



realizing the promise

Exelon Corporation 04 Summary Annual Report

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By almost any measure, we are better positioned today than last year, or the year before.

Our success is the product of unrelenting effort, clear vision, and a determination to keep the promises we make. If we keep our commitments, perform at world-class levels, and exercise disciplined financial management, Exelon can become the best and most consistently profitable electricity and gas company in the United States.

We do not claim to have achieved our goal. But we like our chances. And we will not rest until we do.

Exelon – pursuing the vision, realizing the promise.



John W. Rowe
Chairman, President and CEO

To our shareholders

Exelon continued to build its financial record in 2004. Thanks to operating improvements, load growth, and higher wholesale prices, 2004 adjusted (non-GAAP) operating earnings were \$1,859 million, or \$2.78 per diluted share. This constitutes an increase of 6.5 percent over comparable per share earnings in 2003.* In the four years of its existence, Exelon's operating earnings have grown by an average of 7.8 percent per year. I am especially pleased that our 2004 GAAP earnings were also \$2.78 per diluted share, an increase of more than 100 percent over 2003 GAAP earnings. Our consolidated GAAP earnings reflect several events, including earnings from investments in synthetic fuel-producing facilities, losses associated with debt retirements, severance and severance-related charges, accounting changes, charges associated with our investments in Boston Generating and Sithe, and costs associated with the proposed merger with PSEG. In 2004, we had none of the large write-offs that marred 2003 performance.

*For a reconciliation of adjusted (non GAAP) operating earnings to GAAP (accounting principles generally accepted in the United States) earnings, see Exelon's fourth quarter earnings release, issued January 25, 2005, posted on the Investor Relations page at www.exeloncorp.com and included in the 8-K filed with the SEC on that date.

We are not there yet.
But we make progress
every day. And I will not
rest until it is so.

This financial performance has made Exelon the most highly valued utility in the nation, with a year-end capitalization of \$29.3 billion, and has rewarded you, our shareholders, with one of the best overall returns in the industry. Adjusted for the 2-for-1 stock split completed in May, our overall stock price rose by 33 percent over the course of the year, from \$33.18 on December 31, 2003 to \$44.07 on December 31, 2004. Exelon's total return for 2004, measured by stock appreciation and assuming dividends are reinvested, exceeded 37 percent. In contrast, the 2004 total return of the companies that comprise the Philadelphia Utility Index was 26 percent, the total return of the S&P Electrics was 24 percent and the total return of the S&P 500 was 11 percent. More significantly, from the completion of the Unicom/PECO merger in October 2000 to the end of 2004, Exelon's total return has exceeded 70 percent. In contrast, the total average return for a comparable investment in companies included in the Philadelphia Utility Index would have been 21 percent, and for the S&P 500 would have been a loss of 7 percent.

The Exelon Board of Directors raised the dividend rate on three separate occasions last year. In January, we raised the annual dividend rate from \$1.00 to \$1.10, a 10 percent increase. In July, the Board again voted to increase the dividend, this time by 12 cents annually to \$1.22 per share. The Board also approved a policy targeting dividend payout at 50 to 60 percent of ongoing earnings. In October, with increasing confidence in earnings and cash flow improvements, the Board raised the annual rate yet again to \$1.60 per share, an increase of 31 percent. Exelon now has a fully competitive dividend.

Our performance demonstrates that we are realizing the promise of the PECO/Unicom merger. In the early 1990s, both PECO and ComEd were high-cost, urban utilities with histories of expensive nuclear plants and troubled nuclear operations. Today, as Exelon affiliates, they are part of one of the most successful utilities in the country, with a solidly performing nuclear fleet that is the largest in the country, a dramatically strengthened balance sheet, and rates that have moderated. Improved nuclear operations are now holding wholesale rates lower than they otherwise would be in both ComEd and PECO's territories.

Our performance likewise sets our expectation for the promise that can be realized from our recently announced merger with Public Service Enterprise Group. PSEG is a natural partner for Exelon. The two companies enjoy complementary assets, geography and strategies, and already have a history of partnership. When finally approved by a long list of federal and state agencies, the merger will create the nation's largest utility holding company, with more than \$70 billion in total assets, and serving more than 7 million electric customers and 2 million gas customers in three major metropolitan areas. More importantly, it will result in a stronger company, one built on Exelon's nuclear prowess and strong balance sheet, and PSEG's expertise in distribution operations and experience with retail auctions.

For the very first time, we will create an integrated U.S. electric system with the scope and scale of European and Japanese companies – a company that can successfully compete in the emerging national market.

The key to our success – past, present and future – is our total commitment to the Exelon Vision Statement, and our unrelenting effort to implement it. Exelon can only provide reliable service to our customers, exceptional value to you, our shareholders, and become the best and most consistently profitable electric and gas company in the nation, if we live up to our commitments, perform at world-class levels and continue to build value through disciplined financial management.

We are not there yet. But we make progress every day. And I will not rest until it is so.

UNRELENTING EFFORT

We are a low-cost wholesale provider in a growing and increasingly competitive wholesale market. You are all familiar with the remarkable job that our nuclear team – management and employees – have done in reviving our nuclear program. The average annual nuclear capacity factor has increased from 47 percent at ComEd in 1997 to 93+ percent for the entire fleet in 2004. Nuclear production costs have decreased from \$26.80/MWh at ComEd in 1997 to \$12.43/MWh fleet-wide in 2004. Under John Young and Chris Crane's careful leadership, our nuclear capacity factor during the critical summer months actually exceeded 97 percent, while our non-nuclear generating facilities reached record levels of commercial availability.

We have succeeded despite volatile wholesale markets. Under Ian McLean's watchful eye, we made money when markets were down, and we are making more money now that the markets are recovering. Given our strength as a low-cost generator, we are able to optimize the financial value of the commodity we generate by actively managing our exposure to economic and commodity price cycles. Our record has been one of solid risk management, commercial responsiveness and the successful matching of physical assets to load.

We have successfully cut costs across our entire business. The Exelon Way, our ongoing effort to simultaneously improve performance and wring out unnecessary operation and maintenance, and capital expense across our entire business, met our announced goal of \$300 million of total program, after-tax cash savings during 2004. Jack Skolds, Frank Clark, Denis O'Brien and Ruth Ann Gillis have been engaged in an all-out effort to bring The Exelon Way to our energy delivery business by adapting and applying the nuclear management model to the wires business by the end of this year. We are focused on the fundamentals of productivity improvement, cost management and operational excellence. Similarly, Pam Strobel and her team have captured significant savings in Business Services through aggressive management of IT and the Supply Chain.

We do not foresee a clean, or simple future. But we would not trade our platform with any other utility.

We have steadily improved our balance sheet. Bob Shapard and Barry Mitchell have overseen the retirement of over \$1.2 billion of long-term debt and preferred stock in 2004, as well as over \$700 million in transition debt. We also made substantial progress in efforts to strengthen ComEd's balance sheet. As a consequence, debt as a percentage of total capitalization continues to decrease, interest coverage continues to strengthen, cash flow continues to improve and shareholders' equity increased by over \$900 million in 2004.

We also have liquidated most of our unprofitable business ventures. Thanks to the efforts of George Gilmore and his team, we completed the sale of substantially all remaining Enterprises businesses. Moreover, we completed the sale of Boston Generating back to its lenders, which eliminated approximately \$1.0 billion of outstanding debt from our balance sheet, and completed the sale of most of the remaining Sithe assets to Dynegy at the end of January 2005.

And finally, we are determined to more effectively engage our employees in this ongoing effort to make Exelon the best electricity and gas company in the country. We recognize that our efforts to improve productivity and financial performance have placed great demands upon our workforce. We do understand the stress caused by doing more with less. Our employees participate in a generous compensation system, one that includes annual bonuses tied to earnings and operating performance. They also enjoy one of the most competitive benefit programs in the nation, including pension plans that are being greatly strengthened by almost \$2.0 billion in contributions made possible by our improved financial condition. But if we are to enlist their active participation, we must also offer them greater consideration, and more consistent respect, even as we seek to change the work culture. Gary Snodgrass and his HR team are constantly looking for ways to improve employee engagement, to give our employees not only a stake, but even more important a sense of pride, in all that we have accomplished.

MAKING COMPETITION WORK

We remain deeply committed to competitive wholesale markets. Thanks to the tireless efforts of Betsy Moler and her team, ComEd has now successfully joined PECO in PJM, the foremost regional transmission organization in the country. Every month, PJM member companies do in excess of 1 million wholesale transactions, making PJM the largest market of its kind in the world. Joining PJM has dramatically enhanced competitive opportunities for our midwestern generation resources, deepening our trading opportunities and increasing our control over production costs.

