procurement, elected officials have suggested rate-cap extensions, a generation tax and contributions of value by Pennsylvania utility companies toward rate-relief programs. PECO and Generation cannot predict whether any of these measures will become law or whether elected officials or regulators might take action that could have a material impact on the procurement process. If the price that PECO is allowed to bill to customers for electricity is below PECO's cost to procure and deliver electricity, PECO expects that it will suffer adverse consequences, which could be material.

The Illinois Settlement Legislation enacted in 2007 providing rate relief to Illinois electric customers and requiring other changes in the electric industry in lieu of harmful alternatives such as rate freezes, caps, or a tax on generation, could be reversed or modified by new legislation that could be harmful to ComEd and Generation. (Exelon, Generation and ComEd)

The Illinois Settlement Legislation enacted in 2007 reflects the Illinois Settlement reached by ComEd, Generation, and other utilities and generators in Illinois with various parties concluding discussions of measures to address higher electric bills experienced in Illinois since the end of the legislatively mandated transition and rate freeze at the end of 2006. The Illinois Settlement Legislation addressed those concerns without implementing a rate freeze, generation tax, or other alternative measures that Exelon believes would have been harmful to consumers of electricity, electric utilities, generators of electricity and the State of Illinois. For more information regarding potential risks associated with such legislation, see "Illinois Settlement Agreement" and "Retail Electric Services" in ITEM 1 of this Form 10-K. Although the Illinois Settlement Legislation allows the contributors to the rate relief to terminate their funding commitments and recover any undisbursed funds set aside for rate relief in the event that, prior to August 1, 2011, the Illinois General Assembly passes legislation that freezes or reduces electric rates of or imposes a generation tax on parties to the Illinois Settlement, there is no guarantee that such legislation will not be passed and enacted in Illinois. The experience in Illinois in 2007 suggests a risk that the Illinois General Assembly may threaten extreme measures again in the future in an attempt to force electric utilities and generators to make further concessions. Such legislation, if enacted, could have a material adverse effect on ComEd and Generation's results of operations, financial position, and cash flows.

The Registrants may incur substantial costs to fulfill their obligations related to environmental and other matters. (Exelon, Generation, ComEd and PECO)

The businesses in which the Registrants operate are subject to extensive environmental regulation by local, state and Federal authorities. These laws and regulations affect the manner in which the Registrants conduct their operations and make capital expenditures. These regulations affect how the Registrants handle air and water emissions and solid waste disposal and are an important aspect of their operations. Violations of these emission and disposal requirements can subject the Registrants to enforcement actions, capital expenditures to bring existing facilities into compliance, additional operating costs or operating restrictions to achieve compliance, remediation and clean-up costs, civil penalties, and exposure to third parties' claims for alleged health or property damages. In addition, the Registrants are subject to liability under these laws for the costs of remediation of environmental contamination of property now or formerly owned by the Registrants and of property contaminated by hazardous substances they generate. The Registrants have incurred and expect to incur significant costs related to environmental compliance, site remediation and clean-up. Remediation activities associated with MGP operations conducted by predecessor companies will be one component of such costs. Also, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

If application of the Section 316(b) of the Clean Water Act regulations establishing a national requirement for reducing the adverse impacts to aquatic organisms at existing generating stations requires the retrofitting of cooling water intake structures at Oyster Creek, Salem or other Exelon power plants, this could result in material costs of compliance. The amount of the costs required to retrofit Oyster Creek may also negatively impact Generation's decision to operate the plant after the Section 316(b) of the Clean Water Act matter is ultimately resolved. Additionally, Generation is subject to exposure for asbestos-related personal injury liability alleged at certain current and formerly owned generation facilities. Future legislative action could require Generation to make a material contribution to a fund to settle lawsuits for alleged asbestos-related disease and exposure.

In some cases, a third party who has acquired assets from a Registrant has assumed the liability the Registrant may otherwise have for environmental matters related to the transferred property. If the transferee fails to discharge the assumed liability, a regulatory authority or injured person could attempt to hold the Registrant responsible, and the Registrant's remedies against the transferee may be limited by the financial resources of the transferee. See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information.

Changes in ComEd's and PECO's terms and conditions of service, including their respective rates, are subject to regulatory approval proceedings and/or negotiated settlements that are at times contentious, lengthy and subject to appeal, which lead to uncertainty as to the ultimate result and which may introduce time delays in effectuating rate changes. (Exelon, ComEd and PECO)

ComEd and PECO are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups and various consumers of energy, who have differing concerns but who have the common objective of limiting rate increases or even reducing rates. The proceedings generally have timelines that may not be limited by statute. Decisions are subject to appeal, potentially leading to additional uncertainty associated with the approval proceedings. The potential duration of such proceedings creates a risk that rates ultimately approved by the applicable regulatory body may not be sufficient for ComEd or PECO to recover its costs by the time the rates become effective. Established rates are also subject to subsequent prudency reviews by state regulators, whereby various portions of rates can be adjusted, including rates for the procurement of electricity or gas and the recovery of costs related to MGP remediation, smart grid infrastructure, and energy efficiency and demand response programs.

In certain instances, ComEd and PECO may agree to negotiated settlements related to various rate matters, customer initiatives or franchise agreements. These settlements are typically subject to regulatory approval.

ComEd and PECO cannot predict the ultimate outcomes of any settlements or the actions by Illinois, Pennsylvania or Federal regulators for establishing rates, including the extent, if any, to which certain costs such as significant capital projects will be recovered or what rates of return will be allowed. Nevertheless, the expectation is that ComEd and PECO will continue to be obligated to deliver electricity to customers in their respective service territories and will also retain significant POLR and default service obligations to provide electricity service to certain groups of customers in its service area who choose to obtain their electricity from the utility.

The ultimate outcome of these regulatory actions will have a significant effect on the ability of ComEd and PECO, as applicable, to recover their costs and could have a material adverse effect on ComEd's and PECO's results of operations and cash flows. Additionally, lengthy proceedings and time delays in implementing new rates relative to when costs are actually incurred could have a material adverse effect on ComEd's and PECO's results of operations and cash flows.

Federal or additional state RPS and/or energy conservation legislation along with energy conservation by customers could negatively affect the results of operations and cash flows of ComEd and PECO. (Exelon, ComEd and PECO)

Changes to current state legislation or the development of Federal legislation that requires the use of renewable and alternate fuel sources, such as wind, solar, biomass and geothermal, could significantly impact ComEd and PECO, especially if timely cost recovery is not allowed. The impact could include increased costs for RECs and purchased power.

Federal and state legislation mandating the implementation of energy conservation programs that require the implementation of new technologies, such as smart meters and smart grid, will increase capital expenditures and could significantly impact ComEd and PECO if timely cost recovery is not allowed. Furthermore, regulated energy consumption reduction targets and declines in customer energy consumption resulting from the implementation of new energy conservation technologies could lead to a decline in the revenues of Exelon, ComEd and PECO. For additional information, see ITEM 1. Business "Environmental Regulation-Renewable and Alternative Energy Portfolio Standards".

ComEd and PECO are likely to be subject to higher transmission operating costs in the future as a result of PJM's RTEP. (Exelon, ComEd and PECO)

In accordance with a FERC order and related settlement, PJM's RTEP requires the costs of new transmission facilities to be allocated across the entire PJM footprint for new facilities greater than or equal to 500 kV, and requires costs of new facilities less than 500 kV to be allocated to the beneficiaries of the new facilities. On August 6, 2009, the U.S. Court of Appeals for the Seventh Circuit remanded to FERC its decision related to allocation of new facilities 500 kV and above for further proceedings. ComEd and PECO cannot estimate the longer-term impact on their respective results of operations and cash flows because of the uncertainties relating to what new facilities will be built, the cost of building those facilities and the allocation ultimately determined by further proceedings. See Notes 2 and 18 of the Combined Notes to Consolidated Financial Statements for additional information.

The impact of not meeting the criteria of the authoritative guidance for accounting for the effects of certain types of regulation could be material to Exelon, ComEd and PECO. (Exelon, ComEd and PECO)

As of December 31, 2009, Exelon, ComEd and PECO have concluded that the operations of ComEd and PECO meet the criteria of the authoritative guidance for accounting for the effects of certain types of regulation. If it is concluded in a future period that a separable portion of their businesses no longer meets the criteria, Exelon, ComEd, and PECO are required to eliminate the financial statement effects of regulation for that part of their business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in their Consolidated Balance Sheets and the recognition of a one-time extraordinary item in their Consolidated Statements of Operations. The impact of not meeting the criteria of the authoritative guidance could be material to the financial statements of Exelon, ComEd and PECO. At

December 31, 2009, the extraordinary gain could have been as much as $1.7 billion (before taxes) as a result of the elimination of ComEd's regulatory assets and liabilities. At December 31, 2009, the extraordinary charge could have been as much as $1.5 billion (before taxes) as a result of the elimination of PECO's regulatory assets and liabilities. Exelon would record an extraordinary gain or charge in an equal amount related to ComEd's and PECO's regulatory assets and liabilities in addition to a charge against OCI (before taxes) of up to $2.5 billion and $92 million for ComEd and PECO, respectively, related to Exelon's regulatory assets associated with its defined benefit postretirement plans. The impacts and resolution of the above items could lead to an additional impairment of ComEd's goodwill, which could be significant and at least partially offset the extraordinary gain discussed above. A significant decrease in equity as a result of any changes could limit the ability of ComEd and PECO to pay dividends under Federal and state law and cause significant volatility in future results of operations. See Notes 1, 2, 6 and 19 of the Combined Notes to Consolidated Financial Statements for additional information regarding accounting for the effects of regulation, regulatory issues, ComEd's goodwill and regulatory assets and liabilities, respectively.

Exelon and Generation may incur material costs of compliance if Federal and/or state legislation is adopted to address climate change. (Exelon and Generation)

Various stakeholders, including legislators and regulators, shareholders and non-governmental organizations, as well as other companies in many business sectors, including utilities, are considering ways to address the effect of GHG emissions on climate change. Select Northeast and Mid-Atlantic states have developed a model rule, via the RGGI, to regulate CO_2 emissions from fossil-fired generation in participating states starting in 2009. Federal and/or state legislation to reduce GHG emissions is likely to evolve in the future. If these plans become effective, Exelon and Generation may incur material costs either to additionally limit the GHG emissions from their operations or to procure emission allowance credits. The nature and extent of environmental regulation may also impact the ability of Exelon and its subsidiaries to meet the GHG emission reduction targets of Exelon 2020. For example, more stringent permitting requirements may preclude the construction of lower-carbon nuclear and gas-fired power plants. Similarly, a Federal RPS could increase the cost of compliance by mandating the purchase or construction of more expensive supply alternatives. For more information regarding climate change, see "Global Climate Change" in ITEM 1 of this Form 10-K.

The Registrants could be subject to higher costs and/or penalties related to mandatory reliability standards. (Exelon, Generation, ComEd and PECO)

As a result of the Energy Policy Act of 2005, users, owners and operators of the bulk power transmission system, including Generation, ComEd and PECO, are subject to mandatory reliability standards promulgated by NERC and enforced by FERC. The standards are based on the functions that need to be performed to ensure the bulk power system operates reliably and is guided by reliability and market interface principles. Compliance with or changes in the reliability standards may subject the Registrants to higher operating costs and/or increased capital expenditures. In addition, the ICC and PAPUC impose certain distribution reliability standards on ComEd and PECO, respectively. If the Registrants were found not to be in compliance with the mandatory reliability standards, they could be subject to remediation costs as well as sanctions, which could include substantial monetary penalties.

The Registrants cannot predict the outcome of the legal proceedings relating to their business activities. An adverse determination could have a material adverse effect on their results of operations, financial positions and cash flows. (Exelon, Generation, ComEd and PECO)

The Registrants are involved in legal proceedings, claims and litigation arising out of their business operations, the most significant of which are summarized in Note 18 of the Combined Notes to Consolidated Financial Statements.

Operational Risks

The Registrants' employees, contractors, customers and the general public may be exposed to a risk of injury due to the nature of the energy industry. (Exelon, Generation, ComEd and PECO)

Employees and contractors throughout the organization work in, and customers and the general public may be exposed to, potentially dangerous environments near operations. As a result, employees, contractors, customers and the general public are at risk for serious injury, including loss of life. Significant risks include nuclear accidents, dam failure, gas explosions, pole strikes and electric contact cases.

War, acts and threats of terrorism, natural disaster, pandemic and other significant events may adversely affect Exelon's results of operations, its ability to raise capital and its future growth. (Exelon, Generation, ComEd and PECO)

Exelon does not know the impact that any future terrorist attacks may have on the industry in general and on Exelon in particular. In addition, any retaliatory military strikes or sustained military campaign may affect its operations in unpredictable ways, such as changes in insurance markets and disruptions of fuel supplies and markets, particularly oil. The possibility alone that infrastructure facilities, such as nuclear, fossil and hydroelectric generation facilities, electric and gas transmission and distribution facilities, would be direct targets of, or indirect casualties of, an act of terror may affect Exelon's operations. Additionally, natural disasters and other events that have an adverse effect on the economy in general may adversely affect Exelon's operations and its ability to raise capital. Instability in the financial markets as a result of terrorism, war, natural disasters, pandemic, credit crises, recession or other factors also may affect Exelon's results of operations and its ability to raise capital. In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs.

The United States is currently in a pandemic situation related to the H1N1 virus, but the impact to Exelon is expected to be negligible if there is no change to the current severity of the pandemic. Exelon has plans in place to respond to a pandemic. However, depending on the severity of a pandemic and the resulting impacts to workforce and other resource availability, the ability to operate its generating and transmission and distribution assets could be affected, resulting in decreased service levels and increased costs.

Additionally, Exelon is affected by changes in weather and the occurrence of hurricanes, storms and other natural disasters in its service territory and throughout the U.S. Severe weather or other natural disasters could be destructive which could result in increased costs including supply chain costs.

Generation's financial performance may be negatively affected by matters arising from its ownership and operation of nuclear facilities. (Exelon and Generation)

Nuclear capacity factors. Capacity factors, particularly nuclear capacity factors, significantly affect Generation's results of operations. Nuclear plant operations involve substantial fixed operating costs but produce electricity at low variable costs due to nuclear fuel costs typically being lower than fossil fuel costs. Consequently, to be successful, Generation must consistently operate its nuclear facilities at high capacity factors. Lower capacity factors increase Generation's operating costs by requiring Generation to produce additional energy from primarily its fossil facilities or purchase additional energy in the spot or forward markets in order to satisfy Generation's obligations to ComEd and PECO and other committed third-party sales. These sources generally have higher costs than Generation incurs to produce energy from its nuclear stations.

Operational Risks Continued

Nuclear refueling outages. Refueling outages are planned to occur once every 18 to 24 months and currently average approximately 24 days in duration for the nuclear plants operated by Generation. The total number of refueling outages, along with their duration, can have a significant impact on Generation's results of operations. When refueling outages at wholly and co-owned plants last longer than anticipated or Generation experiences unplanned outages, capacity factors decrease and Generation faces lower margins due to higher energy replacement costs and/or lower energy sales. Each 24-day outage, depending on the capacity of the station, will decrease the total nuclear annual capacity factor between 0.3% and 0.5%.

Nuclear fuel quality. The quality of nuclear fuel utilized by Generation can affect the efficiency and costs of Generation's operations. Certain of Generation's nuclear units have previously had a limited number of fuel performance issues. Remediation actions could result in increased costs due to accelerated fuel amortization, increased outage costs and/or increased costs due to decreased generation capabilities. It is difficult to predict the cost for unknown potential future issues and any required remediation actions.

Spent nuclear fuel storage. The approval of a national repository for the storage of SNF, such as the one proposed for Yucca Mountain, Nevada, and the timing of such facility opening, will significantly affect the costs associated with storage of SNF, and the ultimate amounts received from the DOE to reimburse Generation for these costs. Through the NRC's "waste confidence" rule, the NRC has determined that, if necessary, spent fuel generated in any reactor can be stored safely and without significant environmental impacts for at least 30 years beyond the licensed life for operation, which may include the term of a revised or renewed license of that reactor, at its spent fuel storage basin or at either onsite or offsite independent spent fuel storage installations. Any regulatory action relating to the timing and availability of a repository for SNF may adversely affect Generation's ability to fully decommission its nuclear units.