Our PJM membership also has facilitated the development of an effective procurement strategy for our Illinois residential customers. In 2003, Exelon attempted to extend Exelon Generation's role as the sole source provider for ComEd's regulated residential customers. That proposal did not succeed, in part, because competitors and consumer advocates wanted to ensure that

residential customers received electricity at prices that more directly reflected the wholesale price of power. After an extensive stakeholder process, the Illinois Commerce Commission staff and many stakeholders have now recommended an auction process, similar to that employed in New Jersey, to accomplish that result. Our participation in the larger PJM market makes that auction far more effective for our customers.

And we continue our effort to develop an effective environmental strategy. Our nuclear fleet should be seen as a great asset in a time of tightening environmental requirements. While we are the fourth largest generator nationwide, among our peer group we rank dead last in total CO₂ emissions, dead last in total NO_x emissions, and next to last in SO₂ emissions. The significance of our low emissions profile can only grow as policy makers worldwide take action to address clean air and global climate issues. Yet because of the government's continuing delays in resolving the high-level waste issue, nuclear is too often discounted as a future generation source. I am pleased to report that the National Commission on Energy Policy, which I co-chaired, recognized the important role that nuclear can play in addressing both future energy and environmental needs in its recently published report "Ending the Energy Stalemate: A Bipartisan Strategy to Meet America's Energy Challenges."

LEADING THE WAY

As we look to the future, we know many things. We know that fundamental utility obligations remain imperative – this is still a business about providing real service, with real assets, to real customers. We know that maintaining our position as a low-cost provider will remain critically important. We know that public officials will continue to demand that electricity be supplied with high reliability at an acceptable price. We know that wholesale competition continues to grow, and that the benefits of wholesale competition are becoming more and more evident. And we know that ours is a mature industry, one where growth can best be assured by increased productivity and continued consolidation.

There are also many things that we cannot know. There are now three competing models for the industry playing in various regions of the country, and we do not know which, if any, will define retail business in the future. The states in which we do business continue to support wholesale competition and are working constructively to marry wholesale competition with regulated retail service. Other states, however, have retained or are returning to monopolistic franchises, or integrated resource management, where regulators make the initial decision of what the utility should buy. At least for the foreseeable future, the state of competition will vary from state to state and from year to year.

We have developed a robust platform for dealing with both the knowns and the unknowns of this business. We have written-off most of the cost of our

nuclear fleet, while dramatically improving its performance and reducing its operating costs. We have placed that fleet in a market-based generation company that operates in competitive states. We have sold the ComEd coal fleet, thereby creating a competitive market in Northern Illinois. By joining ComEd with PECO in PJM, we have ensured that both our retail affiliates, and much of our generation business, operate in a common, highly successful competitive market.

We are dramatically extending our platform through the recently announced PSEG merger. Acquiring PSEG satisfies both our near-term financial criteria and our longer term strategic objectives. Once completed, the merger will afford us greater scope, scale and cost synergies. It will assure greater diversity of regulation and markets. Most importantly, it has the potential to deliver years of continued growth, much as the original PECO/Unicom merger has done. My sincere thanks to Randy Mehrberg and his Exelon team for their efforts in putting this deal together, to Jim Ferland and the PSEG management team for their hard work and courage, and to the Boards of both companies for both their questions and confidence.

We do not foresee a clean, or simple future. But we would not trade our platform with any other utility. We are Exelon, one company, with one vision, striving to deliver exceptional service to our customers, and extraordinary value to our shareholders.



John W. Rowe
Chairman, President and CEO
Exelon Corporation
April 4, 2005

This communication is not a solicitation of a proxy from any security holder of Exelon Corporation or Public Service Enterprise Group Incorporated. Exelon has filed a Registration Statement on Form S-4 with the SEC (Registration No. 333-122704) containing a preliminary joint proxy statement/prospectus regarding the proposed transaction involving Exelon Corporation and Public Service Enterprise Group Incorporated. **We urge investors and security holders to read the definitive joint proxy statement/prospectus regarding the proposed transaction and any other relevant documents when they become available, because they will contain important information about Exelon, PSEG and the proposed merger.** Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website www.sec.gov. In addition, a copy of the definitive joint proxy statement/prospectus (when it becomes available) may be obtained free of charge from Exelon Shareholder Services, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398, or from PSEG, Investor Relations, 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171.

The respective directors and executive officers of Exelon and PSEG and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Exelon's and PSEG's directors and executive officers and other participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is available in the preliminary joint proxy statement/prospectus contained in the above-referenced Registration Statement on Form S-4.

Exelon One Company, One Vision

Exelon strives to build exceptional value –
by becoming the best and most consistently profitable
electricity and gas company in the United States.

To succeed, we must...

- > Live up to our commitments
- > Perform at world-class levels
- > Build value through disciplined financial management



we promise to keep the lights on >

Realizing our commitment to customers...

This is still a business about delivering real service, from real assets, to real customers.

today

Exelon is a recognized nuclear and financial leader. We have the largest and one of the better performing nuclear fleets in the country. We have shown outstanding financial discipline. We have invested over \$3 billion in recent years in new transmission and distribution infrastructure, and we are working every day to apply the lessons learned in nuclear and finance to our distribution business. We still have much to do, but every day we get better.

tomorrow

Exelon will be recognized as a public service leader, the nation's foremost electric and gas utility. While competition has changed the way we price our generation product, it will never change our fundamental commitment to reliable delivery service. Millions of customers depend upon us every day, and every day we will work to improve our productivity, improve our service, and improve our customer satisfaction.

5.2m

Each of our 5.2 million customers
looks to us for reliable service

Realizing our commitment to competition...

Continuous improvement and world-class performance are the keys to success in emerging competitive markets.

today

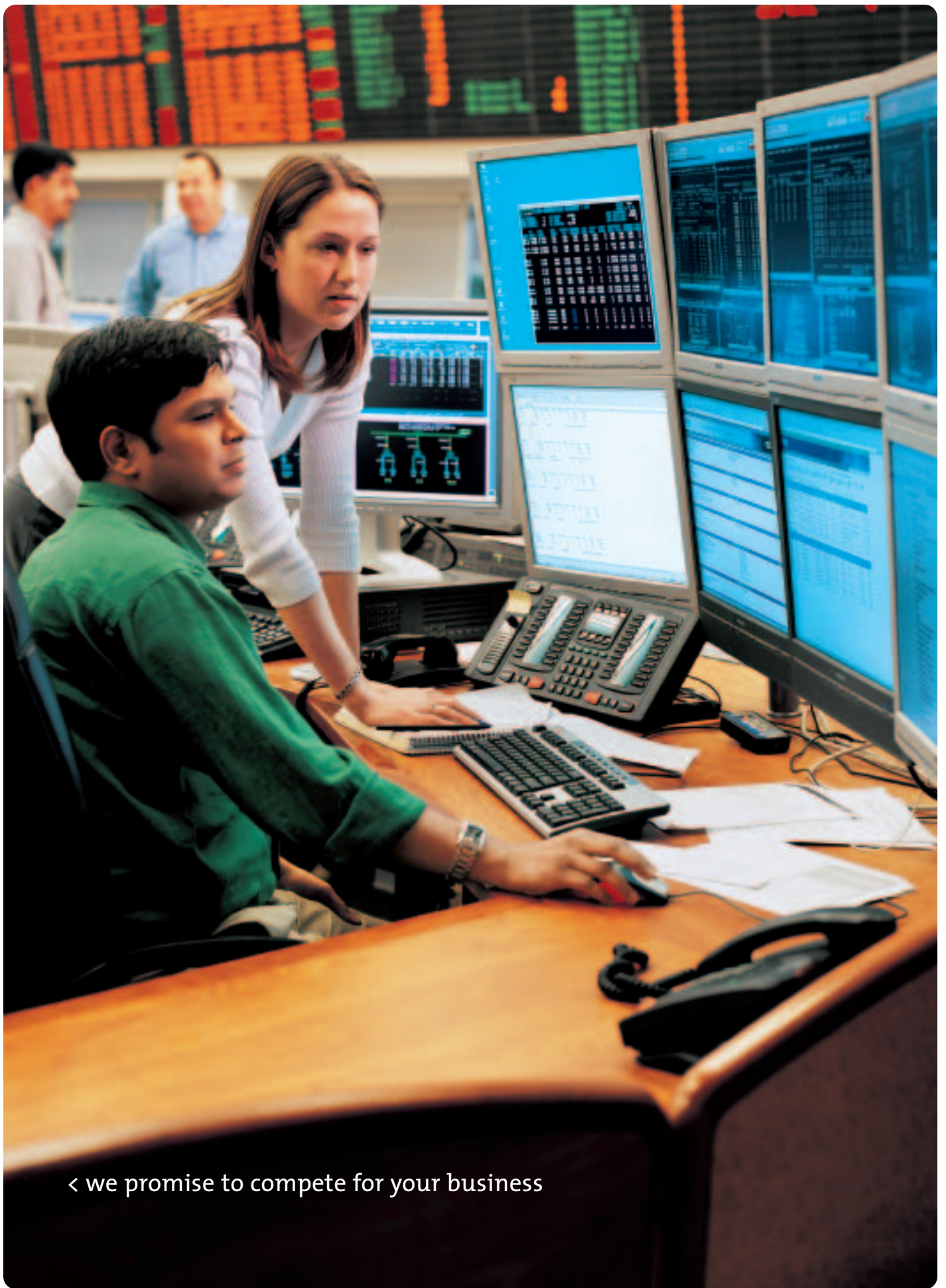
Exelon is a leading proponent of regional competition. We remember the days when cost-plus ratemaking led to increasing rates, deteriorating service, and economic disadvantage in the regions we served. Now, we strive every day to reduce our production costs, improve our service, and realize world-class performance. As a consequence, average rates in our service territories have moderated and even decreased compared to other urban areas, and our shareholders enjoy one of the best total returns in the industry. Competition works.

tomorrow

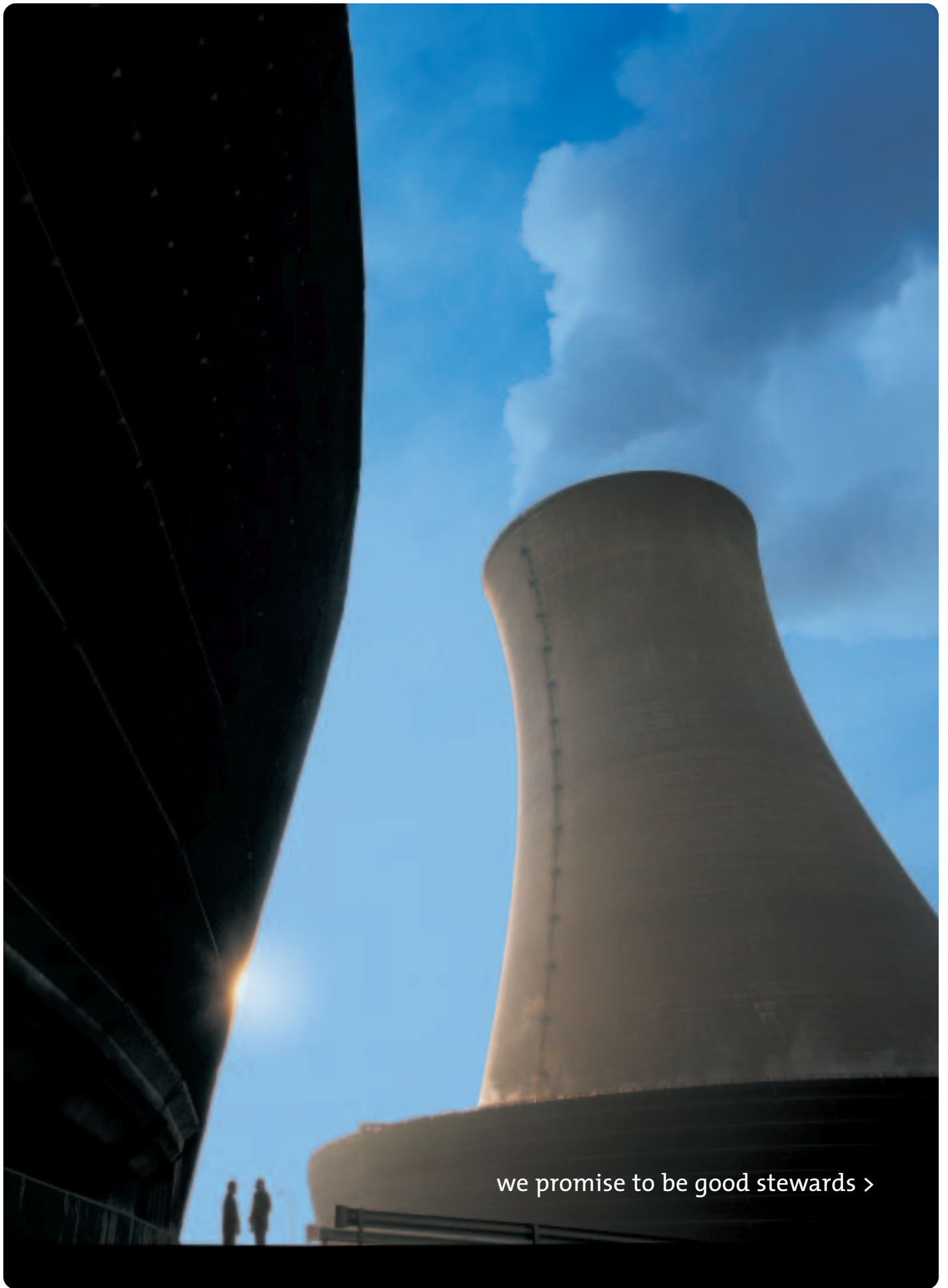
Exelon will be the first truly national utility. As the benefits of competition become more apparent, wholesale competition will grow in other regions, and Exelon will be well positioned to grow with it. Our low-cost nuclear fleet, our financial discipline and our commitment to continuous improvement will be an advantage for us in the emerging national market.

1st Q

Relentlessly pursue top quartile performance in everything we do



< we promise to compete for your business



we promise to be good stewards >

Realizing our obligation to the environment...

In a world increasingly concerned about global climate change, nuclear power will play a pivotal role.

today

Exelon is a good safety and environmental steward. Our accident rate in nuclear and our OSHA recordables in Exelon Energy Delivery are among the best in the industry. And although we rank fourth in overall generation, our large nuclear fleet means we rank last among our peer group in NO_x emissions, last in CO₂ emissions, and next to last in SO₂ emissions.

tomorrow

Exelon will be in the forefront of industry efforts to combat global warming. According to the National Commission on Energy Policy, the crucial challenge of capping and ultimately reducing greenhouse gas emissions will be considerably more difficult without nuclear. The successful relicensing of our existing fleet, and the successful licensing of advanced nuclear designs through the NuStart consortium, will aid in reducing future greenhouse gas emissions, as well as our reliance on foreign energy sources.

100%

Our goal: 100 percent compliance,
100 percent of the time

Realizing our commitment to employees...

To do more with less, employees must have a stake and a sense of pride in what is being accomplished.

today

Exelon is engaged in an all-out effort to extend our nuclear success to other parts of our business through The Exelon Way. Our goal is to optimize the work we do, and the way we do it, and build a unified, high-performance organization. We recognize, however, that enlisting the enthusiasm and creativity of our employees is critical to our success. We must listen and communicate better, and show respect most of all.