License renewals. Generation cannot assure that economics will support the continued operation of the facilities for all or any portion of any renewed license. If the NRC does not renew the operating licenses for Generation's nuclear stations or a station cannot be operated through the end of its operating license, Generation's results of operations could be adversely affected by increased depreciation rates, impairment charges and accelerated future decommissioning costs, since depreciation rates and decommissioning cost estimates currently include assumptions that license renewal will be received. In addition, Generation may lose revenue and incur increased fuel and purchased power expense to meet supply commitments.

Should a national policy for the disposal of SNF not be developed, the unavailability of a repository for SNF could become a consideration by the NRC during future nuclear license renewal proceedings, including applications for new licenses, and may affect Generation's ability to fully decommission its nuclear units.

Regulatory risk. The NRC may modify, suspend or revoke licenses, shut down a nuclear facility and impose civil penalties for failure to comply with the Atomic Energy Act, related regulations or the terms of the licenses for nuclear facilities. A change in the Atomic Energy Act or the applicable regulations or licenses may require a substantial increase in capital expenditures or may result in increased operating or decommissioning costs and significantly affect Generation's results of operations or financial position. Events at nuclear plants owned by others, as well as those owned by Generation, may cause the NRC to initiate such actions.

Operational risk. Operations at any of Generation's nuclear generation plants could degrade to the point where Generation has to shut down the plant or operate at less than full capacity. If this were to happen, identifying and correcting the causes may require significant time and expense. Generation may choose to close a plant rather than incur the expense of restarting it or returning the plant to full capacity. In either event, Generation may lose revenue and incur increased fuel and purchased power expense to meet supply commitments. For plants operated but not wholly owned by Generation, Generation may also incur liability to the co-owners. For the plant not wholly owned by Generation and operated by PSEG, Salem Units 1 and 2, from which Generation receives its share of the plant's output, Generation's results of operations are dependent on the operational performance of the co-owner operators and could be adversely affected by a significant event at those plants. Additionally, continued poor operating performance at nuclear plants not owned by Generation could result in increased regulation and reduced public support for nuclear-fueled energy, which could significantly affect Generation's results of operations or financial position. In addition, closure of generating plants owned by others, or extended interruptions of their operations, could have effects on transmission systems that could adversely affect the sale and delivery of electricity in markets served by Generation.

Nuclear major incident risk. Although the safety record of nuclear reactors generally has been very good, accidents and other unforeseen problems have occurred both in the United States and abroad. The consequences of a major incident can be severe and include loss of life and property damage. Any resulting liability from a nuclear plant major incident within the United States, owned by Generation or owned by others, may exceed Generation's resources, including insurance coverage. Additionally, an accident or other significant event at a nuclear plant within the United States, owned by others or Generation, may result in increased regulation and reduced public support for nuclear-fueled energy and significantly affect Generation's results of operations or financial position.

Nuclear insurance. As required by the Price-Anderson Act, Generation carries the maximum available amount of nuclear liability insurance. As of January 1, 2010, the required amount of nuclear liability insurance is $375 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool. In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay claims exceeding the $12.6 billion limit for a single incident.

Generation is a member of an industry mutual insurance company, NEIL, which provides property and business interruption insurance for Generation's nuclear operations. In recent years, NEIL has made distributions to its members. NEIL did not make a distribution in 2009, and Generation cannot predict the level of future distributions or if they will continue at all.

Decommissioning. NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in certain minimum amounts at the end of the life of the facility to decommission the facility. Generation is required to provide to the NRC a biennial report by unit (annually for Generation's four units that have been retired) addressing Generation's ability to meet the NRC-estimated funding levels including scheduled contributions to and earnings on the decommissioning trust funds. The NRC funding levels are based upon the assumption that decommissioning will commence after the end of the current licensed life of each unit.

Forecasting trust fund investment earnings and costs to decommission nuclear generating stations requires significant judgment, and actual results may differ significantly from current estimates. The performance of capital markets also can significantly affect the value of the trust funds. Currently, Generation is making contributions to the trust funds of the former PECO units based on amounts being collected by PECO from its customers and remitted to Generation. While Generation has recourse to collect additional amounts from PECO customers (subject to certain limitations and thresholds), it has no recourse to collect additional amounts from ComEd customers or from the previous owners of Clinton, TMI Unit No. 1 and Oyster Creek generating stations, if there is a shortfall of funds necessary for decommissioning. If circumstances changed such that Generation were unable to continue to make contributions to the trust funds of the former PECO units based on amounts collected from PECO customers, or if Generation no longer had recourse to collect additional amounts from PECO customers if there was a shortfall of funds for decommissioning, the adequacy of the trust funds related to the former PECO units may be negatively affected. See Note 2 of the Combined Notes to Consolidated Financial Statements for additional information.

Ultimately, if the investments held by Generation's NDTs are not sufficient to fund the decommissioning of Generation's nuclear plants, Generation may be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or make additional contributions to the trusts, which could be significant, to ensure that the trusts are adequately funded and that NRC minimum funding requirements are met. As a result, Generation's cash flows and financial position may be significantly adversely affected. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Generation's financial performance may be negatively affected by risks arising from its ownership and operation of hydroelectric facilities. (Exelon and Generation)

Hydroelectric plants are licensed by FERC. The license for the Conowingo Hydroelectric Project expires August 31, 2014, and the license for the Muddy Run Pumped Storage Project expires on September 1, 2014. Generation cannot predict whether it will receive all the regulatory approvals for the renewed license of its hydroelectric facilities. If FERC does not renew the operating licenses for Generation's hydroelectric facilities or a station cannot be operated through the end of its operating license, Generation's results of operations could be adversely affected by increased depreciation rates and accelerated future decommissioning costs, since depreciation rates and decommissioning cost estimates currently include assumptions that license renewal will be received. Generation may also lose revenue and incur increased fuel and purchased power expense to meet supply commitments. In addition, conditions may be imposed as part of the license renewal process that may adversely affect operations, may require a substantial increase in capital expenditures or may result in increased operating costs and significantly affect Generation's results of operations or financial position. Similar effects may result from a change in the Federal Power Act or the applicable regulations due to events at hydroelectric facilities owned by others, as well as those owned by Generation.

ComEd's and PECO's operating costs, and customers' and regulators' opinions of ComEd and PECO, are affected by their ability to maintain the availability and reliability of their delivery systems. (Exelon, ComEd and PECO)

Failures of the equipment or facilities used in ComEd's and PECO's delivery systems can interrupt the transmission and delivery of electricity and related revenues and increase repair expenses and capital expenditures. Equipment or facilities failures can be due to a number of factors, including weather. Those failures or those of other utilities, including prolonged or repeated failures, can affect customer satisfaction and the level of regulatory oversight and ComEd's and PECO's maintenance and capital expenditures. Regulated utilities, which are required to provide service to all customers within their service territory, have generally been afforded liability protections against claims by customers relating to failure of service. Under Illinois law, however, ComEd can be required to pay damages to its customers in some circumstances involving extended outages affecting large numbers of its customers.

The physical risks associated with climate change could impact the Registrant's results of operations and cash flows. (Exelon, ComEd and PECO)

Physical risks of climate change, such as more frequent or more extreme weather events, changes in temperature and precipitation patterns, changes to ground and surface water availability, sea level rise and other related phenomena, could affect some, or all, of the Registrant's operations. Severe weather or other natural disasters could be destructive, which could result in increased costs, including supply chain costs. An extreme weather event within the Registrants' service areas can also directly affect their capital assets, causing disruption in service to customers due to downed wires and poles or damage to other operating equipment. Finally, climate change could affect the availability of a secure and economical supply of water in some locations, which is essential for Exelon's and Generation's continued operation, particularly the cooling of generating units.

ComEd's and PECO's respective ability to deliver electricity, their operating costs and their capital expenditures may be negatively affected by transmission congestion. (Exelon, ComEd and PECO)

Demand for electricity within ComEd's and PECO's service areas could stress available transmission capacity requiring alternative routing or curtailment of electricity usage with consequent effects on operating costs, revenues and results of operations. In addition, as with all utilities, potential concerns over transmission capacity could result in PJM or FERC requiring ComEd and PECO to upgrade or expand their respective transmission systems through additional capital expenditures.

Failure to attract and retain an appropriately qualified workforce may negatively impact the Registrants' results of operations. (Exelon, Generation, ComEd and PECO)

Certain events, such as an employee strike, loss of contract resources due to a major event, and an aging workforce without appropriate replacements, may lead to operating challenges and increased costs for the Registrants. The challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. In this case, costs, including costs for contractors to replace employees, productivity costs and safety costs, may rise. If the Registrants are unable to successfully attract and retain an appropriately qualified workforce, their results of operations could be negatively affected.

The Registrants are subject to information security risks. (Exelon, Generation, ComEd and PECO)

A security breach of the Registrants' information systems could impact the reliability of the generation fleet and/or reliability of the transmission and distribution system or subject them to financial harm associated with theft or inappropriate release of certain types of information. The Registrants cannot accurately assess the probability that a security breach may occur, despite the measures taken by the Registrants to prevent such a breach, and are unable to quantify the potential impact of such an event.

Due to PECO's dependence on Generation to fulfill 100% of its electric energy supply requirements under a PPA, PECO could be negatively affected in the event of Generation's inability to perform under the PPA. (Exelon and PECO)

PECO currently acquires 100% of its electric energy and capacity requirements under a PPA with Generation. In accordance with the PPA, the current electric generation rates that PECO pays have been fixed and will continue to be fixed through 2010. In the event that Generation could not perform under the PPA, PECO would be forced to purchase electric energy from alternative sources at potentially higher rates. While PECO believes that this event is unlikely to occur, such an event could have a negative impact on PECO's results of operations and financial position.

Table of Contents

The Registrants may make acquisitions that do not achieve the intended financial results. (Exelon, Generation, ComEd and PECO)

The Registrants may make investments and pursue mergers and acquisitions that fit their strategic objectives and improve their financial performance. It is possible that FERC or state public utility commission regulations may impose certain other restrictions on such transactions. Achieving the anticipated benefits of an investment is subject to a number of uncertainties, and failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues generated by the combined company and diversion of management's time and energy and could have an adverse effect on the combined company's business, financial condition, operating results and prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Exelon, Generation, ComEd and PECO

None.

ITEM 2. PROPERTIES

Generation

The following table sets forth Generation's owned net electric generating capacity by station at December 31, 2009:

Station	Location	No. of Units	Percent Owned (a)	Primary Fuel Type	Primary Dispatch Type (b)	Net Generation Capacity (MW) (c)
Nuclear (d)						
Braidwood	Braidwood, IL	2		Uranium	Base-load	2,360
Byron	Byron, IL	2		Uranium	Base-load	2,336
Clinton	Clinton, IL	1		Uranium	Base-load	1,065
Dresden	Morris, IL	2		Uranium	Base-load	1,740
LaSalle	Seneca, IL	2		Uranium	Base-load	2,288
Limerick	Limerick Twp., PA	2		Uranium	Base-load	2,293
Oyster Creek	Forked River, NJ	1		Uranium	Base-load	625
Peach Bottom	Peach Bottom Twp., PA	2	50	Uranium	Base-load	1,145 (e)
Quad Cities	Cordova, IL	2	75	Uranium	Base-load	1,317 (e)
Salem	Hancock's Bridge, NJ	2	42.59	Uranium	Base-load	1,003 (e)
Three Mile Island	Londonderry Twp, PA	1		Uranium	Base-load	837
						17,009
Fossil (Steam Turbines)						
Conemaugh	New Florence, PA	2	20.72	Coal	Base-load	352 (e)
Cromby 1	Phoenixville, PA	1		Coal	Intermediate	144 (f)
Cromby 2	Phoenixville, PA	1		Oil/Gas	Intermediate	201 (f)
Eddystone 1, 2	Eddystone, PA	2		Coal	Intermediate	588 (f)
Eddystone 3, 4	Eddystone, PA	2		Oil/Gas	Intermediate	760
Fairless Hills	Falls Twp, PA	2		Landfill Gas	Peaking	60
Handley 4, 5	Fort Worth, TX	2		Gas	Peaking	870
Handley 3	Fort Worth, TX	1		Gas	Intermediate	395
Keystone	Shelocta, PA	2	20.99	Coal	Base-load	357 (e)
Mountain Creek 6, 7	Dallas, TX	2		Gas	Peaking	240
Mountain Creek 8	Dallas, TX	1		Gas	Intermediate	565
Schuylkill	Philadelphia, PA	1		Oil	Peaking	166
Wyman	Yarmouth, ME	1	5.89	Oil	Intermediate	36 (e)
						4,734

Station	Location	No. of Units	Percent Owned (a)	Primary Fuel Type	Primary Dispatch Type (b)	Net Generation Capacity (MW) (c)
Fossil (Combustion Turbines)						
Chester	Chester, PA	3		Oil	Peaking	39
Croydon	Bristol Twp., PA	8		Oil	Peaking	391
Delaware	Philadelphia, PA	4		Oil	Peaking	56
Eddystone	Eddystone, PA	4		Oil	Peaking	60
Falls	Falls Twp., PA	3		Oil	Peaking	51
Framingham	Framingham, MA	3		Oil	Peaking	29
LaPorte	Laporte, TX	4		Gas	Peaking	152
Medway	West Medway, MA	3		Oil/Gas	Peaking	105
Moser	Lower Pottsgrove Twp., PA	3		Oil	Peaking	51
New Boston	South Boston, MA	1		Oil	Peaking	12
Pennsbury	Falls Twp., PA	2		Landfill Gas	Peaking	6
Richmond	Philadelphia, PA	2		Oil	Peaking	96
Salem	Hancock's Bridge, NJ	1	42.59	Oil	Peaking	16(e)
Schuylkill	Philadelphia, PA	2		Oil	Peaking	30
Southeast Chicago	Chicago, IL	8		Gas	Peaking	296
Southwark	Philadelphia, PA	4		Oil	Peaking	52
						1,442
Fossil (Internal Combustion/Diesel)						
Conemaugh	New Florence, PA	4	20.72	Oil	Peaking	2(e)
Cromby	Phoenixville, PA	1		Oil	Peaking	3
Delaware	Philadelphia, PA	1		Oil	Peaking	3
Keystone	Shelocta, PA	4	20.99	Oil	Peaking	2(e)
Schuylkill	Philadelphia, PA	1		Oil	Peaking	3
						13
Hydroelectric and Renewable						
City Solar	Chicago, IL	n.a.		Solar	Base-load	10(g)
Conowingo	Harford Co., MD	11		Hydroelectric	Base-load	572
Muddy Run	Lancaster, PA	8		Hydroelectric	Intermediate	1,070
						1,652
Total		124				24,880

(a) 100%, unless otherwise indicated.

(b) Base-load units are plants that normally operate to take all or part of the minimum continuous load of a system, and consequently, produce electricity at an essentially constant rate. Intermediate units are plants that normally operate to take load of a system during the daytime higher load hours, and consequently, produce electricity by cycling on and off daily. Peaking units consist of lower-efficiency, quick response steam units, gas turbines, diesels and pumped-storage hydroelectric equipment normally used during the maximum load periods.

(c) For nuclear stations capacity reflects the annual mean rating. All other stations reflect a summer rating.

(d) All nuclear stations are boiling water reactors except Braidwood, Byron, Salem and Three Mile Island, which are pressurized water reactors.

(e) Net generation capacity is stated at proportionate ownership share.

(f) On December 2, 2009, Generation announced its intention to permanently retire four of its fossil-fired generating units effective May 31, 2011. Eddystone Generating Station Unit1 and Unit 2 and Cromby Generating Station Unit 1 are coal-fired units and Cromby Generating Station Unit 2 operates on either natural gas or fuel oil.