tomorrow

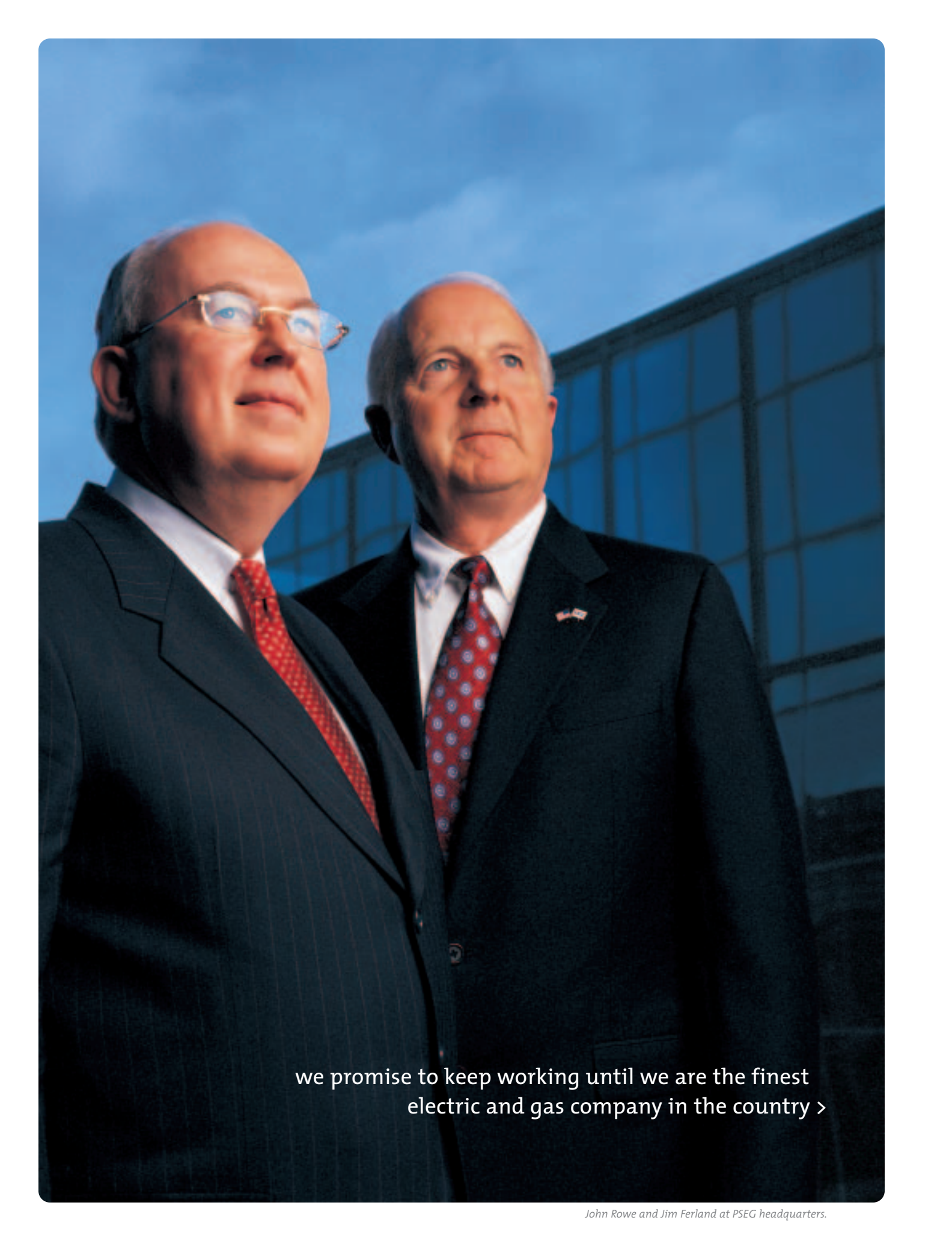
Exelon will redefine what it means to work for a utility. Just as industry restructuring has created new opportunities for the company as a whole, it has created new incentives for our employees as well. In a competitive world, a successful company provides a challenging and diverse work environment that develops and encourages employees to be their best. It is also a place where employees are committed to improving productivity, service and customer relations.

17,300

Engaging our entire workforce



< we promise to build a high-performance culture

A photograph of two men, John Rowe and Jim Ferland, standing in front of a modern building with large glass windows. The scene is set at dusk or dawn, with a blue sky and warm lighting. Both men are wearing dark suits, white shirts, and patterned ties. The man on the left is wearing glasses. They are both looking slightly upwards and to the right.

we promise to keep working until we are the finest
electric and gas company in the country >

John Rowe and Jim Ferland at PSEG headquarters.

Realizing our commitment to shareholders...

The faces may change, but the Vision remains. Exelon is one Company, with one Vision – to be the finest electric and gas company in the country.

today

Exelon is one of the most successful utilities in country, with the largest nuclear fleet, a strong balance sheet, and the largest market cap in the industry. It is also one of the most profitable, with a total return over the past four years exceeding 70 percent. We have delivered extraordinary value to our shareholders.

tomorrow

Exelon has the potential to set the standard for the industry. Our impending merger with PSEG will afford us greater scope, scale and cost synergies, and has the potential to deliver growth for years to come. By combining Exelon's nuclear and balance sheet prowess with PSEG's strong distribution performance and auction savvy, we have a rare opportunity to create the finest electric and gas company in the nation.

no.1

Our goal: exceptional service,
extraordinary value

Exelon at a Glance

EXELON ENERGY DELIVERY

Exelon Energy Delivery (EED) has the largest electric customer base in the nation, serving approximately 5.2 million electric and 460,000 natural gas customer accounts. With nearly 7,700 employees, EED distributes approximately 125,000 gigawatt-hours of electricity annually to customers via 55,900 circuit miles of overhead lines and 48,300 cable miles of underground lines. PECO Energy also provides approximately 87,000 million cubic feet of natural gas annually through 11,800 gas pipeline miles.

Operationally, 2004 was another challenging year as hundreds of crews in both markets battled Mother Nature's fury, from snow storms in the winter to wind storms in the spring and fall. In addition to keeping power on in Northern Illinois and Philadelphia, EED Operations employees made headlines with their generous support of struggling hurricane-ravaged utilities in Florida. As well, EED leadership changes were made to streamline the organization, gain efficiencies and improve performance across ComEd and PECO.

Through a multi-pronged approach, EED is fulfilling promises to keep the lights on and the gas flowing that were made in an advertising campaign shown locally in both Chicago and Philadelphia. EED established more than 300 common processes and procedures, including a common Safety Rulebook. EED's physical infrastructure also benefited from several initiatives, including improvements to the work management process and accelerating the schedule for capacity work originally planned for 2005. Cable faults were significantly reduced, worst-performing feeders were replaced and hundreds of preventive maintenance and upgrade measures were introduced. Operations tackled the backlog in new businesses and took measures to prevent any delays from happening in 2005, including the introduction of Fix It Now (FIN) teams that will help EED manage emergent work all year long. EED also revamped its key leadership in several vital areas of the company, including Customer & Marketing Services and the Work Management Department, to ensure that its focus is on the customer first.

EXELON GENERATION

In 2004, Exelon Generation worked to further integrate its business units, tailoring them to be most profitable during shifting market conditions.

Exelon Nuclear, with approximately 6,600 employees, operates the largest commercial nuclear fleet in the nation and the third largest in the world. Exelon Nuclear represents approximately 20 percent of the U.S. nuclear industry's power capacity and about 3 percent of all U.S. power generation. Through its focus on safe operations and reliable production, Exelon Nuclear is a leader in the nuclear power industry. In 2004, Exelon Nuclear achieved two significant accomplishments. The nuclear fleet set a best ever fleet capacity factor record of 97.3 percent during the summer months of June through August. Exelon Nuclear also obtained the Nuclear Regulatory Commission's approval for 20-year operating license renewals for both Dresden and Quad Cities Stations.

Exelon Power, with approximately 650 employees, operates the company's fossil and hydroelectric fleet of generating assets. With plants in Illinois, Maryland, Massachusetts, Pennsylvania and Texas, Exelon Power is capable of supplying approximately 8,000 megawatts of safe, efficient, and environmentally responsible power generation. Exelon Power's fleet of assets complements Exelon Nuclear's base load units by providing reliable base load, intermediate and peak generation while providing Power Team with a diverse portfolio to remain flexible in the continually changing electric-utility industry.

Exelon Power Team is the wholesale power marketing division that focuses on optimizing the value of Exelon's generating portfolio while providing bulk physical power to Exelon Energy Delivery (ComEd and PECO); Exelon Energy, the corporation's retail energy marketing entity in the Midwest; and other wholesale customers. Power Team also purchases fuel for Exelon Power. Since its formation in 1994, Power Team has had a perfect record of supplying its customers with the product they need, when they need it most.

EXELON BUSINESS SERVICES COMPANY

Exelon's Business Services Company (BSC) is a direct, wholly owned subsidiary of Exelon Corporation. With approximately 2,000 employees, including nearly 450 employees solely providing service to ComEd and PECO, BSC provides Exelon with overall corporate governance services, utility-specific governance of Exelon Energy Delivery's shared functions, and traditional shared services including information technology, supply management, legal services, payroll, accounts payable and employee benefits administration.

As a shared services organization, BSC delivers value to Exelon's business units and optimizes solutions for the company as a whole. By leveraging economies of scale, adopting best practices and implementing process improvements, BSC provides efficiencies and cost savings in keeping with The Exelon Way, positioning Exelon for growth.

Financially and operationally, 2004 was a banner year for BSC. The business unit surpassed aggressive Exelon Way savings targets from centralization of Exelon's supply and IT functions. It leveraged technology to improve processes, standardized practices and managed performance across its functions to increase overall effectiveness. To bring more rigor to standardization efforts across BSC, the business unit adopted the management model concept that has been so successful at Exelon Nuclear.

One major element of The Exelon Way program was the reorganization and consolidation of ComEd and PECO operating functions to achieve efficiencies, economies of scale and best practices throughout Exelon's utility businesses. As a result of this reorganization, approximately 450 employees were transferred into the services company to provide executive and centralized management services to both ComEd and PECO. Their focus will continue to be the standardization of utility processes across both companies and the achievement of synergies through consolidation of common functions.

In 2005, BSC will focus on enhancing its partnerships with Exelon business units, employees and suppliers, as it continues to refine and standardize operations. Its overall goal is to provide exceptional service and unparalleled value in supporting Exelon's quest for world-class performance.

EXELON ENTERPRISES

We have exited essentially all of our Enterprises businesses to focus on our core utility business.

Strategy and Policy Committee



pictured left to right

Robert S. Shapard
Executive Vice President and Chief Financial Officer

John W. Rowe
Chairman, President and Chief Executive Officer

Frank M. Clark
Executive Vice President & Chief of Staff, Exelon, and President, ComEd

S. Gary Snodgrass
Executive Vice President and Chief Human Resources Officer

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

John F. Young
Executive Vice President, Exelon and President, Exelon Generation Company

Ian P. McLean
Executive Vice President, Exelon and President, Power Team



Randall E. Mehrberg
Executive Vice President and General Counsel

Oliver D. Kingsley, Jr.*
President and Chief Operating Officer, Exelon Corporation

Pamela B. Strobel
Executive Vice President and Chief Administrative Officer, Exelon,
and President, Exelon Business Services Company

John L. Skolds
Executive Vice President, Exelon and President, Exelon Energy Delivery

**Oliver D. Kingsley, Jr. retired on November 1, 2004. During his 7 years with Exelon, Oliver transformed the performance of the company's nuclear fleet, and was instrumental in developing the next generation of Exelon's operational leadership. We are grateful to Oliver for his extraordinary contributions.*

Board of Directors



pictured left to right

John W. Rogers, Jr.
Chairman and Chief Executive Officer, Ariel Capital Management, LLC

Nicholas DeBenedictis
Chairman, President and Chief Executive Officer, Aqua America, Inc.

Rosemarie B. Greco
Director, Office of Health Care Reform, Commonwealth of Pennsylvania

John W. Rowe
Chairman, President and Chief Executive Officer, Exelon Corporation

G. Fred DiBona, Jr.*
President and Chief Executive Officer, Independence Blue Cross

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

Edgar D. Jannotta
Chairman, William Blair & Company, LLC

Edward A. Brennan
Retired Chairman and Chief Executive Officer, Sears, Roebuck and Co.

Richard L. Thomas
Retired Chairman, First Chicago NBD Corporation



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

Ronald Rubin
Chairman and Chief Executive Officer, Pennsylvania Real Estate Investment Trust

Sue L. Gin
Chairman and Chief Executive Officer, Flying Food Group, LLC

Nelson A. Diaz
Partner, Blank, Rome, LLP

Bruce DeMars
Admiral (Retired), United States Navy



**Fred DiBona passed away on January 11, 2005. A tremendous asset to Exelon's board, Fred brought profound judgment and a delightful sense of humor to board deliberations. He was a good friend, and will be missed.*

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Summary of Earnings and Financial Condition

Results for 2000 reflect the effects of the merger of Exelon, Unicom and PECO on October 20, 2000. That merger was accounted for using the purchase method of accounting with PECO as the acquiring company. Accordingly, financial results for 2000 consist of PECO's results for 2000 and Unicom's results after October 20, 2000.

in millions, except for per share data	For the Years Ended December 31,				
	2004	2003	2002	2001	2000
Statement of Income data:					
Operating revenues	\$14,515	\$15,812	\$14,955	\$14,918	\$ 7,499
Operating income	3,433	2,277	3,299	3,362	1,527
Income before cumulative effect of changes in accounting principles	\$ 1,841	\$ 793	\$ 1,670	\$ 1,416	\$ 562
Cumulative effect of changes in accounting principles (net of income taxes)	23	112	(230)	12	24
Net income	\$ 1,864	\$ 905	\$ 1,440	\$ 1,428	\$ 586
Earnings per average common share (diluted):					
Income before cumulative effect of changes in accounting principles	\$ 2.75	\$ 1.21	\$ 2.57	\$ 2.19	\$ 1.38
Cumulative effect of changes in accounting principles (net of income taxes)	0.03	0.17	(0.35)	0.02	0.06
Net income	\$ 2.78	\$ 1.38	\$ 2.22	\$ 2.21	\$ 1.44
Dividends per common share	\$ 1.26	\$ 0.96	\$ 0.88	\$ 0.91	\$ 0.46
Average shares of common stock outstanding – diluted	669	657	649	645	408

in millions	December 31,				
	2004	2003	2002	2001	2000
Balance Sheet data:					
Current assets	\$ 3,926	\$ 4,561	\$ 4,125	\$ 3,735	\$ 4,151
Property, plant and equipment, net	21,482	20,630	17,957	14,665	15,914
Noncurrent regulatory assets	4,790	5,226	5,546	5,774	6,045
Goodwill	4,705	4,719	4,992	5,335	5,186
Other deferred debits and other assets	7,867	6,800	5,249	5,460	5,378
Total assets	\$42,770	\$41,936	\$37,869	\$34,969	\$36,674
Current liabilities	\$ 4,882	\$ 5,720	\$ 5,874	\$ 4,370	\$ 4,993
Long-term debt, including long-term debt to financing trusts ^(a)	12,148	13,489	13,127	12,879	12,958
Regulatory liabilities	2,204	1,891	486	225	1,888
Other deferred credits and other liabilities	13,984	12,246	9,968	8,749	8,959
Minority interest	42	–	77	31	31
Preferred securities of subsidiaries ^(a)	87	87	595	613	630
Shareholders' equity	9,423	8,503	7,742	8,102	7,215
Total liabilities and shareholders' equity	\$42,770	\$41,936	\$37,869	\$34,969	\$36,674

(a) The mandatorily redeemable preferred securities of ComEd and PECO were reclassified as long-term debt to financing trusts in 2003 in accordance with FIN 46-R (revised December 2003), "Consolidation of Variable Interest Entities" (FIN 46-R) and FIN 46, "Consolidation of Variable Interest Entities" (FIN 46).

Discussion of Financial Results – Exelon

Results of Operations

in millions, except for per share data	2004	2003	Favorable (Unfavorable) Variance
Operating revenues	\$14,515	\$15,812	\$(1,297)
Purchased power and fuel expense	5,082	6,375	1,293
Impairment of Boston Generating, LLC long-lived assets	–	945	945
Operating and maintenance expense	3,976	4,508	532
Depreciation and amortization expense	1,305	1,126	(179)
Operating income	3,433	2,277	1,156
Other income and deductions	(921)	(1,148)	227
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	2,512	1,129	1,383
Income taxes	692	331	(361)
Income before cumulative effect of changes in accounting principles	1,841	793	1,048
Net income	1,864	905	959
Diluted earnings per share	2.78	1.38	1.40

Net Income. Net income for 2004 reflects income of \$32 million, net of income taxes, for the adoption of FIN 46-R, partially offset by a loss of \$9 million, net of income taxes, related to the adoption of Emerging Issues Task Force (EITF) Issue No. 03-16, "Accounting for Investments in Limited Liability Companies" (EITF 03-16). Net income for 2003 reflects income of \$112 million, net of income taxes, for the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143). See Note 1 of Exelon's Notes to Consolidated Financial Statements within its 2004 Form 10-K for further information regarding the adoptions of FIN 46-R, EITF 03-16 and SFAS No. 143.

Operating Revenues. Operating revenues decreased primarily due to decreased revenues at Enterprises due to the sale of the majority of its businesses since the third quarter of 2003, the sale of Boston Generating and Generation's adoption of EITF No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, 'Accounting for Derivative Instruments and Hedging Activities,' and Not 'Held for Trading Purposes' as Defined in EITF Issue No. 02-3, 'Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities'" (EITF 03-11) in the first quarter of 2004, which changed the presentation of certain power transactions and decreased 2004 operating revenues by \$980 million. The adoption of EITF 03-11 had no impact on net income. Operating revenues were favorably affected by Generation's acquisition of the remaining 50% of AmerGen and the consolidation of Sithe. Operating revenues were also favorably affected by Energy Delivery's increased volume growth and transmission revenues collected from PJM, partially offset by unfavorable weather conditions and customer choice initiatives.