(g) Table represents total expected capacity upon project completion. City Solar is 82% complete as of December 31, 2009.

The net generation capability available for operation at any time may be less due to regulatory restrictions, transmission congestion, fuel restrictions, efficiency of cooling facilities, level of water supplies and generating units being temporarily out of service for inspection, maintenance, refueling, repairs or modifications required by regulatory authorities.

Generation maintains property insurance against loss or damage to its principal plants and properties by fire or other perils, subject to certain exceptions. For additional information regarding nuclear insurance of generating facilities, see ITEM 1. Business—Generation. For its insured losses, Generation is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained. Any such losses could have a material adverse effect on Generation's consolidated financial condition or results of operations.

ComEd

ComEd's electric substations and a portion of its transmission rights of way are located on property that ComEd owns. A significant portion of its electric transmission and distribution facilities is located above or underneath highways, streets, other public places or property that others own. ComEd believes that it has satisfactory rights to use those places or property in the form of permits, grants, easements, licenses and franchise rights; however, it has not necessarily undertaken to examine the underlying title to the land upon which the rights rest.

Transmission and Distribution

ComEd's higher voltage electric transmission lines owned and in service at December 31, 2009 were as follows:

Voltage (Volts)	Circuit Miles
765,000	90
345,000	2,634
138,000	2,890
69,000	149

ComEd's electric distribution system includes 34,872 circuit miles of overhead lines and 29,765 cable miles of underground lines.

First Mortgage and Insurance

The principal properties of ComEd are subject to the lien of ComEd's Mortgage dated July 1, 1923, as amended and supplemented, under which ComEd's First Mortgage Bonds are issued.

ComEd maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For its insured losses, ComEd is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained. Any such losses could have a material adverse effect on the consolidated financial condition or results of operations of ComEd.

PECO

PECO's electric substations and a portion of its transmission rights of way are located on property that PECO owns. A significant portion of its electric transmission and distribution facilities is located above or underneath highways, streets, other public places or property that others own. PECO believes that it has satisfactory rights to use those places or property in the form of permits, grants, easements and licenses; however, it has not necessarily undertaken to examine the underlying title to the land upon which the rights rest.

Transmission and Distribution

PECO's higher voltage electric transmission lines owned and in service at December 31, 2009 were as follows:

Voltage (Volts)	Circuit Miles
500,000	188(a)
230,000	541
138,000	156
69,000	200

(a) In addition, PECO has a 22.00% ownership interest in 127 miles of 500,000 voltage lines located in Pennsylvania and a 42.55% ownership interest in 131 miles of 500,000 voltage lines located in Delaware and New Jersey.

PECO's electric distribution system includes 12,971 circuit miles of overhead lines and 15,788 cable miles of underground lines.

Gas

The following table sets forth PECO's natural gas pipeline miles at December 31, 2009:

	Pipeline Miles
Transportation	31
Distribution	6,703
Service piping	5,707
Total	12,441

PECO has an LNG facility located in West Conshohocken, Pennsylvania that has a storage capacity of 1,200 mmcf and a send-out capacity of 157 mmcf/day and a propane-air plant located in Chester, Pennsylvania, with a tank storage capacity of 1,980,000 gallons and a peaking capability of 25 mmcf/day. In addition, PECO owns 29 natural gas city gate stations at various locations throughout its gas service territory.

First Mortgage and Insurance

The principal properties of PECO are subject to the lien of PECO's Mortgage dated May 1, 1923, as amended and supplemented, under which PECO's first and refunding mortgage bonds are issued.

PECO maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For its insured losses, PECO is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained. Any such losses could have a material adverse effect on the consolidated financial condition or results of operations of PECO.

Exelon

Security Measures

The Registrants have initiated and work to maintain security measures. On a continuing basis, the Registrants evaluate enhanced security measures at certain critical locations, enhanced response and recovery plans, long-term design changes and redundancy measures. Additionally, the energy industry has strategic relationships with governmental authorities to ensure that emergency plans are in place and critical infrastructure vulnerabilities are addressed in order to maintain the reliability of the country's energy systems.

ITEM 3. LEGAL PROCEEDINGS

Exelon, Generation, ComEd and PECO

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see Notes 2 and 18 of the Combined Notes to Consolidated Financial Statements. Such descriptions are incorporated herein by these references.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Exelon, Generation, ComEd and PECO

None.

(Dollars in millions except per share data, unless otherwise noted)

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Exelon

Exelon's common stock is listed on the New York Stock Exchange. As of January 29, 2010, there were 659,895,068 shares of common stock outstanding and approximately 135,286 record holders of common stock.

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

	2009				2008			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
High price	$ 51.98	$ 54.47	$ 51.46	$ 58.98	$ 63.84	$ 92.13	$ 91.94	$ 87.25
Low price	45.90	47.30	44.24	38.41	41.23	60.00	81.00	70.00
Close	48.87	49.62	50.12	45.39	55.61	62.62	89.96	81.27
Dividends	0.525	0.525	0.525	0.525	0.525	0.500	0.500	0.500

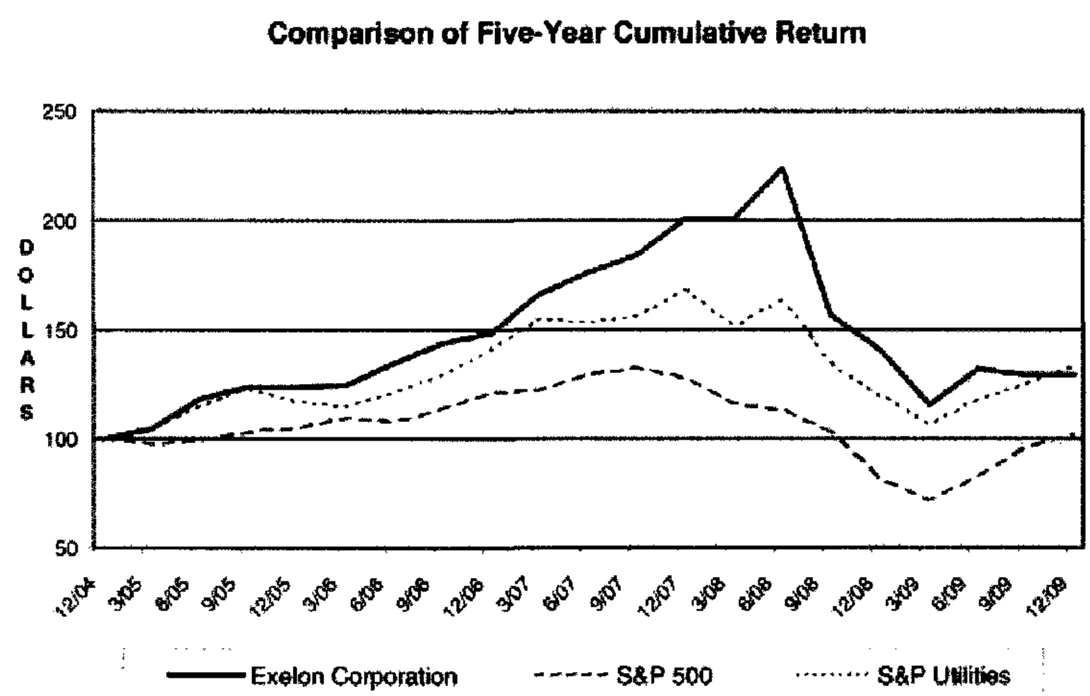
Table of Contents
Stock Performance Graph

The performance graph below illustrates a five year comparison of cumulative total returns based on an initial investment of $100 in Exelon Corporation common stock, as compared with the S&P 500 Stock Index and the S&P Utility Index for the period 2005 through 2009.

This performance chart assumes:

- $100 invested on December 31, 2004 in Exelon Corporation common stock, in the S&P 500 Stock Index and in the S&P Utility Index; and

- All dividends are reinvested.



	Value of Investment at December 31					
	2004	2005	2006	2007	2008	2009
Exelon Corporation	$100.00	$124.43	$148.97	$201.20	$141.09	$129.42
S&P 500	$100.00	$104.90	$121.43	$128.09	$80.77	$102.08
S&P Utilities	$100.00	$116.71	$141.18	$168.47	$119.73	$133.88

Generation

As of January 29, 2010, Exelon held the entire membership interest in Generation.

ComEd

As of January 29, 2010, there were 127,016,519 outstanding shares of common stock, $12.50 par value, of ComEd, of which 127,002,904 shares were indirectly held by Exelon. At January 29, 2010, in addition to Exelon, there were 252 record holders of ComEd common stock. There is no established market for shares of the common stock of ComEd.

PECO

As of January 29, 2010, there were 170,478,507 outstanding shares of common stock, without par value, of PECO, all of which were indirectly held by Exelon.

Exelon, Generation, ComEd and PECO

Dividends

Under applicable Federal law, Generation, ComEd and PECO can pay dividends only from retained, undistributed or current earnings. A significant loss recorded at Generation, ComEd or PECO may limit the dividends that these companies can distribute to Exelon.

The Federal Power Act declares it to be unlawful for any officer or director of any public utility "to participate in the making or paying of any dividends of such public utility from any funds properly included in capital account." What constitutes "funds properly included in capital account" is undefined in the Federal Power Act or the related regulations; however, FERC has consistently interpreted the provision to allow dividends to be paid as long as (1) the source of the dividends is clearly disclosed, (2) the dividend is not excessive and (3) there is no self-dealing on the part of corporate officials. While these restrictions may limit the absolute amount of dividends that a particular subsidiary may pay, Exelon does not believe these limitations are materially limiting because, under these limitations, the subsidiaries are allowed to pay dividends sufficient to meet Exelon's actual cash needs.

Under Illinois law, ComEd may not pay any dividend on its stock unless, among other things, "[its] earnings and earned surplus are sufficient to declare and pay same after provision is made for reasonable and proper reserves," or unless it has specific authorization from the ICC. ComEd has also agreed in connection with financings arranged through ComEd Financing III that it will not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debt securities issued to ComEd Financing III; (2) it defaults on its guarantee of the payment of distributions on the preferred trust securities of ComEd Financing III; or (3) an event of default occurs under the Indenture under which the subordinated debt securities are issued.

PECO's Articles of Incorporation prohibit payment of any dividend on, or other distribution to the holders of, common stock if, after giving effect thereto, the capital of PECO represented by its common stock together with its retained earnings is, in the aggregate, less than the involuntary liquidating value of its then outstanding preferred securities. At December 31, 2009, such capital was $2.7 billion and amounted to about 32 times the liquidating value of the outstanding preferred securities of $87 million.

PECO may not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debentures which were issued to PEC L.P. or PECO Trust IV; (2) it defaults on its guarantee of the payment of distributions on the Series D Preferred Securities of PEC L.P. or the preferred trust securities of PECO Trust IV; or (3) an event of default occurs under the Indenture under which the subordinated debentures are issued.

At December 31, 2009, Exelon had retained earnings of $8,134 million, including Generation's undistributed earnings of $2,169 million, ComEd's retained earnings of $304 million consisting of retained earnings appropriated for future dividends of $1,943 million, partially offset by $1,639 million of unappropriated retained deficits and PECO's retained earnings of $426 million.

The following table sets forth Exelon's quarterly cash dividends per share paid during 2009 and 2008:

	2009				2008			
(per share)	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Exelon	$ 0.525	$ 0.525	$ 0.525	$ 0.525	$ 0.525	$ 0.500	$ 0.500	$ 0.500

The following table sets forth Generation's quarterly distributions and ComEd's and PECO's quarterly common dividend payments:

	2009				2008(a)			
(in millions)	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Generation	$ 475	$ 1,126	$ 396	$ 279	$ 301	$ 253	$ 302	$ 689
ComEd	60	60	60	60	—	—	—	—
PECO	65	93	67	87	98	146	97	139

(a) During 2008, ComEd did not pay a dividend in order to manage cash flows and its capital structure.

On January 26, 2010, the Exelon Board of Directors declared a regular quarterly dividend of $0.525 per share on Exelon's common stock. The dividend is payable on March 10, 2010, to shareholders of record of Exelon at the end of the day on February 16, 2010.

ITEM 6. SELECTED FINANCIAL DATA

Exelon

The selected financial data presented below has been derived from the audited consolidated financial statements of Exelon. This data is qualified in its entirety by reference to and should be read in conjunction with Exelon's Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in ITEM 7 of this Report on Form 10-K.

in millions, except for per share data	For the Years Ended December 31, 2009	2008	2007	2006	2005
Statement of Operations data:					
Operating revenues	$ 17,318	$ 18,859	$ 18,916	$ 15,655	$ 15,357
Operating income	4,750	5,299	4,668	3,521	2,724
Income from continuing operations	$ 2,706	$ 2,717	$ 2,726	$ 1,590	$ 951
Income (loss) from discontinued operations	1	20	10	2	14
Income before cumulative effect of changes in accounting principles	2,707	2,737	2,736	1,592	965
Cumulative effect of changes in accounting principles (net of income taxes)	—	—	—	—	(42)
Net income (a)	$ 2,707	$ 2,737	$ 2,736	$ 1,592	$ 923
Earnings per average common share (diluted):					
Income from continuing operations	$ 4.09	$ 4.10	$ 4.03	$ 2.35	$ 1.40
Income (loss) from discontinued operations	—	0.03	0.02	—	0.02
Cumulative effect of changes in accounting principles (net of income taxes)	—	—	—	—	(0.06)
Net income	$ 4.09	$ 4.13	$ 4.05	$ 2.35	$ 1.36
Dividends per common share	$ 2.10	$ 2.03	$ 1.76	$ 1.60	$ 1.60
Average shares of common stock outstanding—diluted	662	662	676	676	676

(a) The changes between 2007 and 2006; and 2006 and 2005 were primarily due to the impact of the goodwill impairment charges of $776 million and $1.2 billion in 2006 and 2005, respectively.

In millions	December 31, 2009	2008 (c)	2007 (b)(c)	2006 (b)(c)	2005 (b)(c)
Balance Sheet data:					
Current assets	$ 5,441	$ 5,130	$ 4,416	$ 4,130	$ 3,808
Property, plant and equipment, net	27,341	26,813	24,153	22,775	21,981
Noncurrent regulatory assets	4,872	5,940	5,133	5,808	4,734
Goodwill (a)	2,625	2,625	2,625	2,694	3,475
Other deferred debits and other assets	8,901	8,038	8,760	7,933	7,858
Total assets	$ 49,180	$ 47,546	$ 45,087	$ 43,340	$ 41,856
Current liabilities	$ 4,238	$ 3,811	$ 5,466	$ 4,871	$ 5,759
Long-term debt, including long-term debt to financing trusts	11,385	12,592	11,965	11,911	11,760
Noncurrent regulatory liabilities	3,492	2,520	3,301	3,025	2,518
Other deferred credits and other liabilities	17,338	17,489	14,131	13,439	12,606
Minority interest	—	—	—	—	1
Preferred securities of subsidiary	87	87	87	87	87
Shareholders' equity	12,640	11,047	10,137	10,007	9,125
Total liabilities and shareholders' equity	$ 49,180	$ 47,546	$ 45,087	$ 43,340	$ 41,856

(a) The changes between 2006 and 2005 were primarily due to the impact of the goodwill impairment charge of $776 million in 2006.

(b) Exelon and Generation retrospectively reclassified certain assets and liabilities in accordance with the applicable authoritative guidance for offsetting amounts related to qualifying derivative contracts.
(c) Exelon and Generation retrospectively reclassified certain assets and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform to the current year presentation. Refer to Note 8 of the Combined Notes to Consolidated Financial Statements for further discussion.

Generation

The selected financial data presented below has been derived from the audited consolidated financial statements of Generation. This data is qualified in its entirety by reference to and should be read in conjunction with Generation's Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in ITEM 7 of this Report on Form 10-K.