Purchased Power and Fuel Expense. Purchased power and fuel expense decreased primarily due to Generation's adoption of EITF 03-11 during 2004 which resulted in a decrease in purchased power expense and fuel expense of \$980 million. In addition, purchased power decreased due to Generation's acquisition of the remaining 50% of AmerGen in December 2003, which was only partially offset by an increase in fuel expense, and the sale of Boston Generating. Purchased power represented 24% of Generation's total supply in 2004 compared to 37% in 2003. Purchased power also decreased due to Energy Delivery's unfavorable weather conditions and customer choice initiatives, partially offset by volume growth and transmission costs paid to PJM.

Impairment of the Long-Lived Assets of Boston Generating. Generation recorded a \$945 million charge (before income taxes) during 2003 to impair the long-lived assets of Boston Generating.

Operating and Maintenance Expense. Operating and maintenance expense decreased primarily as a result of decreased expenses at Enterprises due to the sale of the majority of its businesses since the third quarter of 2003 and decreased severance and severance-related expenses, partially offset by increased expenses at Generation due to the acquisition of the remaining 50% of AmerGen and the consolidation of Sithe. Operating and maintenance expense increased \$65 million due to investments in synthetic fuel-producing facilities made in the fourth quarter of 2003 and the third quarter of 2004.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense was primarily due to additional plant placed in service at Energy Delivery and Generation, the acquisition of the remaining 50% in AmerGen in December 2003, the consolidation of Sithe and the recording and subsequent impairment of an asset retirement cost (ARC) at Generation in 2004. See Note 14 of Exelon's Notes to Consolidated Financial Statements within its 2004 Form 10-K for additional information. The increase also resulted from increased amortization expense due to investments made in the fourth quarter of 2003 and the third quarter of 2004 in synthetic fuel-producing facilities and increased competitive transition charge amortization at PECO. These increases were partially offset by reduced depreciation and amortization expense at Enterprises due to the sale of a majority of its businesses since the third quarter of 2003.

Operating Income. Exclusive of the changes in operating revenues, purchased power and fuel expense, the impairment of Boston Generating's long-lived assets, operating and maintenance expense and depreciation and amortization expense discussed above, the change in operating income was primarily the result of increased taxes other than income in 2004 as compared to 2003, primarily due to the reduction of certain real estate tax accruals at PECO and Generation during 2003.

Other Income and Deductions. Other income and deductions reflects interest expense of \$905 million, equity in losses of unconsolidated affiliates of \$153 million, debt retirement charges of \$130 million (before income taxes) recorded at ComEd in 2004 associated with an accelerated liability management plan, impairment charges of \$255 million (before income taxes) recorded during 2003 related to Generation's investment in Sithe, an \$85 million gain (before income taxes) on the 2004 sale of Boston Generating and a \$35 million aggregate net gain on the sale of investments and assets of Thermal in 2004 (before income taxes and net of debt prepayment penalties). Equity in earnings of unconsolidated affiliates decreased by \$186 million due to the acquisition of the remaining 50% of AmerGen in December 2003, the deconsolidation of certain financing trusts during 2003 and investments in synthetic fuel-producing facilities made in the fourth quarter of 2003 and the third quarter of 2004.

Effective Income Tax Rate. The effective income tax rate was 27.5% for 2004 compared to 29.3% for 2003. The decrease in the effective rate was primarily attributable to investments in synthetic fuel-producing facilities made in the fourth quarter of 2003 and the third quarter of 2004.

Discussion of Financial Results – by Business Segment

Results of Operations by Business Segment

The comparisons of 2004 and 2003 operating results set forth below include intercompany transactions, which are eliminated in Exelon's consolidated financial statements.

Transfer of Exelon Energy Company from Enterprises to Generation. Effective January 1, 2004, Enterprises' competitive retail sales business, Exelon Energy Company, was transferred to Generation. The 2003 information related to the Enterprises and Generation segments discussed below has been adjusted to reflect the transfer of Exelon Energy Company from the Enterprises segment to the Generation segment. Exelon Energy Company's 2003 results were as follows:

in millions	
Total revenues	\$834
Intersegment revenues	4
Operating revenue and purchased power from affiliates	209
Depreciation and amortization	2
Operating expenses	857
Interest expense	1
Loss before income taxes	(29)
Income taxes	(11)
Net loss	(18)

Income (Loss) Before Cumulative Effect of Changes in Accounting Principles by Business Segment

in millions	2004	2003	Favorable (Unfavorable) Variance
Energy Delivery	\$1,128	\$1,170	\$ (42)
Generation	641	(259)	900
Enterprises	(13)	(117)	104
Corporate	85	(1)	86
Total	\$1,841	\$ 793	\$1,048

Net Income (Loss) by Business Segment

in millions	2004	2003	Favorable (Unfavorable) Variance
Energy Delivery	\$1,128	\$1,175	\$ (47)
Generation	673	(151)	824
Enterprises	(22)	(118)	96
Corporate	85	(1)	86
Total	\$1,864	\$ 905	\$959

Results of Operations – Energy Delivery

in millions	2004	2003	Favorable (Unfavorable) Variance
Operating revenues	\$10,290	\$10,202	\$ 88
Operating expenses			
Purchased power and fuel expense	4,760	4,597	(163)
Operating and maintenance	1,444	1,669	225
Depreciation and amortization	928	873	(55)
Taxes other than income	527	440	(87)
Total operating expense	7,659	7,579	(80)
Operating income	2,631	2,623	8
Other income and deductions			
Interest expense	(672)	(747)	75
Distributions on mandatorily redeemable preferred securities	(3)	(39)	36
Equity in losses of unconsolidated affiliates	(44)	–	(44)
Other, net	(78)	51	(129)
Total other income and deductions	(797)	(735)	(62)
Income before income taxes and cumulative effect of a change in accounting principle	1,834	1,888	(54)
Income taxes	706	718	12
Income before cumulative effect of a change in accounting principle	1,128	1,170	(42)
Cumulative effect of a change in accounting principle	–	5	(5)
Net income	\$ 1,128	\$ 1,175	\$ (47)

Energy Delivery's net income in 2004 decreased primarily due to costs associated with ComEd's accelerated retirement of long-term debt, reflected in other income and deductions – other, net, offset in part by lower interest expense. Operating income, while reflecting various changes in operating revenues and expenses, was relatively unchanged between periods.

Discussion of Financial Results – Generation

Results of Operations – Generation

As previously described, effective January 1, 2004, Exelon contributed its interest in Exelon Energy Company to Generation. Exelon Energy Company was previously reported as a part of the Enterprises segment. For comparative discussion and analysis, Exelon Energy Company's results of operations have been included within Generation's results of operations as if this transfer had occurred on January 1, 2003.

in millions	2004	2003	Favorable (Unfavorable) Variance
Operating revenues	\$7,938	\$8,760	\$ (822)
Operating expenses			
Purchased power	2,325	3,630	1,305
Fuel	1,845	2,115	270
Operating and maintenance	2,273	1,886	(387)
Impairment of Boston Generating, LLC long-lived assets	–	945	945
Depreciation and amortization	294	201	(93)
Taxes other than income	171	121	(50)
Total operating expense	6,908	8,898	1,990
Operating income (loss)	1,030	(138)	1,168
Other income and deductions			
Interest expense	(167)	(89)	(78)
Equity in earnings (losses) of unconsolidated affiliates	(14)	49	(63)
Other, net	143	(267)	410
Total other income and deductions	(38)	(307)	269
Income (loss) before income taxes, minority interest, and cumulative effect of changes in accounting principles	992	(445)	1,437
Income taxes	372	(190)	(562)
Income (loss) before minority interest and cumulative effect of changes in accounting principles	620	(255)	875
Minority interest	21	(4)	25
Income (loss) before cumulative effect of changes in accounting principles	641	(259)	900
Cumulative effect of changes in accounting principles (net of income taxes)	32	108	(76)
Net income (loss)	\$ 673	\$ (151)	\$ 824

Generation's net income in 2004 increased from 2003 due to a number of factors. The increase in Generation's 2004 net income was driven primarily by charges incurred in 2003 for the impairment of the long-lived assets of Boston Generating of \$945 million (before income taxes) and the impairment and other transaction-related charges of \$280 million (before income taxes) related to Generation's investment in Sithe. Also, 2004 results were favorably affected by the acquisition of the remaining 50% of AmerGen and an increase in revenue, net of purchased power and fuel expense, primarily due to the decrease in average realized costs resulting from the increased success in the hedging program of fuel costs in 2004.

Cumulative effect of changes in accounting principles recorded in 2004 included a benefit of \$32 million, net of income taxes, related to the adoption of FIN 46-R and in 2003 included income of \$108 million, net of income taxes, related to the adoption of SFAS No. 143.

Results of Operations – Enterprises

As previously described, effective January 1, 2004, Enterprises contributed its interest in Exelon Energy Company to Generation. Exelon Energy Company was previously reported as a part of the Enterprises segment. For comparative discussion and analysis, the results of Exelon Energy Company have been excluded from Enterprises' 2003 results of operations discussed below.

in millions	2004	2003	Favorable (Unfavorable) Variance
Operating revenues	\$155	\$ 923	\$(768)
Operating and maintenance expense	211	1,027	816
Operating loss	(62)	(139)	77
Loss before income taxes, minority interest and cumulative effect of changes in accounting principles	(7)	(187)	180
Loss before cumulative effect of changes in accounting principles	(13)	(117)	104
Net loss	(22)	(118)	96

The decrease in Enterprises' net loss before cumulative effect of changes in accounting principles in 2004 was primarily due to a decrease in operating and maintenance expense, partially offset by a decrease in operating revenues. Depreciation and amortization expense decreased \$23 million before income taxes from 2003 to 2004 primarily as a result of the sale of the majority of property, plant and equipment since September 2003. In 2004, Enterprises recorded impairment charges of investments of \$15 million before income taxes due to other-than-temporary declines in value, partially offset by 2003 charges for impairment of investments of \$46 million before income taxes and a net impairment of other assets of \$8 million before income taxes. The adoption of EITF 03-16 increased the 2004 net loss by \$9 million. The adoption of SFAS No. 143 increased the 2003 net loss by \$1 million, net of income taxes.

Exelon Corporation

Consolidated Statements of Income

in millions, except per share data	For the Years Ended December 31,		
	2004	2003	2002
Operating revenues	\$14,515	\$15,812	\$14,955
Operating expenses			
Purchased power	2,727	3,459	3,262
Purchased power from AmerGen Energy Company, LLC	–	382	273
Fuel	2,355	2,534	1,727
Impairment of Boston Generating, LLC long-lived assets	–	945	–
Operating and maintenance	3,976	4,508	4,345
Depreciation and amortization	1,305	1,126	1,340
Taxes other than income	719	581	709
Total operating expenses	11,082	13,535	11,656
Operating income	3,433	2,277	3,299
Other income and deductions			
Interest expense	(548)	(869)	(964)
Interest expense to affiliates	(357)	(12)	(2)
Distributions on preferred securities of subsidiaries	(3)	(39)	(45)
Equity in earnings (losses) of unconsolidated affiliates	(153)	33	80
Other, net	140	(261)	304
Total other income and deductions	(921)	(1,148)	(627)
Income before income taxes, minority interest and cumulative effect of changes in accounting principles	2,512	1,129	2,672
Income taxes	692	331	998
Income before minority interest and cumulative effect of changes in accounting principles	1,820	798	1,674
Minority interest	21	(5)	(4)
Income before cumulative effect of changes in accounting principles	1,841	793	1,670
Cumulative effect of changes in accounting principles (net of income taxes of \$17, \$69 and \$(90) in 2004, 2003 and 2002, respectively)	23	112	(230)
Net income	\$ 1,864	\$ 905	\$ 1,440
Average shares of common stock outstanding			
Basic	661	651	645
Diluted	669	657	649
Earnings per average common share – basic:			
Income before cumulative effect of changes in accounting principles	\$ 2.79	\$ 1.22	\$ 2.59
Cumulative effect of changes in accounting principles	0.03	0.17	(0.36)
Net income	\$ 2.82	\$ 1.39	\$ 2.23
Earnings per average common share – diluted:			
Income before cumulative effect of changes in accounting principles	\$ 2.75	\$ 1.21	\$ 2.57
Cumulative effect of changes in accounting principles	0.03	0.17	(0.35)
Net income	\$ 2.78	\$ 1.38	\$ 2.22
Dividends per common share	\$ 1.26	\$ 0.96	\$ 0.88

The information in the Consolidated Statements of Income shown above is a replication of the information in the Consolidated Statements of Income in Exelon's 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 Form 10-K filed with the SEC.

Exelon Corporation
Consolidated Statements of Cash Flows

in millions	For the Years Ended December 31,		
	2004	2003	2002
Cash flows from operating activities			
Net income	\$ 1,864	\$ 905	\$ 1,440
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion, including nuclear fuel	1,933	1,681	1,701
Other decommissioning-related activities	169	37	–
Cumulative effect of changes in accounting principles (net of income taxes)	(23)	(112)	230
Impairment of investments	10	309	41
Impairment of goodwill and other long-lived assets	1	990	–
Deferred income taxes and amortization of investment tax credits	202	(36)	278
Provision for uncollectible accounts	87	94	129
Equity in (earnings) losses of unconsolidated affiliates	153	(33)	(80)
(Gains) losses on sales of investments and wholly owned subsidiaries	(162)	25	(199)
Net realized (gains) losses on nuclear decommissioning trust funds	(72)	16	32
Other non-cash operating activities	(24)	18	101
Changes in assets and liabilities			
Accounts receivables	(123)	102	(357)
Inventories	(60)	(54)	(37)
Other current assets	79	(68)	45
Accounts payable, accrued expenses and other current liabilities	173	(74)	43
Income taxes	293	(271)	288
Net realized and unrealized mark-to-market and hedging transactions	49	(10)	18
Pension and non-pension postretirement benefits obligations	(270)	(144)	(165)
Other noncurrent assets and liabilities	119	9	134
Net cash flows provided by operating activities	4,398	3,384	3,642
Cash flows from investing activities			
Capital expenditures	(1,921)	(1,954)	(2,150)
Proceeds from liquidated damages	–	92	–
Proceeds from nuclear decommissioning trust fund sales	2,320	2,341	1,612
Investment in nuclear decommissioning trust funds	(2,587)	(2,564)	(1,824)
Collection of other notes receivable	59	35	(35)
Proceeds from sales of investments and wholly owned subsidiaries	329	263	287
Proceeds from sales of long-lived assets	52	10	–
Acquisitions of businesses, net of cash acquired	–	(272)	(445)
Investments in synthetic fuel-producing facilities	(56)	–	–
Change in restricted cash	55	(92)	(24)
Net cash increase from consolidation of Sithe Energies, Inc.	19	–	–
Other investing activities	(6)	32	17
Net cash flows used in investing activities	(1,736)	(2,109)	(2,562)
Cash flows from financing activities			
Issuance of long-term debt	232	3,015	1,223
Retirement of long-term debt	(1,629)	(2,922)	(2,134)
Issuance of long-term debt to financing affiliates	–	103	–
Retirement of long-term debt to financing affiliates	(728)	–	–
Change in short-term debt	164	(355)	321
Issuance of mandatorily redeemable preferred securities	–	200	–
Retirement of mandatorily redeemable preferred securities	–	(250)	(18)
Payment on acquisition note payable to Sithe Energies, Inc.	(27)	(446)	–
Retirement of preferred stock	–	(50)	–
Dividends paid on common stock	(831)	(620)	(563)
Proceeds from employee stock plans	240	181	75
Purchase of treasury stock	(82)	–	–
Contribution from minority interest of consolidated subsidiary	–	–	43
Other financing activities	34	(96)	(43)
Net cash flows used in financing activities	(2,627)	(1,240)	(1,096)
Increase (decrease) in cash and cash equivalents	35	35	(16)
Cash and cash equivalents at beginning of period	493	469	485
Cash and cash equivalents, including cash held for sale	528	504	469
Cash classified as held for sale on the consolidated balance sheet	–	11	–
Cash and cash equivalents at end of period	\$ 528	\$ 493	\$ 469

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 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 Form 10-K filed with the SEC.

Exelon Corporation
Consolidated Balance Sheets

in millions	December 31,	
	2004	2003
Assets		
Current assets		
Cash and cash equivalents	\$ 528	\$ 493
Restricted cash and investments	31	97
Accounts receivable, net		
Customer	1,649	1,567
Other	409	676
Mark-to-market derivative assets	403	337
Inventories, at average cost		
Fossil fuel	230	212
Materials and supplies	312	310
Notes receivable from affiliate	-	92
Deferred income taxes	68	122
Assets held for sale	-	242
Other	296	413
Total current assets	3,926	4,561
Property, plant and equipment, net	21,482	20,630
Deferred debits and other assets		
Regulatory assets	4,790	5,226
Nuclear decommissioning trust funds	5,262	4,721
Investments	804	955
Goodwill	4,705	4,719
Mark-to-market derivative assets	383	133
Other	1,418	991
Total deferred debits and other assets	17,362	16,745
Total assets	\$42,770	\$41,936

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 Form 10-K filed with the SEC.