	For the Years Ended December 31,				
In millions, except for per share data	2009	2008	2007	2006	2005
Statement of Operations data:					
Operating revenues	$ 9,703	$ 10,754	$ 10,749	$ 9,143	$ 9,046
Operating income	3,295	3,994	3,382	2,398	1,852
Income from continuing operations	$ 2,122	$ 2,258	$ 2,025	$ 1,403	$ 1,109
Income (loss) from discontinued operations	—	20	4	4	19
Income before cumulative effect of changes in accounting principles	2,122	2,278	2,029	1,407	1,128
Cumulative effect of changes in accounting principles (net of income taxes)	—	—	—	—	(30)
Net income	$ 2,122	$ 2,278	$ 2,029	$ 1,407	$ 1,098

	December 31,				
In millions	2009	2008 (a)	2007 (a,b)	2006 (a,b)	2005 (a,b)
Balance Sheet data:					
Current assets	$ 3,360	$ 3,486	$ 2,160	$ 2,571	$ 2,211
Property, plant and equipment, net	9,809	8,907	8,043	7,514	7,464
Deferred debits and other assets	9,237	7,691	8,044	7,845	7,108
Total assets	$ 22,406	$ 20,084	$ 18,247	$ 17,930	$ 16,783
Current liabilities	$ 2,262	$ 2,168	$ 1,917	$ 1,990	$ 2,596
Long-term debt	2,967	2,502	2,513	1,778	1,788
Deferred credits and other liabilities	10,385	8,848	9,447	8,678	8,417
Minority interest	2	1	1	1	2
Member's equity	6,790	6,565	4,369	5,483	3,980
Total liabilities and member's equity	$ 22,406	$ 20,084	$ 18,247	$ 17,930	$ 16,783

(a) Exelon and Generation retrospectively reclassified certain assets and liabilities with respect to option premiums into the mark-to-market net asset and liability accounts to conform with the current year presentation. Refer to Note 8 of the Combined Notes to Consolidated Financial Statements for further discussion.

(b) Exelon and Generation reclassified certain assets and liabilities in accordance with the applicable authoritative guidance for offsetting amounts related to qualifying derivative contracts.

ComEd

The selected financial data presented below has been derived from the audited consolidated financial statements of ComEd. This data is qualified in its entirety by reference to and should be read in conjunction with ComEd's Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in ITEM 7 of this Report on Form 10-K.

In millions, except for per share data	For the Years Ended December 31, 2009	2008	2007	2006	2005
Statement of Operations data:					
Operating revenues	$ 5,774	$ 6,136	$ 6,104	$ 6,101	$ 6,264
Operating income (loss)	843	667	512	555	(12)
Income (loss) before cumulative effect of changes in accounting principles	$ 374	$ 201	$ 165	$ (112)	$ (676)
Cumulative effect of a change in accounting principle (net of income taxes)	—	—	—	—	(9)
Net income (loss) (a)	$ 374	$ 201	$ 165	$ (112)	$ (685)

(a) The changes between 2007 and 2006 and 2006 and 2005 were primarily due to the impact of the goodwill impairment charges of $776 million and $1.2 billion in 2006 and 2005, respectively.

in millions	December 31, 2009	2008	2007	2006	2005
Balance Sheet data:					
Current assets	$ 1,579	$ 1,309	$ 1,241	$ 1,007	$ 1,024
Property, plant and equipment, net	12,125	11,655	11,127	10,457	9,906
Goodwill (a)	2,625	2,625	2,625	2,694	3,475
Noncurrent regulatory assets	1,096	858	503	532	280
Other deferred debits and other assets	3,272	2,790	3,880	3,084	2,806
Total assets	$ 20,697	$ 19,237	$ 19,376	$ 17,774	$ 17,491
Current liabilities	$ 1,597	$ 1,153	$ 1,712	$ 1,600	$ 2,308
Long-term debt, including long-term debt to financing trusts	4,704	4,915	4,384	4,133	3,541
Noncurrent regulatory liabilities	3,145	2,440	3,447	2,824	2,450
Other deferred credits and other liabilities	4,369	3,994	3,305	2,919	2,796
Shareholders' equity	6,882	6,735	6,528	6,298	6,396
Total liabilities and shareholders' equity	$ 20,697	$ 19,237	$ 19,376	$ 17,774	$ 17,491

(a) The change between 2006 and 2005 was primarily due to the impact of the goodwill impairment charge of $776 million in 2006.

Table of Contents

PECO

The selected financial data presented below has been derived from the audited consolidated financial statements of PECO. This data is qualified in its entirety by reference to and should be read in conjunction with PECO's Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in ITEM 7 of this Report on Form 10-K.

in millions, except for per share data	For the Years Ended December 31, 2009	2008	2007	2006	2005
Statement of Operations data:					
Operating revenues	$ 5,311	$ 5,567	$ 5,613	$ 5,168	$ 4,910
Operating income	697	699	947	866	1,049
Income before cumulative effect of changes in accounting principles	$ 353	$ 325	$ 507	$ 441	$ 520
Cumulative effect of a change in accounting principle (net of income taxes)	—	—	—	—	(3)
Net income	353	325	507	441	517
Net income on common stock	$ 349	$ 321	$ 503	$ 437	$ 513

in millions	December 31, 2009	2008	2007	2006	2005
Balance Sheet data:					
Current assets	$ 1,006	$ 819	$ 800	$ 762	$ 795
Property, plant and equipment, net	5,297	5,074	4,842	4,651	4,471
Noncurrent regulatory assets	1,834	2,597	3,273	3,896	4,454
Other deferred debits and other assets	882	679	895	464	366
Total assets	$ 9,019	$ 9,169	$ 9,810	$ 9,773	$ 10,086
Current liabilities	$ 939	$ 981	$ 1,516	$ 978	$ 936
Long-term debt, including long-term debt to financing trusts	2,405	2,960	2,866	3,784	4,143
Noncurrent regulatory liabilities	317	49	250	151	68
Other deferred credits and other liabilities	2,706	2,910	3,068	3,051	3,235
Preferred securities	87	87	87	87	87
Shareholders' equity	2,565	2,182	2,023	1,722	1,617
Total liabilities and shareholders' equity	$ 9,019	$ 9,169	$ 9,810	$ 9,773	$ 10,086

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Exelon

General

Exelon, a utility services holding company, operates through the following principal subsidiaries each of which is treated as an operating segment:

- *Generation,* whose business consists of its owned and contracted electric generating facilities, its wholesale energy marketing operations and competitive retail sales operations.

- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services in northern Illinois, including the City of Chicago.

- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

See Note 20 of the Combined Notes to Consolidated Financial Statements for segment information.

Through its business services subsidiary BSC, Exelon provides its subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable business segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon Corporation

Executive Overview

Financial Results. Exelon's net income was $2,707 million in 2009 as compared to $2,737 million in 2008, and diluted earnings per average common share were $4.09 in 2009 as compared to $4.13 in 2008. All amounts presented below are before the impact of income tax.

Exelon's 2009 results were significantly affected by lower revenue net of purchased power and fuel expense at Generation of $411 million. This decrease was primarily due to reduced net mark-to-market gains from its hedging activities of $271 million and unfavorable portfolio and market conditions of $206 million. Additionally, Generation experienced higher nuclear fuel costs of $74 million. Partially offsetting these decreases were lower costs associated with the Illinois Settlement of $123 million.

ComEd experienced higher revenue net of purchased power expense of $155 million despite unfavorable weather conditions and reduced load. Distribution pricing increased ComEd's operating revenues by $214 million primarily due to the ICC's September 2008 order in the 2007 distribution rate case. This increase was partially offset by the impact of current economic conditions and unfavorable weather, which reduced ComEd's load resulting in lower revenue net of purchased power expense of $40 million and $45 million, respectively.

PECO had a slight increase of $16 million in its revenue net of purchased power and fuel expense primarily due to increased gas distribution rates effective January 1, 2009 resulting from the settlement of 2008 rate case, which provided $77 million of additional revenues in 2009. PECO's increased revenues also reflected the impact of lower electric distribution rates in 2008 of $22 million primarily due to the refund of the 2007 PURTA settlement (which was completely offset in charges recorded in taxes other than income). Similar to ComEd, these increases were partially offset by the impact of current economic conditions and unfavorable weather, which reduced PECO's load resulting in lower revenue net of purchased power and fuel expense of $69 million and $21 million, respectively.

Exelon's 2009 results were also affected by higher operating and maintenance expense at Generation. In March 2009, Generation re-evaluated the fair value of the Handley and Mountain Creek stations due to the continued decline in forward energy prices, which resulted in a $223 million impairment charge. In December 2009, Generation announced that it had notified PJM of its intention to permanently retire four fossil-fired generation units in Pennsylvania because they are no longer economic to operate and are not required to meet demand for electricity in the region. In connection with the announced retirements, Generation recorded a charge of $24 million related to exit costs as well as $32 million of accelerated depreciation.

Additionally, Exelon's pension and other postretirement benefits expense increased by $160 million in 2009 due to lower than expected pension and postretirement plan asset returns in 2008. There was also a scheduled increase in CTC amortization expense at PECO of $90 million in accordance with its 1998 restructuring settlement and increased depreciation of $69 million across the Registrants due to ongoing capital expenditures.

In response to current market and economic conditions, Exelon implemented a cost savings program in 2009. This initiative included job reductions, for which Exelon recorded a $34 million charge related to severance expenses, and a $350 million discretionary contribution to Exelon's largest pension fund, which is expected to reduce pension expense over the next ten years. PECO generated additional cost savings through enhancements to credit processes and increased collection and termination activities initiated in 2008, which reduced the allowance for uncollectible accounts expense by $97 million. In addition, ComEd's and PECO's incremental storm-related costs decreased by $40 million and $9 million, respectively.

Exelon's interest expense decreased by $140 million primarily due to lower outstanding debt at ComEd and PECO and lower interest rates on Generation's SNF obligation. Additionally, Exelon was able to capitalize on favorable capital market conditions in its refinancing of $1.2 billion of debt at Exelon and Generation originally scheduled to mature in 2011. Although this debt offering resulted in $120 million in debt extinguishment costs, it decreased Exelon's average cost of debt while also extending the maturities of the debt.

Exelon's 2009 results were also significantly affected by NDT realized and unrealized gains of $256 million in 2009 compared to realized and unrealized losses of $308 million in 2008 for the former AmerGen nuclear generating units and portions of the Peach Bottom nuclear generating units (Non-Regulatory Agreement Units) as a result of improved market performance.

Finally, Exelon reassessed anticipated apportionment of its income, resulting in a change in state deferred income tax rates, and ComEd remeasured income tax uncertainties related to its 1999 sale of fossil generating assets. These two actions resulted in an aggregate non cash gain of $83 million.

For further detail regarding 2009 Financial Results, including explanation of non-GAAP measures, see the discussions of Results of Operations by Segment below.

Outlook for 2010 and Beyond.

Economic and Market Conditions

- Although financial markets have been relatively stable since last summer, manufacturing has remained weak and unemployment rates are still high. As a result, Exelon continues to be challenged by current economic conditions. The demand for electricity has been lower in the ComEd and PECO service territories, meaning relatively fewer retail sales in both areas than in previous years. Lower demand and other factors associated with the global slowdown in economic activity have caused oil, coal and natural gas prices to fall, and have also depressed wholesale electricity prices and therefore led to lower margins for Exelon's wholesale generation fleet. With respect to natural gas in particular, the price of which is generally the most closely correlated to the price of electricity, the reduction has been significant. A fundamentally oversupplied natural gas market has resulted at times in prices below $3 per million British Thermal Units. Additionally, factors other than the weak global economy have contributed to lower natural gas prices. In particular, recent technological innovation has enabled the extraction of natural gas from North America's vast shale formations at a cost that the markets can support even in a lower price environment.

  Exelon's existing hedging policies are intended to reduce price volatility and maintain financial discipline. Although Exelon's hedging policies have helped protect Exelon's earnings as markets have declined, a period of prolonged depressed electricity prices would adversely impact Exelon's and Generation's results of operations in the future. Further discussion of commodity price risk is included in ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

  The volatility in the economy could affect the Registrants' business. The Registrants have continued to assess the impact, if any, of market developments on their respective financial condition, including access to liquidity, counterparty creditworthiness, and the value of investments and other assets. See PART I. ITEM 1A. Risk Factors for information regarding the effects of continued uncertainty in the capital and credit markets or significant bank failures.

New Growth Opportunities

- Generation pursues growth opportunities that are consistent with its disciplined approach to investing to maximize shareholder value, taking earnings, cash flow and financial risk into account. During 2009, Generation announced a series of planned power uprates across its nuclear fleet that will generate between 1,300 and 1,500 MW of additional generation capacity within eight years. The uprate projects represent a total investment of approximately $3.5 billion, as measured in current costs. Using proven technologies, the projects take advantage of new production and measurement technologies, new materials and learning from a half-century of nuclear power operations. Uprate projects, representing approximately one quarter of the planned uprates, are underway at the Limerick and Peach Bottom nuclear stations in Pennsylvania and the Dresden, LaSalle and Quad Cities plants in Illinois. The remainder of uprate MW will come from additional projects across Generation's nuclear fleet beginning in 2010 and ending in 2017. At 1,500 nuclear-generated MW, the uprates would displace 8 million metric tons of carbon emissions annually that would otherwise come from burning fossil fuels. The uprates have an organized, strategically sequenced implementation plan. The implementation effort includes a periodic review and refinement of the project in light of changing market conditions. The amount of expenditures to implement the plan ultimately will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

- PECO plans to implement Smart Meter and Smart Grid technologies for all customers within their service territory to comply with Act 129. PECO plans to spend approximately $650 million on Smart Meter and Smart Grid investments, which is expected to be recovered with a return on investment from customers through regulated rates. In October 2009, the DOE announced its intent to award PECO $200 million in the ARRA of 2009 matching grant funds under the Smart Grid Investment Grant Program. PECO will deduct any costs paid with DOE funds from amounts recoverable from customers. The new infrastructure will provide the basis for the communications network and information systems to integrate customer energy usage with utility operations, enabling two-way communication. Assuming successful completion of the DOE negotiations and PECO's receipt of the full grant on reasonable terms, PECO is committed to implementing expanded initial deployment of 600,000 meters within three years and accelerating universal smart meter deployment from 15 years to 10 years. In addition, PECO may have additional costs associated with the replacement of gas meters and the wind-down of its legacy automated meter reading system.

  In October 2009, the ICC approved ComEd's proposed AMI pilot program, with minor modifications, and recovery of substantially all program costs from customers. ComEd expects to have the program fully implemented in early summer 2010. The total anticipated cost of the pilot program is approximately $69 million. The AMI pilot program allows ComEd to study the costs and benefits related to automated metering and to develop the cost estimate of potential full system-wide implementation of AMI. In addition, the program allows customers the ability to manage energy use, improve energy efficiency and lower energy bills. See Note 2 of the Combined Notes to the Financial Statements for more information.

- In the third quarter of 2009, Exelon established Exelon Transmission, which is a new venture that will seek to capitalize on the growing national market for new transmission lines. Exelon Transmission enters a market in which U.S. companies are projected to spend $60-$100 billion on transmission development projects by 2020. New transmission projects have the potential to reduce congestion, improve reliability, and facilitate movement of renewable energy, such as wind and solar, to population centers where it is needed most. Exelon will leverage existing members of management for the initial phases of the project. Exelon Transmission's portfolio will evolve over time and may include projects with both traditional, regulated profiles as well as more competitive, market-based investments. Exelon expects to provide $10 million in funding to Exelon Transmission in 2010. Additional expenditures will be determined on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

Liquidity and Cost Management

- Exelon is subject to significant ongoing cost pressures during these challenging economic times. Exelon is committed to operating its businesses responsibly and managing its operating and capital costs in a manner that serves its customers and produces value for its shareholders. Exelon is also committed to an ongoing strategy to make itself more effective, efficient and innovative. In 2009, Exelon launched a company-wide cost management initiative, which combines short-term actions with long-term change. In the short-term, Exelon realized cost savings of approximately $200 million in 2009 over 2008, primarily as a result of the elimination of 500 positions within BSC and ComEd, productivity improvements and stringent controls on supply spending, contracting and overtime costs. Exelon is committed to maintaining a cost control focus and expects to largely offset increasing pension and benefits expense and general inflation in 2010 with additional cost savings, including freezing executive salaries and reducing employee benefits. With regard to long-term changes, Exelon is analyzing cost trends over the past five years to identify future cost savings opportunities and implementing more planning and performance-measurement tools that allow it to better identify areas for sustainable productivity improvements and cost reductions across the Registrants.

- The Registrants' credit facilities largely extend through October 2012 for Exelon, Generation and PECO and February 2011 for ComEd. These credit facilities currently provide sufficient liquidity to the Registrants. Additionally, upon maturity of these credit facilities, the Registrants may not be able to renew or replace these existing facilities at current terms or commitment levels from banks. Consequently, the Registrants may face increased costs for liquidity needs and may choose to establish alternative liquidity sources to supply the balance of their needs beginning in 2010 for ComEd and in 2011 for Exelon, Generation and PECO.

Regulatory Matters

- In July 2009, comprehensive legislation was enacted into law in Illinois which provides public utility companies the ability to bill or refund customers for the difference between the company's annual uncollectible expense and amounts collected in rates through a rider mechanism. The legislation allows a public utility company to bill customers for under-collections of accounts starting with 2008 and prospectively. ComEd under-collected approximately $26 million during 2008 and approximately $44 million during 2009. On February 2, 2010, the ICC issued an order approving ComEd's proposed tariffs for collecting the increases or decreases in uncollectible accounts expense, with minor modifications. With the ICC's approval of the tariff, ComEd will begin collecting past due amounts in April 2010. ComEd will record the $70 million benefit in the first quarter of 2010. ComEd is also required to make a one-time contribution of approximately $10 million to the Supplemental Low-Income Energy Assistance Fund to assist low-income residential customers through the forgiveness of a portion of past-due amounts.

- During 2009, PECO, in accordance with its PAPUC-approved DSP Program, conducted two competitive procurements and entered into contracts with various counterparties, which included Generation, to procure electric supply for the residential, small commercial and medium commercial procurement classes beginning in 2011 in preparation for the expiration of its electric generation rate caps and its PPA with Generation on December 31, 2010. PECO will procure additional electric supply through seven more procurements of full requirements and forward purchase energy block contracts of varying lengths in accordance with the plan approved by the PAPUC. PECO has also been engaged in regulatory proceedings including Rate Mitigation Plans, Energy Efficiency and Conservation Plan and other regulatory filings to comply with the requirements of Act 129.

  Although these proceedings support competitive, market-based procurement during the 29-month term of the approved DSP Program, elected officials in Pennsylvania have suggested rate-increase deferrals and phase-ins, rate-cap extensions, a generation tax and contributions of value by Pennsylvania utility companies toward rate relief programs that could have a significant impact on PECO and Generation.

- The Pennsylvania Legislature is currently considering HB 80, which, if enacted into law, would increase the minimum required percentage of electric energy to be procured from alternative energy resources in Pennsylvania, expand the solar purchase and sale requirements and would incorporate advanced coal combustion with limited carbon emissions as an acceptable alternative energy resource.

  See Notes 2 and 18 of the Combined Notes to Consolidated Financial Statements for further detail related to these matters.

Environmental Legislation

- Exelon supports the passage of comprehensive climate change legislation that balances the need to protect consumers, business and the economy with the urgent need to reduce GHG emissions in the United States. In June 2009, the U.S. House of Representatives passed H.R. 2454. Among its various components, the bill proposes mandatory, economy-wide GHG reduction targets and goals that would be achieved via a Federal emissions cap-and-trade program. If enacted, H.R. 2454 is expected to increase wholesale power prices as generating units reflect the price of carbon emission permits and the cost of emission reduction technology in their bids to supply energy to wholesale markets in order to recover their costs of compliance with carbon regulation. Due to its overall low-carbon generation portfolio, under the provisions of H.R. 2454, Exelon expects that its operating revenues would increase significantly. In September 2009, the U.S. Senate introduced its version of climate change legislation that is similar to H.R. 2454, but does not yet provide specific details regarding allowance allocations. Any bill passed by the U.S. Senate would need to be reconciled with H.R. 2454, approved by both the U.S. House of Representatives and the U.S. Senate, and signed by President Obama before becoming law.

- Exelon announced on May 6, 2005 that it had established a voluntary goal to reduce its GHG emissions by 8% from 2001 levels by the end of 2008. This goal was achieved by December 31, 2008 through Exelon's planned GHG management efforts, including the previous closure of older, inefficient fossil power plants, reduced leakage of SF_6, increased use of renewable energy and its current energy efficiency initiatives. In 2008, Exelon expanded its commitment to GHG reduction with the announcement of a comprehensive business and environmental strategic plan. The plan, Exelon 2020, details an enterprise-wide strategy and a wide range of initiatives being pursued by Exelon to reduce, offset, or displace more than 15 million metric tons of GHG emissions per year by 2020 (from 2001 levels). See Item 1. General Business for further discussion of Exelon's voluntary GHG emissions reductions.

See Note 18 of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Healthcare Reform Legislation

- In 2009, the U.S. House of Representatives and the U.S. Senate each passed its own version of healthcare reform bills that would fundamentally change the nation's healthcare system. Due to the uncertainty as to the final outcome of Federal healthcare reform legislation, the Registrants are unable to estimate the effects on their respective results of operations, cash flows or financial positions.

Competitive Markets

- Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2010 and 2011. However, Generation is exposed to relatively greater commodity price risk in the subsequent years for which a larger portion of its electricity portfolio may be unhedged. Generation currently hedges commodity risk on a ratable basis over the three years leading to the spot market. As of December 31, 2009, the percentage of expected generation hedged was 91%—94%, 69%—72% and 37%—40% for 2010, 2011 and 2012, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include cash flow hedges, other derivatives and certain non-derivative contracts including sales to ComEd and PECO to serve their retail load. Generation has been and will continue to be proactive in using hedging strategies to mitigate this price risk in subsequent years as well. PECO has transferred substantially all of its commodity price risk related to its procurement of electricity to Generation through a PPA that expires on December 31, 2010. Since PECO entered into its PPA with Generation, market prices for energy have generally been higher than the generation rates PECO has paid for purchased power, which represents the rates paid by PECO customers. Generation's margins on its other sales have therefore generally been higher. The expiration of the PPA with PECO at the end of 2010 will likely result in increases in margins earned by Generation beginning in 2011 for the portion of Generation's electricity portfolio previously sold to PECO under the PPA. While Generation's three year ratable hedging program considers the expiration of the PPA the ultimate impact of entering into new power supply contracts will depend on a number of factors, including future wholesale market prices, capacity markets, energy demand and the effects of any new applicable Pennsylvania laws and or rules and regulations promulgated by the PAPUC. Both PECO and ComEd mitigate exposure to commodity price risk through the recovery of procurement costs from retail customers.

- Generation procures coal through annual, short-term and spot-market purchases and natural gas through annual, monthly and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 56% of Generation's uranium concentrate requirements from 2010 through 2014 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. Generation uses long-term contracts and financial instruments such as over-the-counter and exchange-traded instruments to mitigate price risk associated with certain commodity price exposures.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and make estimates and assumptions that affect results of operations and the amounts of assets and liabilities reported in the financial statements. Management discusses these policies, estimates and assumptions within its Accounting and Disclosure Governance Committee on a regular basis and provides periodic updates on management decisions to the Audit Committees of the Exelon, ComEd and PECO Boards of Directors. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Additional discussion of the application of these accounting policies can be found in the Combined Notes to Consolidated Financial Statements.

Nuclear Decommissioning Asset Retirement Obligations (Exelon and Generation)

Generation must make significant estimates and assumptions in accounting for its obligation to decommission its nuclear generating plants in accordance with the authoritative guidance for AROs.

The authoritative guidance requires that Generation estimate its obligation for the future decommissioning of its nuclear generating plants. To estimate that liability, Generation uses a probability-weighted, discounted cash flow model that considers multiple outcome scenarios based upon significant estimates and assumptions embedded in the following:

Decommissioning Cost Studies. Generation uses decommissioning cost studies on a unit-by-unit basis to provide a marketplace assessment of the costs and timing of decommissioning activities, which are validated by comparison to current decommissioning projects within its industry and other estimates. Decommissioning cost studies are updated, on a rotational basis, for each of Generation's nuclear units at least every five years.

Cost Escalation Studies. Generation uses cost escalation factors to escalate the decommissioning costs from the decommissioning cost studies discussed above through the decommissioning period for each of the units. Cost escalation studies are used to determine escalation factors and are based on inflation indices for labor, equipment and materials, energy, LLRW disposal and other costs. Cost escalation studies are updated on an annual basis.

Probabilistic Cash Flow Models. Generation's probabilistic cash flow models include the assignment of probabilities to various cost, decommissioning alternatives and timing scenarios on a unit-by-unit basis. Probabilities assigned to cost levels include an assessment of the likelihood of actual costs plus 20% (high-cost scenario) or minus 15% (low-cost scenario) over the base cost scenario. Probabilities assigned to decommissioning alternatives assess the likelihood of performing DECON (a method of decommissioning in which the equipment, structures, and portions of a facility and site containing radioactive contaminants are removed and safely buried in a LLRW landfill or decontaminated to a level that permits property to be released for unrestricted use shortly after the cessation of operations), Delayed DECON (similar to the DECON scenario but with a delay to allow for spent fuel to be removed from the site prior to onset of decommissioning activities) or SAFSTOR (a method of decommissioning in which the nuclear facility is placed and maintained in such condition that the nuclear facility can be safely stored and subsequently decontaminated to levels that permit release for unrestricted use generally within 60 years after cessation of operations) procedures. Probabilities assigned to the timing scenarios incorporate the likelihood of continued operation through current license lives or through anticipated license renewals. Generation's probabilistic cash flow models also include an assessment of the timing of DOE acceptance of SNF for disposal, which Generation currently assumes will begin in 2020, based on the DOE's most recent indication. For more information regarding the estimated date that DOE will begin accepting SNF, see Note 12 of the Combined Notes to Consolidated Financial Statements.

Discount Rates. The probability-weighted estimated future cash flows using these various scenarios are discounted using credit-adjusted, risk-free rates applicable to the various businesses in which each of the nuclear units originally operated.

Changes in the assumptions underlying the foregoing items could materially affect the decommissioning obligation. The following table illustrates the effects of changing certain ARO assumptions, discussed above, while holding all other assumptions constant (dollars in millions):

Change in ARO Assumption	Increase to ARO at December 31, 2009
Cost escalation studies	
Uniform increase in escalation rates of 25 basis points	$ 364
Probabilistic cash flow models	
Increase the likelihood of the high-cost scenario by 10 percentage points and decrease the likelihood of the low-cost scenario by 10 percentage points	$ 126
Increase the likelihood of the DECON scenario by 10 percentage points and decrease the likelihood of the SAFSTOR scenario by 10 percentage points	$ 231
Increase the likelihood of operating through current license lives by 10 percentage points and decrease the likelihood of operating through anticipated license renewals by 10 percentage points	$ 305

If the estimated date for DOE acceptance of SNF were to be extended to 2030, Generation's aggregate nuclear decommissioning obligation would be reduced by an immaterial amount.

Under the authoritative guidance, the nuclear decommissioning obligation is adjusted on a regular basis due to the passage of time and revisions to the key assumptions or the expected timing or estimated amount of the future undiscounted cash flows required to decommission the nuclear plants. For more information regarding accounting for nuclear decommissioning obligations, see Notes 1 and 11 of the Combined Notes to Consolidated Financial Statements.

Nuclear Decommissioning Trust Fund Investments (Exelon and Generation)

The NDT fund investments have been established to satisfy Exelon's and Generation's nuclear decommissioning obligations. The NDT funds hold debt and equity securities directly and indirectly through commingled funds. Generation's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the NDTs. These policies restrict the NDT funds from holding alternative investments and limit the NDT funds' exposures to investments in highly illiquid markets. On January 1, 2008, in order to align the accounting treatment of changes in the fair value of NDT fund investments in both an unrealized gain and an unrealized loss position, Generation elected the irrevocable option to measure financial assets and liabilities at fair value with changes in fair value recognized in earnings with respect to these investments. Therefore, the investments are carried at fair value with all changes in fair value being recognized through the statement of operations. See Notes 7 and 11 of the Combined Notes to Consolidated Financial Statements for further discussion on the NDT funds.

Asset Impairments (Exelon, Generation, ComEd and PECO)

Goodwill (Exelon and ComEd)

Exelon and ComEd have goodwill relating to the acquisition of ComEd in 2000 under the PECO/Unicom Merger. Under the provisions of the authoritative guidance for goodwill, Exelon and ComEd perform assessments for impairment of their goodwill at least annually or more frequently if an event occurs, such as a significant negative regulatory outcome, or circumstances change that would more likely than not reduce the fair value of the ComEd reporting unit below its carrying amount. The impairment assessment is performed using a two-step, fair value based test. The first step compares the fair value of the reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step is performed. The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation guidance in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss is recorded as a reduction to goodwill and a charge to operating expense. In general, in applying the second step, fair value increases to assets and/or fair value decreases to liabilities would increase the size of any impairment. For example, a decrease in the fair value of ComEd's debt would increase the size of any impairment and vice versa. Application of the goodwill impairment test requires management judgment, including the identification of reporting units, assigning assets, liabilities and goodwill to reporting units, determining the fair value of the reporting unit and, in applying the second step (if needed), determining the fair value of specific assets and liabilities of the reporting entity. See Note 6 of the Combined Notes to Consolidated Financial Statements for additional information.

The FASB's fair value measurement and disclosure guidance for all nonrecurring fair value measurements of nonfinancial assets and liabilities, including goodwill, was effective for the Registrants as of January 1, 2009. This authoritative guidance clarified that fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions. As a result, Exelon and ComEd now estimate the fair value of the ComEd reporting unit using a weighted combination of a discounted cash flow analysis and a market multiples analysis instead of the expected cash flow approach used in 2008 and prior years. The discounted cash flow analysis relies on a single scenario reflecting "base case" or "best estimate" projected cash flows for ComEd's business and includes an estimate of ComEd's terminal value based on these expected cash flows using the generally accepted Gordon Dividend Growth formula, which derives a valuation using an assumed perpetual annuity based on the entity's residual cash flows. The discount rate is based on the generally accepted Capital Asset Pricing Model and represents the weighted average cost of capital of comparable companies. The market multiples analysis utilizes multiples of business enterprise value to earnings, before interest, taxes, depreciation and amortization (EBITDA) of comparable companies in estimating fair value. Significant assumptions used in estimating the fair value include ComEd's capital structure, discount and growth rates, utility sector market performance, operating and capital expenditure requirements, fair value of debt, the selection of comparable companies and recent transactions. Management performs a reconciliation of the sum of the estimated fair value of all Exelon reporting units to Exelon's enterprise value based on its trading price to corroborate the results of the discounted cash flow analysis and the market multiples analysis.

The regulatory environment has provided more certainty related to ComEd's future cash flows. Although financial markets have stabilized over the past year, current economic conditions continue to impact the market-related assumptions used in the November 1, 2009 annual assessment. While ComEd did not recognize an impairment in 2009, deterioration of the market-related factors used in the impairment review could potentially result in a future impairment loss of ComEd's goodwill, which could be material. If any combination of changes to significant assumptions resulted in a 5% reduction in fair value as of November 1, 2009, ComEd still would have passed the first step of the goodwill assessment.