Exelon Corporation
Consolidated Balance Sheets

in millions	December 31,	
	2004	2003
Liabilities and shareholders' equity		
Current liabilities		
Commercial paper	\$ 490	\$ 326
Note payable to Sithe Energies, Inc.	–	90
Long-term debt due within one year	427	1,385
Long-term debt to ComEd Transitional Funding Trust and PECO Energy Transitional Trust due within one year	486	470
Accounts payable	1,255	1,238
Mark-to-market derivative liabilities	598	584
Accrued expenses	1,143	1,260
Liabilities held for sale	–	61
Other	483	306
Total current liabilities	4,882	5,720
Long-term debt	7,292	7,889
Long-term debt due to ComEd Transitional Funding Trust and PECO Energy Transitional Trust	4,311	5,055
Long-term debt to other financing trusts	545	545
Deferred credits and other liabilities		
Deferred income taxes	4,488	4,320
Unamortized investment tax credits	275	288
Asset retirement obligations	3,981	2,997
Pension obligations	1,993	1,668
Non-pension postretirement benefits obligations	1,065	1,053
Spent nuclear fuel obligation	878	867
Regulatory liabilities	2,204	1,891
Mark-to-market derivative liabilities	323	141
Other	981	912
Total deferred credits and other liabilities	16,188	14,137
Total liabilities	33,218	33,346
Commitments and contingencies		
Minority interest of consolidated subsidiaries	42	–
Preferred securities of subsidiaries	87	87
Shareholders' equity		
Common stock (No par value, 1,200 shares authorized, 666.7 and 656.4 shares outstanding at December 31, 2004 and 2003, respectively)	7,598	7,292
Treasury stock, at cost (2.5 shares held at December 31, 2004)	(82)	–
Retained earnings	3,353	2,320
Accumulated other comprehensive loss	(1,446)	(1,109)
Total shareholders' equity	9,423	8,503
Total liabilities and shareholders' equity	\$42,770	\$41,936

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 Form 10-K filed with the SEC.

Exelon Corporation

Consolidated Statements of Changes in Shareholders' Equity

Dollars in millions, shares in thousands	Issued Shares	Common Stock	Treasury Stock	Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2001	642,014	\$6,961	\$ –	\$(2)	\$1,169	\$ (26)	\$8,102
Net income	–	–	–	–	1,440	–	1,440
Long-term incentive plan activity	4,098	87	–	–	–	–	87
Employee stock purchase plan issuances	514	11	–	–	–	–	11
Amortization of deferred compensation	–	–	–	1	–	–	1
Common stock dividends declared	–	–	–	–	(567)	–	(567)
Other comprehensive loss, net of income taxes of \$(850)	–	–	–	–	–	(1,332)	(1,332)
Balance, December 31, 2002	646,626	7,059	–	(1)	2,042	(1,358)	7,742
Net income	–	–	–	–	905	–	905
Long-term incentive plan activity	9,322	222	–	–	–	–	222
Employee stock purchase plan issuances	418	11	–	–	–	–	11
Amortization of deferred compensation	–	–	–	1	–	–	1
Common stock dividends declared	–	–	–	–	(625)	–	(625)
Redemption premium on PECO preferred stock	–	–	–	–	(2)	–	(2)
Other comprehensive income, net of income taxes of \$217	–	–	–	–	–	249	249
Balance, December 31, 2003	656,366	7,292	–	–	2,320	(1,109)	8,503
Net income	–	–	–	–	1,864	–	1,864
Long-term incentive plan activity	10,013	296	–	–	–	–	296
Employee stock purchase plan issuances	309	10	–	–	–	–	10
Common stock purchases	–	–	(82)	–	–	–	(82)
Common stock dividends declared	–	–	–	–	(831)	–	(831)
Adjustments to accumulated other comprehensive loss due to the consolidation of Sithe	–	–	–	–	–	(6)	(6)
Other comprehensive loss, net of income taxes of \$(190)	–	–	–	–	–	(331)	(331)
Balance, December 31, 2004	666,688	\$7,598	\$(82)	\$ –	\$3,353	\$(1,446)	\$9,423

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 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 Form 10-K filed with the SEC.

Exelon Corporation
Consolidated Statements of Comprehensive Income

in millions	For the Years Ended December 31,		
	2004	2003	2002
Net income	\$1,864	\$ 905	\$ 1,440
Other comprehensive income (loss)			
Minimum pension liability, net of income taxes of \$(228), \$16 and \$(597), respectively	(392)	26	(1,007)
SFAS No. 143 transition adjustment, net of income taxes of \$167	–	168	–
Change in net unrealized gain (loss) on cash-flow hedges, net of income taxes of \$6, \$5 and \$(129), respectively	8	9	(193)
Foreign currency translation adjustment, net of income taxes of \$1, \$0 and \$0, respectively	1	3	–
Unrealized gain (loss) on marketable securities, net of income taxes of \$31, \$29 and \$(124), respectively	52	43	(132)
Total other comprehensive income (loss)	(331)	249	(1,332)
Total comprehensive income	\$1,533	\$1,154	\$ 108

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 2004 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 134 through 224 of Exelon's 2004 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 46 through 130 of Exelon's 2004 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, 2004. In making this assessment, management used the criteria in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, Exelon's management concluded that, as of December 31, 2004, Exelon's internal control over financial reporting was effective.

February 22, 2005

Information Derived from 2004 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 46 through 224 of our Form 10-K annual report for the year ended December 31, 2004. That annual report was filed with the Securities and Exchange Commission on February 23, 2005 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 22, 2005 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, 2004 and 2003 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 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, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (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, 2004, 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 pages 132 and 133 of our 2004 Form 10-K.

Certifications

The CEO of Exelon has made the required annual certification to the New York Stock Exchange (NYSE) that Exelon is in compliance with the NYSE's listing standards. 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 2004 10-K.

CORPORATE PROFILE

Exelon Corporation is one of the nation's largest electric utilities with approximately 5.2 million customers and more than \$14 billion in annual revenues. The company has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. Exelon distributes electricity to approximately 5.2 million customers in northern Illinois and Pennsylvania and gas to more than 460,000 customers in the Philadelphia area. Exelon is headquartered in Chicago and trades on the NYSE under the ticker symbol EXC.

INVESTOR AND GENERAL INFORMATION

Corporate Headquarters

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

Independent Public Accountants

PricewaterhouseCoopers LLP

Website

www.exeloncorp.com

New York Stock Exchange Listing

EXC

Shareholder Inquiries

EquiServe Trust Company, N.A., is Dividend Disbursing Agent, Dividend Reinvestment Agent and Transfer Agent for all classes of Exelon Corporation Stock.

Should you have questions or requests concerning your account, payment of dividends, the dividend reinvestment plan or transfer of stock, you may call toll-free, 1.866.530.8108. You may also mail your inquiry to Exelon Corporation c/o EquiServe Trust Company, N.A., Post Office Box 43069, Providence, RI 02940-3069. If you prefer, EquiServe provides walk-in service to Exelon shareholders at One North State Street, Eleventh Floor, Chicago, Illinois.

The Company had approximately 167,000 holders of record of its common stock as of December 31, 2004.

The 2004 Form 10-K Annual Report to the Securities and Exchange Commission was filed on February 23, 2005. To obtain a copy without charge, write to Katherine K. Combs, Vice President and Corporate Secretary, Exelon Corporation, Post Office Box 805398, Chicago, Illinois 60680-5398.

The Company maintains a telephone information service, which enables shareholders to obtain currently available information on financial performance, company news and shareholder services. To use this service, please call our toll-free number, 1.866.530.8108.

Forward Looking Statements

Exelon's 2004 Annual Report to Shareholders contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein. The forward-looking statements herein include statements about benefits of the proposed merger of Exelon and PSEG, integrated plans, and expected synergies, anticipated future financial and operating performance and results of Exelon, including estimates for growth. Economic, business, competitive and/or regulatory factors affecting Exelon's businesses generally could cause actual results to differ materially from those described herein. For a discussion of the factors that could cause actual results to differ materially, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Outlook and the Challenges In Managing Our Business" in Exelon's 2004 Form 10-K, "Risk Factors" in Exelon's Registration Statement on Form S-4, Reg. No. 333-122704, and Exelon's other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Neither Exelon nor PSEG undertakes any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the Annual Report.

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