Long-lived Assets (Exelon, Generation, ComEd and PECO)

Exelon, Generation, ComEd and PECO evaluate the carrying value of their long-lived assets, excluding goodwill, when circumstances indicate the carrying value of those assets may not be recoverable. Conditions that could have an adverse impact on the cash flows and fair value of the long-lived assets include general deterioration in the business climate, including current economic energy market conditions, deterioration in the physical condition or operating performance of the asset, specific regulatory disallowance or plans to dispose of a long-lived asset significantly before the end of its useful life. The review of long-lived assets for impairment requires significant assumptions about operating strategies and estimates of future cash flows, which require assessments of current and projected market conditions. For the generation business, forecasting future cash flows requires assumptions regarding forecasted commodity prices for the sale of power, costs of fuel and the expected operations of assets. A variation in the assumptions used could lead to a different conclusion regarding the realizability of an asset and, thus, could have a significant effect on the consolidated financial statements. An impairment evaluation is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of assets and liabilities. For the generation business, the lowest level of independent cash flows is determined by evaluation of several factors, including the geographic dispatch of the generation units and the hedging strategies related to those units. For ComEd and PECO, the lowest level of independent cash flows is determined by evaluation of several factors including the ratemaking jurisdiction in which they operate and the type of service or commodity. For ComEd the lowest level of independent cash flows is transmission and distribution and for PECO, the lowest level of independent cash flows is transmission, distribution and gas. Impairment may occur when the carrying value of the asset or asset group exceeds the associated future undiscounted cash flows. When the undiscounted cash flow analysis indicates that the carrying value of a long-lived asset or asset group is not recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value. An impairment is reported by the affected Registrant as a reduction to both the long-lived asset and current period earnings. See Note 4 of the Combined Notes to Consolidated Financial Statements for a discussion of asset impairment evaluations made by Generation.

Depreciable Lives of Property, Plant and Equipment (Exelon, Generation, ComEd and PECO)

The Registrants have significant investments in electric generation assets and electric and natural gas transmission and distribution assets. Depreciation of these assets is generally provided over their estimated service lives on a straight-line basis using the composite method. The estimation of service lives requires management judgment regarding the period of time that the assets will be in use. As circumstances warrant, the estimated service lives are reviewed to determine if any changes are needed. Depreciation rates incorporate assumptions on interim retirements based on actual historical retirement experience. To the extent interim retirement patterns change, this could have a significant impact on the amount of depreciation expense recorded in the income statement. Changes to depreciation estimates resulting from a change in the estimated end of service lives could have a significant impact on the amount of depreciation expense recorded in the income statement.

The estimated service lives of the nuclear generating facilities are based on the estimated useful lives of the stations, which assume a 20-year license renewal extension of the operating licenses for all of Generation's operating nuclear generating stations. While Generation has received license renewals for certain facilities, and has applied for or expects to apply for and obtain approval of license renewals for the remaining facilities, circumstances may arise that would prevent Generation from obtaining additional license renewals. Generation also periodically evaluates the estimated service lives of its fossil fuel generating facilities based on feasibility assessments as well as economic and capital requirements. The estimated service lives of the hydroelectric generating facilities are based on the remaining useful lives of the stations, which assume a license renewal extension of the operating licenses. A change in depreciation estimates resulting from Generation's extension or reduction of the estimated service lives could have a significant effect on Generation's results of operations.

ComEd is required to file a depreciation rate study at least every five years with the ICC. ComEd filed a depreciation rate study with the ICC in January 2009, which resulted in the implementation of new depreciation rates effective January 1, 2009.

PECO is required to file a depreciation rate study at least every five years with the PAPUC. In August 2005, PECO filed a depreciation rate study with the PAPUC for both its electric and gas assets, which resulted in the implementation of new depreciation rates effective March 2006.

Defined Benefit Pension and Other Postretirement Benefits (Exelon, Generation, ComEd and PECO)

Exelon sponsors defined benefit pension plans and postretirement benefit plans for substantially all Generation, ComEd, PECO, and Exelon Corporate employees. See Note 13 of the Combined Notes to Consolidated Financial Statements for additional information regarding the accounting for the defined benefit pension plans and postretirement benefit plans.

The measurement of the plan obligations and costs associated with providing benefits under these plans involve several factors, including development of valuation assumptions and determining accounting elections. When developing the various assumptions that are required, Exelon considers historical information as well as future expectations. The measurement of benefit costs is affected by the actual rate of return on plan assets, and assumptions, including the long-term expected rate of return on plan assets, the discount rate applied to benefit obligations, the incidence of mortality, the expected remaining service period of plan participants, the level of compensation and rate of compensation increases, employee age, length of service, the long-term expected investment rate credited to employees of certain plans, the anticipated rate of increase of healthcare costs and the level of benefits provided to employees and retirees, among other factors. The assumptions are updated annually and upon any interim remeasurement of the plan obligations. As required by the authoritative guidance, the impact of assumption changes on pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the employees rather than immediately recognized in the income statement. Pension and postretirement benefit costs attributed to the operating companies are labor costs and ultimately allocated to projects within the operating companies, some of which are capitalized.

Pension and postretirement benefit plan assets include equity and fixed income securities held through funds as well as certain alternative investment classes. See Note 13 of the Combined Notes to Consolidated Financial Statements for information on fair value measurements of pension and other postretirement plan assets, including valuation techniques and classification in accordance with authoritative guidance under the fair value hierarchy.

Expected Rate of Return on Plan Assets. The long-term expected rate of return on plan assets assumption used in calculating pension costs was 8.50%, 8.75% and 8.75% for 2009, 2008 and 2007, respectively. The weighted average EROA assumption used in calculating other postretirement benefit costs was 8.10%, 7.80% and 7.85% in 2009, 2008 and 2007 respectively. The pension trust activity is non-taxable, while other postretirement benefit trust activity is partially taxable. The EROA is based on current asset allocations as described in Note 13 of the Combined Notes to Consolidated Financial Statements. A change in the asset allocation strategy could impact the EROA and related costs. Exelon will use an EROA of 8.50% and 7.83%, for estimating its 2010 pension costs and other postretirement benefit costs, respectively.

Exelon calculates the expected return on pension and other postretirement benefit plan assets by multiplying the EROA by the MRV of plan assets at the beginning of the year, taking into consideration anticipated contributions and benefit payments to be made during the year. In determining MRV, the authoritative guidance for pensions and postretirement benefits allows the use of either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. For pension plan assets, Exelon uses a calculated value that adjusts for 20% of the difference between fair value and expected MRV of plan assets. Use of this calculated value approach enables less volatile expected asset returns to be recognized as a component of pension cost from year to year. For other postretirement benefit plan assets, Exelon uses fair value to calculate the MRV.

Actual asset returns have a significant effect on the costs reported for the Exelon-sponsored pension and other postretirement benefit plans. The actual asset returns across the Registrant's pension and other postretirement benefit plans for the year ended December 31, 2009 were approximately 21% compared to an expected long-term return assumption of 8.5% and 8.1%, respectively. Those return levels are expected to decrease 2010 and 2011 benefit costs as follows:

(dollars in millions)	Decrease in 2010 Pension Cost	Decrease in 2010 Postretirement Benefit Cost	Decrease in 2011 Pension Cost	Decrease in 2011 Postretirement Benefit Cost
2009 asset returns of 21%	$ (28)	$ (29)	$ (27)	$ (28)

This information assumes that movements in asset returns occur absent changes to other actuarial assumptions, and does not consider any actions management may take, such as changes to the amount and timing of future contributions. The actuarial assumptions used in the determination of pension and postretirement benefit costs are interrelated and changes in other assumptions could have the impact of offsetting all or a portion of the potential decrease in benefit costs set forth above. For example, decreases in actual discount rates, absent changes in other assumptions, increase pension and postretirement costs and obligations. Sensitivities of cost and obligations to key actuarial assumptions are discussed in further detail below.

Table of Contents

Discount Rate. The discount rate for determining both the pension and other postretirement benefit obligations was 5.83%, 6.09% and 6.20% at December 31, 2009, 2008 and 2007, respectively. At December 31, 2009, 2008 and 2007, the discount rate was determined by developing a spot rate curve based on the yield to maturity of a universe of high-quality non-callable (or callable with make whole provisions) bonds with similar maturities to the related pension and other postretirement benefit obligations. The spot rates are used to discount the estimated distributions under the pension and other postretirement benefit plans. The discount rate is the single level rate that produces the same result as the spot rate curve. Exelon utilizes an analytical tool developed by its actuaries to select the discount rates.

The discount rate assumptions used to determine the obligation at year end will be used to determine the cost for the following year. Exelon will use a discount rate of 5.83% for estimating its 2010 pension costs and other postretirement benefit costs.

Healthcare Cost Trend Rate. Assumed healthcare cost trend rates also have a significant effect on the costs reported for Exelon's other postretirement benefit plans. In determining the healthcare cost trend rate, Exelon reviews actual recent cost trends and projected future trends.

Sensitivity to Changes in Key Assumptions: The following tables illustrate the effects of changing certain of the actuarial assumptions discussed above, while holding all other assumptions constant (dollars in millions):

Actuarial Assumption	Change in Assumption	Pension	Other Postretirement Benefits	Total
Change in 2009 cost:				
Discount rate	(0.5)%	$ 44	$ 26	$ 70
EROA	(0.5)%	46	6	52
Healthcare trend rate	1.00%	—	49	49
	(1.00)%	—	(40)	(40)
	Extend the year at which the ultimate healthcare trend rate of 5% is forecasted to be reached by 5 years	—	19	19
Change in benefit obligation at December 31, 2009:				
Discount rate	(0.5)%	727	222	949
EROA	(0.5)%	—	—	—
Healthcare trend rate	1.00%	—	448	448
	(1.00)%	—	(372)	(372)
	Extend the year at which the ultimate healthcare trend rate of 5% is forecasted to be reached by 5 years	—	152	152

Average Remaining Service Period. For pension benefits, Exelon amortizes its unrecognized prior service costs and certain of its actuarial gains and losses, as applicable, based on participants' average remaining service periods. For other postretirement benefits, Exelon amortizes its unrecognized prior service costs over participants' average remaining service period related to eligibility age and amortizes its transition obligations and certain actuarial gains and losses over participants' average remaining service period to expected retirement. The average remaining service period of defined benefit pension plan participants was 12.7 years, 12.8 years and 13.0 years for the years ended December 31, 2009, 2008 and 2007, respectively. The average remaining service period of postretirement benefit plan participants related to eligibility age was 6.8 years, 6.9 years and 6.9 years for the years ended December 31, 2009, 2008 and 2007, respectively. The average remaining service period of postretirement benefit plan participants related to expected retirement was 9.2 years, 9.4 years and 9.7 years for the years ended December 31, 2009, 2008 and 2007, respectively.

Regulatory Accounting (Exelon, ComEd and PECO)

Exelon, ComEd and PECO account for their regulated electric and gas operations in accordance with the authoritative guidance for accounting for certain types of regulations, which requires Exelon, ComEd, and PECO to reflect the effects of rate regulation in their financial statements. Regulatory assets represent costs that have been deferred to future periods when it is probable that the regulator will allow for future recovery through rates charged to customers. Regulatory liabilities represent revenues collected from customers in excess of prescribed recovery that must be refunded to customers through an adjustment of billing rates. Use of this guidance is applicable to utility operations that meet the following criteria: (1) third-party regulation of rates; (2) cost-based rates; and (3) a reasonable expectation that all costs will be recoverable from customers through rates. As of December 31, 2009, Exelon, ComEd and PECO have concluded that the operations of ComEd and PECO meet the criteria. If it is concluded in a future period that a separable portion of those operations no longer meets the criteria of this guidance, Exelon, ComEd and PECO are required to eliminate the financial statement effects of regulation for that part of those operations, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in their Consolidated Balance Sheets and the recognition of a one-time extraordinary item in their Consolidated Statements of Operations. The impact of not meeting the criteria would be material to the financial statements of Exelon, ComEd and PECO. At December 31, 2009, the extraordinary gain could have been as much as $1.7 billion (before taxes) as a result of the elimination of ComEd's regulatory assets and liabilities. At December 31, 2009, the extraordinary charge could have been as much as $1.5 billion (before taxes) as a result of the elimination of PECO's regulatory assets and liabilities. Exelon would record an extraordinary gain or charge in an equal amount related to ComEd's and PECO's regulatory assets and liabilities in addition to a charge against OCI (before taxes) of up to $2.5 billion and $92 million for ComEd and PECO, respectively, related to Exelon's regulatory assets associated with its defined benefit postretirement plans. The impacts and resolution of the above items could lead to an additional impairment of ComEd's goodwill, which could be significant and at least partially offset the extraordinary gain discussed above. A significant decrease in equity as a result of any changes could limit the ability of ComEd and PECO to pay dividends under Federal and state law and cause significant volatility in future results of operations. See Notes 2, 6 and 19 of the Combined Notes to Consolidated Financial Statements for additional information regarding regulatory issues, ComEd's goodwill and the significant regulatory assets and liabilities of Exelon, ComEd and PECO, respectively.

For each regulatory jurisdiction in which they conduct business, Exelon, ComEd and PECO continually assess whether the regulatory assets and liabilities continue to meet the criteria for probable future recovery or settlement. This assessment includes consideration of factors such as changes in applicable regulatory environments and recent rate orders, including for other regulated entities in the same jurisdiction. Furthermore, Exelon, ComEd and PECO make other judgments related to the financial statement impact of their regulatory environments, such as the types of adjustments to rate base that will be acceptable to regulatory bodies and the types of costs and the extent, if any, to which those costs will be recoverable through rates. Additionally, estimates are made in accordance with the authoritative guidance for contingencies, as to the amount of revenues billed under certain regulatory orders that will ultimately be refunded to customers upon finalization of the appropriate regulatory process. These assessments are based, to the extent possible, on past relevant experience with regulatory bodies, known circumstances specific to a particular matter, discussions held with the applicable regulatory body and other factors. If the assessments and estimates made by Exelon, ComEd and PECO are ultimately different than actual events, the impact on their results of operations, financial position, and cash flows could be material.

Accounting for Derivative Instruments (Exelon, Generation, ComEd and PECO)

The Registrants utilize derivative instruments to manage their exposure to fluctuations in interest rates, changes in interest rates related to planned future debt issuances and changes in the fair value of outstanding debt. Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power sales, fuel and energy purchases and other energy-related products marketed and purchased. Additionally, Generation enters into energy-related derivatives for proprietary trading purposes. ComEd has entered into contracts to procure energy, capacity and ancillary services. In addition, ComEd has a financial swap contract with Generation that extends into 2013. PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. As part of the preparation for the expiration of the PPA with Generation at the end of 2010, PECO has entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved DSP Program. ComEd and PECO do not enter into derivatives for proprietary trading purposes. The Registrants' derivative activities are in accordance with Exelon's Risk Management Policy (RMP). See Note 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding the Registrants' derivative instruments.

The Registrants account for derivative financial instruments under the applicable authoritative guidance. Determining whether or not a contract qualifies as a derivative under this guidance requires that management exercise significant judgment, including assessing the market liquidity as well as determining whether a contract has one or more underlyings and one or more notional amounts. Further, interpretive guidance related to the authoritative literature continues to evolve, including how it applies to energy and energy-related products. Changes in management's assessment of contracts and the liquidity of their markets, and changes in authoritative guidance related to derivatives, could result in previously excluded contracts being subject to the provisions of the authoritative derivative guidance. Generation has determined that contracts to purchase uranium do not meet the definition of a derivative under the current authoritative guidance since they do not provide for net settlement and the uranium markets are not sufficiently liquid to conclude that forward contracts are readily convertible to cash. If the uranium markets do become sufficiently liquid in the future and Generation begins to account for uranium purchase contracts as derivative instruments, the fair value of these contracts would be accounted for consistent with Generation's other derivative instruments. In this case, if market prices differ from the underlying prices of the contracts, Generation would be required to record a mark-to-market gain or loss, which may have a material impact to Exelon's and Generation's financial positions and results of operations.

Under current authoritative guidance, all derivatives are recognized on the balance sheet at their fair value unless they qualify for a normal purchases and normal sales exception. Further, derivatives that qualify and are designated for hedge accounting are classified as fair value or cash flow hedges. For fair value hedges, changes in fair values for both the derivative and the underlying hedged exposure are recognized in earnings each period. For cash flow hedges, the portion of the derivative gain or loss that is effective in offsetting the change in the hedged cash flows of the underlying exposure is deferred in accumulated OCI and later reclassified into earnings when the underlying transaction occurs. Gains and losses from the ineffective portion of any hedge are recognized in earnings immediately. For other derivative contracts that do not qualify or are not designated for hedge accounting and for energy-related derivatives entered for proprietary trading purposes, changes in the fair value of the derivatives are recognized in earnings each period except for ComEd and PECO, in which changes in the fair value each period are recorded in a regulatory asset or liability.

Normal Purchases and Normal Sales Exception. Determining whether a contract qualifies for the normal purchases and normal sales exception requires that management exercise judgment on whether the contract will physically deliver and requires that management ensure compliance with all of the associated qualification and documentation requirements. Revenues and expenses on contracts that qualify as normal purchases and normal sales are recognized when the underlying physical transaction is completed. Contracts which qualify for the normal purchases and normal sales exception are those for which physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. As part of Generation's energy marketing business, Generation enters into contracts to buy and sell energy to meet the requirements of its customers. These contracts include short-term and long-term commitments to purchase and sell energy and energy-related products in the retail and wholesale markets with the intent and ability to deliver or take delivery. While these contracts are considered derivative financial instruments under the authoritative guidance, the transactions have been designated as normal purchases and normal sales and are thus not required to be recorded at fair value, but rather on an accrual basis of accounting. The contracts that ComEd has entered into with Generation and other suppliers as part of the initial ComEd procurement auction and the subsequent RFP process, PECO's full requirements fixed price contracts under the PAPUC-approved DSP program and all of PECO's natural gas supply agreements that are derivatives, qualify for the normal purchases and normal sales exception. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the scope exceptions, the fair value of the related contract would be recorded on the balance sheet and immediately recognized through earnings at Generation or offset by a regulatory asset or liability at ComEd and PECO. Thereafter, future changes in fair value would be recorded in the balance sheet and recognized through earnings at Generation. Triggering events that could result in a contract's loss of the normal purchase and normal sale designation, because it is no longer probable that the contract will result in physical delivery, include changes in business requirements, changes in counterparty credit and book-outs (financial settlements).

Commodity Contracts. Identification of a commodity contract as a qualifying cash flow hedge requires Generation to determine that the contract is in accordance with the RMP, the forecasted future transaction is probable and the hedging relationship between the commodity contract and the expected future purchase or sale of the commodity is expected to be highly effective at the initiation of the hedge and throughout the hedging relationship. Internal models that measure the statistical correlation between the derivative and the associated hedged item determine the effectiveness of such a commodity contract designated as a hedge. Generation reassesses its cash flow hedges on a regular basis to determine if they continue to be effective and that the forecasted future transactions are probable. When a contract does not meet the effective or probable criteria of the authoritative guidance, hedge accounting is discontinued and changes in the fair value of the derivative are recorded through earnings at Generation or offset by a regulatory asset or liability at ComEd and PECO.

As a part of accounting for derivatives, the Registrants make estimates and assumptions concerning future commodity prices, load requirements, interest rates, the timing of future transactions and their probable cash flows, the fair value of contracts and the expected changes in the fair value in deciding whether or not to enter into derivative transactions, and in determining the initial accounting treatment for derivative transactions. In accordance with the authoritative guidance for fair value measurements, the Registrants categorize these derivatives under a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain non-exchange-based derivatives are valued using indicative price quotations available through brokers or over-the-counter, on-line exchanges are categorized in Level 2. These price quotations reflect the average of the bid-ask mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The Registrant's non-exchange-based derivatives are predominately at liquid trading points. The remainder of non-exchange-based derivative contracts is valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For non-exchange-based derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. For non-exchange-based derivatives that trade in less liquid markets with limited pricing information, such as the financial swap contract between Generation and ComEd, model inputs generally would include both observable and unobservable inputs. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. The Registrants consider nonperformance risk, including credit risk in the valuation of derivative contracts categorized in Level 1, 2 and 3, including both historical and current market data in its assessment of nonperformance risk, including credit risk. The impacts of credit and nonperformance risk were not material to the financial statements.

Interest Rate Derivative Instruments. The Registrants may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. Additionally, the Registrants may use forward-starting interest rate swaps and treasury rate locks to lock in interest-rate levels in anticipation of future financings. The Registrants use a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as interest rates and volatility. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy.

See ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk and Notes 7 and 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding the Registrants' derivative instruments.

Taxation (Exelon, Generation, ComEd and PECO)

Significant management judgment is required in determining the Registrants' provisions for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities and valuation allowances. The Registrants account for uncertain income tax positions using a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon ultimate settlement in accordance with the authoritative guidance for accounting for uncertain tax positions. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefits to be recorded in the Registrants' consolidated financial statements.

The Registrants evaluate quarterly the probability of realizing deferred tax assets by reviewing a forecast of future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. The Registrants also assess their ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Registrants record valuation allowances for deferred tax assets when the Registrants conclude it is more likely than not such benefit will not be realized in future periods.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Registrants' forecasted financial condition and results of operations in future periods, failure to successfully implement tax planning strategies, as well as results of audits and examinations of filed tax returns by taxing authorities. While the Registrants believe the resulting tax balances as of December 31, 2009 and 2008 are appropriately accounted for in accordance with the applicable authoritative guidance, the ultimate outcome of such matters could result in favorable or unfavorable adjustments to their consolidated financial statements and such adjustments could be material. See Note 10 of the Combined Notes to Consolidated Financial Statements for additional information regarding taxes.

Accounting for Contingencies (Exelon, Generation, ComEd and PECO)

In the preparation of their financial statements, the Registrants make judgments regarding the future outcome of contingent events and record loss contingency amounts that are probable and reasonably estimable based upon available information. The amounts recorded may differ from the actual income or expense that occurs when the uncertainty is resolved. The estimates that the Registrants make in accounting for contingencies and the gains and losses that they record upon the ultimate resolution of these uncertainties could have a significant effect on their consolidated financial statements.

Environmental Costs

Environmental investigation and remediation liabilities are based upon estimates with respect to the number of sites for which the Registrants will be responsible, the scope and cost of work to be performed at each site, the portion of costs that will be shared with other parties, the timing of the remediation work, changes in technology, regulations and the requirements of local governmental authorities. These matters, if resolved in a manner different from the estimate, could have a material effect on the Registrants' results of operations, financial position and cash flows.

Other, Including Personal Injury Claims

The Registrants are self-insured for general liability, automotive liability, and personal injury claims to the extent that losses are within policy deductibles or exceed the amount of insurance maintained. The Registrants have reserves for both open claims asserted and an estimate of claims incurred but not reported (IBNR). The IBNR reserve is estimated based on actuarial assumptions and analysis and is updated annually. Projecting future events, such as the number of new claims to be filed each year, the average cost of disposing of claims, as well as the numerous uncertainties surrounding litigation and possible legislative measures in the United States, could cause the actual costs to be higher or lower than estimated. Accordingly, these claims, if resolved in a manner different from the estimate, could have a material effect on the Registrants' results of operations, financial position and cash flows.

Allowance for Uncollectible Accounts (Exelon, Generation, ComEd and PECO)

The allowance for uncollectible accounts reflects the Registrants' best estimates of probable losses on the accounts receivable balances. The allowance is based on known troubled accounts, historical experience and other currently available evidence. For ComEd and PECO, customer accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory guidelines. ComEd and PECO are each currently obligated to provide service to all electric customers within their respective franchised territories and are prohibited from terminating electric service to certain residential customers due to nonpayment during certain months of the year. ComEd's and PECO's provisions for uncollectible accounts will continue to be affected by changes in prices and economic conditions as well as changes in ICC and PAPUC regulations, respectively.

Revenue Recognition (Exelon, Generation, ComEd and PECO)

Revenues related to the sale of energy are recorded when service is rendered or energy is delivered to customers. The determination of Generation's, ComEd's and PECO's retail energy sales to individual customers, however, is based on systematic readings of customer meters generally on a monthly basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and corresponding unbilled revenue is recorded. Unbilled revenue is estimated each month based on daily customer usage measured by generation or gas throughput volume, estimated customer usage by class, estimated losses of energy during delivery to customers and applicable customer rates. Increases in volumes delivered to the utilities' customers and favorable rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. Changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the estimated unbilled revenue; however, total operating revenues would remain materially unchanged.

The determination of Generation's energy sales, excluding the retail business, is based on estimated amounts delivered as well as fixed quantity sales. At the end of each month, amounts of energy delivered to customers during the month are estimated and the corresponding unbilled revenue is recorded. Increases in volumes delivered to the wholesale customers in the period, as well as price, would increase unbilled revenue.

Results of Operations by Business Segment

The comparisons of operating results and other statistical information for the years ended December 31, 2009, 2008 and 2007 set forth below include intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Net Income (Loss) from Continuing Operations by Business Segment

	2009	2008	Favorable (unfavorable) 2009 vs. 2008 variance	2007	Favorable (unfavorable) 2008 vs. 2007 variance
Generation	$ 2,122	$ 2,258	$ (136)	$ 2,025	$ 233
ComEd	374	201	173	165	36
PECO	353	325	28	507	(182)
Other(a)	(143)	(67)	(76)	29	(96)
Total	$ 2,706	$ 2,717	$ (11)	$ 2,726	$ (9)

(a) Other primarily includes corporate operations, BSC, investments in synthetic fuel-producing facilities and intersegment eliminations.

Table of Contents

Net Income (Loss) by Business Segment

	2009	2008	Favorable (unfavorable) 2009 vs. 2008 variance	2007	Favorable (unfavorable) 2008 vs. 2007 variance
Generation	$ 2,122	$ 2,278	$ (156)	$ 2,029	$ 249
ComEd	374	201	173	165	36
PECO(a)	353	325	28	507	(182)
Other	(142)	(67)	(75)	35	(102)
Total	$ 2,707	$ 2,737	$ (30)	$ 2,736	$ 1

(a) Other primarily includes corporate operations, BSC, investments in synthetic fuel-producing facilities and intersegment eliminations.

Results of Operations—Generation

	2009	2008	Favorable (unfavorable) 2009 vs. 2008 variance	2007	Favorable (unfavorable) 2008 vs. 2007 variance
Operating revenues	$ 9,703	$ 10,754	$ (1,051)	$ 10,749	$ 5
Purchased power and fuel expense	2,932	3,572	640	4,451	879
Revenue net of purchased power and fuel expense (a)	6,771	7,182	(411)	6,298	884
Other operating expenses					
Operating and maintenance	2,938	2,717	(221)	2,454	(263)
Depreciation and amortization	333	274	(59)	267	(7)
Taxes other than income	205	197	(8)	185	(12)
Total other operating expenses	3,476	3,188	(288)	2,906	(282)
Operating income	3,295	3,994	(699)	3,392	602
Other income and deductions					
Interest expense	(113)	(136)	23	(161)	25
Equity in earnings (losses) of investments	(3)	(1)	(2)	1	(2)
Other, net	376	(469)	845	155	(624)
Total other income and deductions	260	(606)	866	(5)	(601)
Income from continuing operations before income taxes	3,555	3,388	167	3,387	1
Income taxes	1,433	1,130	(303)	1,362	232
Income from continuing operations	2,122	2,258	(136)	2,025	233
Income from discontinued operations, net of income taxes	—	20	(20)	4	16
Net income	$ 2,122	$ 2,278	$ (156)	$ 2,029	$ 249

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Generation's 2009 results compared to 2008 were significantly affected by lower revenue net of purchased power and fuel expense primarily due to unfavorable portfolio and market conditions, including decreased net mark-to-market gains from its hedging activities, and revenue from certain long options in Generation's proprietary trading portfolio recorded in 2008. Additionally, Generation's revenue net of purchased power and fuel expense was affected by gains related to the settlement of uranium supply agreements in 2008 and higher nuclear fuel costs in 2009 due to rising nuclear fuel prices. The decrease in Generation's revenues net of purchased power and fuel expense was partially offset by lower costs related to the Illinois Settlement.

Generation's 2009 results compared to 2008 were further affected by higher operating and maintenance expenses. Higher operating and maintenance expenses were primarily due to a $223 million charge associated with the impairment of the Handley and Mountain Creek stations and costs associated with the announced shut-down of three coal-fired and one dual fossil-fired generation unit in Pennsylvania. These actions were a direct result of current and future expected market conditions. Market conditions also contributed to lower than expected pension and postretirement plan asset returns in 2008, which resulted in higher pension and other postretirement benefits expense in 2009. Higher operating and maintenance expenses were partially offset by the favorable results of Exelon's companywide cost savings initiative and lower nuclear refueling outage costs.

Additionally, due to a significant rebound in the financial markets, Generation experienced strong performance in its NDT funds in 2009. As a result, Generation's earnings improved as its NDTs of the Non-Regulatory Agreement Units had significant net realized and unrealized gains in 2009 compared to significant net realized and unrealized losses in 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. Generation's 2008 results were significantly affected by higher revenue net of purchased power and fuel expense compared to 2007 primarily due to favorable portfolio and market conditions, including increased net mark-to-market gains from its hedging activities, and revenue from certain long options in Generation's proprietary trading portfolio recorded in 2008, which were primarily the result of favorable energy prices. Additionally, Generation's revenue net of purchased power and fuel expense was affected by lower costs incurred in conjunction with the Illinois Settlement and the gain on the termination of the State Line Energy, L.L.C. (State Line) PPA in 2007.

Generation's 2008 results compared to 2007 were further affected by higher operating and maintenance expenses. Higher operating and maintenance expenses included higher nuclear planned refueling outage costs and higher labor and contracting costs.

Additionally, due to a sharp decline in the financial markets, Generation's NDTs of its Non-Regulatory Agreement Units had significant net realized and unrealized losses in 2008.

Operating Revenues

For the years ended December 31, 2009, 2008 and 2007, Generation's sales were as follows:

Revenue	2009	2008	2009 vs. 2008 Variance	2009 vs. 2008 % Change	2007	2008 vs. 2007 Variance	2008 vs. 2007 % Change
Electric sales to affiliates	$ 3,470	$ 3,588	$ (118)	(3.3)%	$ 3,537	$ 51	1.4%
Wholesale and retail electric sales	5,978	6,693	(715)	(10.7)%	6,834	(141)	(2.1)%
Total electric sales revenue	9,448	10,281	(833)	(8.1)%	10,371	(90)	(0.9)%
Retail gas sales	295	497	(202)	(40.6)%	449	48	10.7%
Trading portfolio	1	106	(105)	(99.1)%	43	63	146.5%
Other operating revenue [(a)]	(41)	(130)	89	68.5%	(114)	(16)	(14.0)%
Total operating revenues	$ 9,703	$ 10,754	$ (1,051)	(9.8)%	$ 10,749	$ 5	0.0%

(a) Includes costs incurred for the Illinois Settlement and revenues relating to fossil fuel sales and decommissioning revenue from PECO during 2009, 2008 and 2007.

Sales (in GWh)	2009	2008	2009 vs. 2008 Variance	2009 vs. 2008 % Change	2007	2008 vs. 2007 Variance	2008 vs. 2007 % Change
Electric sales to affiliates	58,643	64,652	(6,009)	(9.3)%	64,406	246	0.4%
Wholesale and retail electric sales	114,422	111,522	2,900	2.6%	125,244	(13,722)	(11.0)%
Total electric sales	173,065	176,174	(3,109)	(1.8)%	189,650	(13,476)	(7.1)%

Trading volumes of 7,578 GWh, 8,891 GWh and 20,323 GWh for 2009, 2008 and 2007, respectively, are not included in the table above.

Electric sales to affiliates. The changes in Generation's electric sales to affiliates for 2009 compared to 2008 and 2008 compared to 2007 consisted of the following:

Electric sales to affiliates	Variance 2009 vs. 2008 Price	Variance 2009 vs. 2008 Volume	Variance 2009 vs. 2008 (Decrease)	Variance 2008 vs. 2007 Price	Variance 2008 vs. 2007 Volume	Variance 2008 vs. 2007 Increase
ComEd	$ 264	$ (313)	$ (49)	$ (13)	$ 40	$ 27
PECO	(14)	(55)	(69)	43	(19)	24
Total	$ 250	$ (368)	$ (118)	$ 30	$ 21	$ 51

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Of the $264 million price variance in the ComEd territories, $294 million is related to an increase in settlements from the ComEd swap. This increase is partially offset by decreased prices realized for sales under the RFP. The volume decrease in the ComEd territories is due primarily to the expiration of certain tranches served under the auction contract, partially offset by an increase in deliveries to ComEd under the RFP. In the PECO territories, the decrease in price reflects an unfavorable change in the mix of average pricing related to PECO's PPA with Generation and the volume decrease was primarily due to unfavorable economic conditions.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. In the ComEd territories, the volume increase was primarily the result of an acquisition by Generation of an unrelated third party's supply obligations under the ComEd auction effective January 1, 2008, as well as volumes sold under the ComEd RFP, which started in September 2008. The price decrease in the ComEd territories was largely due to final reconciliation activity recorded in 2007 associated with the full requirements ComEd PPA which ended on December 31, 2006. This decrease was offset by a $29 million increase in revenue related to the ComEd RFP. In the PECO territories, the price increase reflects a favorable change in the mix of average pricing related to PECO's PPA with Generation, in addition to the effects of the last scheduled rate increase under the PPA, which took effect in mid-January 2007. The volume decrease in the PECO territories was primarily due to unfavorable weather conditions.

Wholesale and retail electric sales. The decrease in Generation's wholesale and retail electric sales for 2009 compared to 2008 and 2008 compared to 2007 consisted of the following:

	Increase (Decrease)	
	2009 vs. 2008	2008 vs. 2007
Price	[illegible]	[illegible]
Volume	176	(747)
Decrease in wholesale and retail electric sales	$ (715)	$ (141)

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. The decrease was primarily the result of an overall decrease in market prices, partially mitigated by higher volumes of generation sold to the wholesale and retail markets as a result of a decrease in affiliate load served and increased nuclear generation as a result of a decrease in refueling and non-refueling outage days.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. The decrease in volumes was reflective of an increased use of financial instruments versus physical contracts in addition to lower volumes of generation sold to the market, including the termination of Generation's PPA with State Line in October 2007. The increase in price was primarily the result of an overall increase in market prices.

Retail gas sales. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Retail gas sales decreased $202 million of which $131 million was due to lower realized prices and $71 million was due to lower volumes as a result of decreased demand.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. Retail gas sales increased $48 million of which $74 million was due to higher realized prices, partially offset by a $26 million decrease due to lower volumes as a result of decreased demand.

Trading Portfolio. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. The trading portfolio revenues decreased $105 million which was due primarily to earnings in 2008 from certain long options in the proprietary trading portfolio.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. The trading portfolio revenues increased $63 million which was due primarily to earnings from certain long options in the proprietary trading portfolio in 2008.

Other revenue. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. The increase in other revenues was primarily due to $123 million in reduced customer credits issued to ComEd and Ameren associated with the 2007 Illinois Settlement further described in Note 2 of the Combined Notes to Consolidated Financial Statements, partially offset by $24 million in lower fuel sales.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. The decrease in other revenues was primarily due to $223 million of income in 2007 associated with the termination of State Line PPA, partially offset by $187 million in reduced customer credits issued to ComEd and Ameren associated with the 2007 Illinois Settlement and a $14 million Salem oil spill settlement received in December 2008. See Note 18 of the Combined Notes to Consolidated Financial Statements for additional information regarding the oil spill settlement.

Purchased Power and Fuel Expense. Generation's supply sources are summarized below:

Supply Source (in GWh)	2009	2008	2009 vs. 2008 Variance	% Change	2007	2008 vs. 2007 Variance	% Change
Nuclear generation [(a)]	139,670	139,342	328	0.2%	140,359	(1,017)	(0.7)%
Purchases	23,206	26,263	(3,057)	(11.6)%	38,021	(11,758)	(30.9)%
Fossil and hydroelectric generation	10,189	10,569	(380)	(3.6)%	11,270	(701)	(6.2)%
Total supply	173,065	176,174	(3,109)	(1.8)%	189,650	(13,476)	(7.1)%

(a) Includes Generation's proportionate share of the output of its nuclear generating plants, including Salem Generating Station (Salem), which is operated by PSEG Nuclear, LLC.

The following table presents changes in Generation's purchased power and fuel expense for 2009 compared to 2008 and 2008 compared to 2007. Generation considers the aggregation of purchased power and fuel expense as a useful measure to analyze the profitability of electric operations between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, the aggregation of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information Generation provides elsewhere in this report.

	Variance 2009 vs. 2008			Variance 2008 vs. 2007		
	Price	Volume	Total Increase (Decrease)	Price	Volume	Total Increase (Decrease)
Purchased power costs and tolling agreement costs [(a)]	$ (610)	$ (306)	$ (916)	$ 767	$ (825)	$ (58)
Generation costs [(b)]	168	—	168	(77)	(12)	(89)
Retail Fuel Costs	(146)	(70)	(216)	87	(25)	62
Mark-to-market	n.m.	n.m.	271	n.m.	n.m.	(623)
Decrease in purchased power and fuel expense			$ (693)			$ (708)

(a) Variance for 2008 as compared to 2007 presented excludes the net impact of a $119 million loss recorded in 2007 associated with Generation's tolling agreement with Georgia Power related to the contract with Tenaska. See Note 18 of the Combined Notes to the Consolidated Financial Statements for additional information.

(b) Variance for both periods excludes gains of approximately $53 million related to non-performance claims for uranium supply agreements recorded in 2008.

n.m. Not meaningful.

Purchased Power Costs and Tolling Agreement Costs.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Purchased power costs include all costs associated with the procurement of electricity including capacity, energy and fuel costs associated with tolling agreements. Generation incurred overall lower prices for purchased power as a result of the decline in market prices. Generation's decreased purchased power volumes were driven by unfavorable market conditions.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. Generation had lower purchased power volumes primarily due to market conditions that resulted in decreased purchases from contracted units as well as decreased volumes due to the termination of the State Line PPA in October 2007. The decrease in volumes was also reflective of an increased use of financial instruments versus physical contracts. Generation incurred overall higher prices for purchased power as a result of an overall increase in market prices. Further, Generation's purchased power costs increased $28 million due to the favorable PJM billing dispute settlement with PPL in the first quarter of 2007.

Generation Costs. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Generation costs include fuel costs for internally-generated energy. Generation experienced overall higher generation costs for the year ended December 31, 2009, as compared to the same period in 2008 primarily as a result of an increase in the cost of nuclear and fossil fuels.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. Generation experienced overall lower generation costs for the year ended December 31, 2008, as compared to the same period in 2007 due to decreased fossil fuel costs, lower volumes and gains associated with uranium supply agreement costs, partially offset by increased costs for uranium and fossil fuel inventory impairments of $21 million during the year ended December 31, 2008.

Retail Fuel Costs. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Retail fuel cost includes retail gas purchases. The changes in Generation's retail fuel costs for 2009 as compared to 2008 consisted of overall lower prices resulting in a decrease of $146 million. This was in addition to lower demand resulting in a volume decrease of $70 million.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. The changes in Generation's retail fuel costs for 2008 as compared to 2007 consisted of overall higher prices resulting in an increase of $75 million, in addition to a retail gas inventory impairment of $12 million during the year 2008. These increases were offset by lower volumes caused by lower demand, which resulted in a decrease of $25 million.

Mark-to-market. Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on power hedging activities were $94 million in 2009, including the impact of the changes in ineffectiveness, compared to gains of $414 million in 2008. Mark-to-market gains on fuel hedging activities were $87 million in 2009 compared to gains of $38 million in 2008. See Notes 7 and 8 of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. Mark-to-market gains on power hedging activities were $414 million in 2008 compared to losses of $253 million in 2007. Mark-to-market gains on fuel hedging activities were $38 million in 2008 compared to gains of $81 million in 2007. See Notes 7 and 8 of the Combined Notes to Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

The following table presents average electric revenues, supply costs and margins per MWh of electricity sold during 2009 as compared 2008 and 2008 compared to 2007. As set forth in the table, average electric margins are defined as average electric revenues less average electric supply costs. Generation considers average electric margins useful measures to analyze the change in profitability of electric operations between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these margins are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information Generation provides elsewhere in this report.

($/MWh)	2009	2008	2009 vs. 2008 % Change	2007	2008 vs. 2007 % Change
Average electric revenue [(a)]					
Electric sales to affiliates	$ 54.19	$ 55.50	(2.4)%	$ 54.90	1.1%
Wholesale and retail electric sales [(a)]	54.79	59.99	(8.7)%	54.59	9.9%
Total—excluding the trading portfolio	54.59	58.35	(6.4)%	54.70	6.7%
Average electric supply cost [(b)(c)]—excluding the proprietary trading portfolio	$ 16.39	$ 19.87	(17.5)%	$ 19.54	1.7%
Average margin—excluding the proprietary trading portfolio	$ 38.20	$ 38.48	(0.7)%	$ 35.16	9.4%

(a) $292 million of pre-tax revenue, and $2 million of a pre-tax reduction in revenue, resulting from the settlement of the ComEd swap starting in June 2008, have been excluded from Electric sales to affiliates and included in Wholesale and retail electric sales for the twelve months ended December 31, 2009 and December 31, 2008, respectively. Additionally, $88 million (1,916 GWh) and $29 million (486 GWh) of pre-tax revenue, resulting from sales to ComEd under the RFP, which started in September 2008, have been excluded from Electric sales to affiliates and included in Wholesale and retail electric sales for the twelve months ended December 31, 209 and December 31, 2008, respectively. In addition, REC sales to affiliates have been included within Wholesale and retail electric sales.

(b) Average supply cost includes purchased power and fuel costs associated with electric sales excluding the impact of mark-to-market hedging activities. Average electric supply cost does not include fuel costs associated with retail gas sales and other sales for all periods presented.

(c) For year 2007, excludes the net impact of the $119 million loss related to the execution of the Georgia Power PPA and costs related to the termination of the State Line PPA during 2007.

The following table presents nuclear fleet operating data for 2009, as compared to 2008 and 2007, for the Exelon-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	2009	2008	2007
Nuclear fleet capacity factor [(a)]	93.6%	93.9%	94.5%
Nuclear fleet production cost per MWh [(a)]	$ 16.07	$ 15.87 [(b)]	$ 14.46

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC.

(b) Excludes the $53 million reduction in fuel expense related to uranium supply agreement non-performance settlements.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. The nuclear fleet capacity factor, which excludes Salem, decreased primarily due to a higher number of outage days. For 2009 and 2008, scheduled refueling outage days totaled 263 and 241, respectively, and non-refueling outage days totaled 78 and 59, respectively. Higher nuclear fuel costs, partially offset by lower refueling outage and other labor and contracting costs, resulted in a higher production cost per MWh during 2009 as compared to 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. The nuclear fleet capacity factor decreased primarily due to a higher number of planned refueling outage days. For 2008 and 2007, refueling outage days totaled 241 and 195, respectively, while non-refueling outage days totaled 59 in both years. The lower number of net MWh generated, the impact of inflation on labor and contracting costs, higher nuclear fuel costs and the refueling outage costs associated with the higher number of refueling outage days resulted in a higher production cost per MWh during 2008 as compared to 2007.

Operating and Maintenance Expense

The changes in operating and maintenance expense for 2009 compared to 2008, consisted of the following:

		Increase (Decrease)
Impairment of certain generating assets [(a)]	$	223
Pension and non-pension postretirement benefits expense [(b)]		92
Nuclear insurance credits [(c)]		26
Announced plant shutdowns [(c)]		24
Nuclear refueling outage costs, including the co-owned Salem Plant [(d)]		(46)
Labor, other benefits, contracting and materials [(e)]		(35)
Asset retirement obligation reduction [(f)]		(26)
Accounts receivable reserve [(g)]		(22)
Other		(17)
Increase in operating and maintenance expense	$	221

(a) Reflects the impairment of certain generating assets in 2009. See Notes 6 and 7 of the Combined Notes to Consolidated Financial Statements for further information.

(b) Reflects the impact of the return of property and business interruption insurance premiums in 2008. No premiums were received for 2009.

(c) Reflects severance-related and inventory write-down costs incurred in 2009 associated with the announced plant shutdowns. See Note 14 of the Combined Notes to Consolidated Financial Statements for further information.

(d) Primarily reflects the impact of decreased planned and unplanned nuclear outage days in 2009.

(e) Primarily reflects the impact of Exelon's 2009 cost savings program.

(f) Primarily reflects an increased reduction in the ARO in excess of the related ARC balances for the non-regulatory agreement units during 2009 as compared to 2008.

(g) Reflects the impact of an increase in accounts receivable reserves recorded in 2008 as a result of Generation's direct net exposure to Lehman Brothers Holdings Inc.

The changes in operating and maintenance expense for 2008 compared to 2007, consisted of the following:

		Increase (Decrease)
Nuclear refueling outage costs, including the co-owned Salem Plant [(a)]	$	88
Labor, other benefits, contracting and materials [(b)]		74
Decommissioning-related activities [(c)]		47
Accounts receivable reserve [(d)]		22
Asset retirement obligation reduction [(e)]		19
Nuclear insurance credits		15
New nuclear plant development costs [(f)]		(22)
Other		20
Increase in operating and maintenance expense	$	263

(a) Reflects a higher number of nuclear refueling outage days in 2008 compared to 2007.

(b) Reflects an increase in the contractual elimination of income taxes associated with the decommissioning trusts funds of the former ComEd and PECO nuclear generating units (Regulatory Agreement Units).

(c) Reflects an increase in the accounts receivable reserve recorded in 2008 as a result of Generation's direct net exposure to Lehman Brothers Holdings Inc.

(d) Reflects a decreased reduction in the ARO in excess of the related ARC balances for the Non-Regulatory Agreement Units and fossil units during 2008 as compared to 2007.
(e) Reflects the impact of the return of property and business interruption insurance premiums in 2008 compared to 2007.
(f) Reflects a reduction in costs associated with possible construction of a nuclear power plant in southeast Texas.

Depreciation and Amortization

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. For 2009 as compared to 2008, the increase in depreciation and amortization expense was a result of a change in the estimated useful lives of the plants associated with the 2009 announced shutdowns further described in Note 14 of the Combined Notes to Consolidated Financial Statements, which resulted in $32 million of accelerated depreciation. Additionally, the change in the estimated useful life of a fossil-fired power plant in 2008 resulted in $18 million higher depreciation expense in 2009. The remaining increase is primarily due to higher plant balances due to capital additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages), partially offset by the impact of the reassessment of the useful lives of several other fossil-fired facilities in 2008 and reduced depreciation associated with the generating assets impaired in 2009.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. For 2008 as compared to 2007, the increase in depreciation and amortization expense was primarily due to higher plant balances due to capital additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages), partially offset by the reassessment of the useful lives of several fossil facilities. The impact of the reassessment of the useful lives did not result in a material change to Generation's results of operations as compared to amounts recognized in periods prior to the change.

Taxes Other Than Income

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. For 2009 as compared to 2008, the increase was primarily due to a $9 million gross receipts tax adjustment in 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. For 2008 as compared to 2007, the increase was primarily due to higher payroll taxes of $11 million and higher property taxes of $8 million, partially offset by a $9 million gross receipts tax adjustment in 2008.

Interest Expense

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008. For 2009 as compared to 2008, the decrease in interest expense reflects lower interest of $16 million on SNF obligations as a result of lower rates. Interest on the spent fuel obligation accrues at the 13-week Treasury Rate and is recalculated on a quarterly basis. See Note 12 of the Combined Notes to Consolidated Financial Statements for further information. Additionally, the decrease in interest expense reflects a $16 million increase in capitalized interest during 2009 as compared to 2008. These decreases in interest expense are partially offset by a $9 million increase in interest expense related to uncertain tax positions.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007. For 2008 as compared to 2007, the decrease in interest expense reflected lower interest of $29 million on SNF obligations as a result of lower rates and a $24 million decrease in interest expense related to a change in the estimate of interest on uncertain tax positions, partially offset by increased interest of $27 million from higher outstanding long-term debt balances as a result of the September 2007 bond issuance.