FORM 10-K

Annual report pursuant to section 13 and 15(d)

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PECO ENERGY CO

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Business Address
2301 MARKET ST
P O BOX 8699
PHILADELPHIA PA 19103
2158414000

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

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1993

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from_____ to _____

Commission File Number 1-1401

PECO ENERGY COMPANY
(formerly known as Philadelphia Electric Company)
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

P.O. Box 8699
2301 Market Street, Philadelphia, PA
(Address of principal executive offices)

23-0970240
(I.R.S. Employer Identification No.)

19101
(Zip Code)

(215) 841-4000
(Registrant's telephone number, including area code)

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

PECO Energy Company (Securities below are registered on the New York and Philadelphia Stock Exchanges)

First and Refunding Mortgage Bonds:

4-1/2% Series due 1994	7-1/2% Series due 1999	7-1/8% Series due 2023
8-3/4% Series due 1994	5-5/8% Series due 2001	7-3/4% Series 2 due 2023
6-1/8% Series due 1997	6-1/2% Series due 2003	7-1/4% Series due 2024
5-3/8% Series due 1998	6-3/8% Series due 2005	

Cumulative Preferred Stock - without par value:

$9.875 Series	$7.75 Series	$4.30 Series
$7.96 Series	$7.00 Series	$3.80 Series
$7.85 Series	$4.68 Series	
$7.80 Series	$4.40 Series	

Common Stock - without par value

PECO Energy Power Company (a wholly owned subsidiary) Debentures 4-1/2% Series due 1995 (Registered on the Philadelphia Stock Exchange)

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

PECO Energy Company

Cumulative Preferred Stock - without par value:

$7.48 Series	$6.12 Series

Indicate by check mark whether the registrant (1) has 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 and (2) has been subject to such filing requirements for the past 90 days.
Yes _____X_____ 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 the registrant's 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. (X)

The aggregate market value of the registrant's common stock (only voting stock) held by non-affiliates of the registrant was $6,393,737,314 at January 31, 1994.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Common Stock - without par value: 221,520,099 shares outstanding at January 31, 1994.

DOCUMENTS INCORPORATED BY REFERENCE (In Part)

Annual Report of PECO Energy Company to Shareholders for the year 1993 is incorporated in part in Parts I, II and IV hereof, as specified herein. Proxy Statement of PECO Energy Company in connection with its 1994 Annual Meeting of Shareholders is incorporated in part in Part III hereof, as specified herein.

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PART I

ITEM 1. BUSINESS

The Company

PECO Energy Company (Company), formerly known as Philadelphia Electric Company, incorporated in Pennsylvania in 1929, is an operating utility which provides electric and gas service to the public in southeastern Pennsylvania. Two subsidiaries own, and a third subsidiary operates, the Conowingo Hydro-Electric Project (Conowingo Project), and one distribution subsidiary provides electric service to the public in certain areas of northeastern Maryland adjacent to the Conowingo Project.

The total area served by the Company and its subsidiaries covers 2,475 square miles. Electric service is supplied in an area of 2,340 square miles with a population of about 3,700,000, including 1,600,000 in the City of Philadelphia. Approximately 95% of the electric service area and 64% of retail kilowatthour (kWh) sales are in the suburbs around Philadelphia and in northeastern Maryland, and 5% of the service area and 36% of such sales are in the City of Philadelphia. In 1993, approximately 60% of the Company's electric output was generated from nuclear sources. The Company estimates for 1994 that 59% of its electric output will be generated from nuclear sources (see "Fuel"). Natural gas service is supplied in a 1,475-square-mile area of southeastern Pennsylvania adjacent to Philadelphia with a population of 1,900,000. The Company and its subsidiaries hold franchises to the extent necessary to operate in the areas served.

The Company is subject to regulation by the Pennsylvania Public Utility Commission (PUC) as to rates, issuances of securities and certain other aspects of the Company's operations and by the Federal Energy Regulatory Commission (FERC) as to wholesale and interstate electric rates and as to licensing jurisdiction over the Company's Muddy Run Pumped Storage Project. Specific operations of the Company are also subject to the jurisdiction of various other federal, state, regional and local agencies, including the United States Nuclear Regulatory Commission (NRC), the United States Environmental Protection Agency (EPA), the United States Department of Energy (DOE), the Delaware River Basin Commission and the Pennsylvania Department of Environmental Resources (PDER). The Company's utility subsidiaries are subject to similar regulation, including the licensing jurisdiction of the FERC over the Conowingo Project. Due to its ownership of subsidiary-company stock, the Company is a holding company as defined by the Public Utility Holding Company Act of 1935 (1935 Act); however, it is predominantly an operating company and, by filing an exemption statement annually, is exempt from all provisions of the 1935 Act, except Section 9(a)(2) relating to the acquisition of securities of a public utility company.

Electric Operations

General

During 1993, 90.4% of the Company's operating revenues and 94.3% of its operating income were from electric operations. Electric sales and operating revenues for 1993 by classes of customers are set forth below:

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<TABLE>
<CAPTION>

	Sales (millions of kWh)	Operating Revenues (millions of $)
<S>	<C>	<C>
Residential.....	10,657	$1,354.1
Small commercial and industrial.....	5,773	678.9

Large commercial and industrial	15,935	1,164.0
Other	771	161.2
Service territory	33,136	3,358.2
Interchange sales	457	14.3
Sales to other utilities	8,670	232.9
Total	42,263	$3,605.4

</TABLE>

In 1993, 97.7% of the Company's service territory operating revenues were from Company sales in Pennsylvania and 2.3% were from sales by the Company's wholly owned subsidiary Conowingo Power Company (COPCO) in Maryland. On February 15, 1994, the Company announced that it is evaluating strategic alternatives with respect to COPCO, including the possible sale of COPCO to other companies. The Company has made no determination at this time to sell COPCO and may, in fact, retain ownership of COPCO. See "Rate Matters."

For 1993, sales to other utilities consisted of negotiated agreements to sell 799 megawatts (MW) of near-term excess capacity and/or associated energy. See "Rate Matters." All of these agreements are either for ongoing, short-duration purchases of energy only or expire during 1994. The Company expects to renew these agreements or negotiate new agreements in 1994.

The net installed electric generating capacity (summer rating) of the Company and its subsidiaries at December 31, 1993 was as follows:

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<TABLE>
<CAPTION>

Type of Capacity	Megawatts	% of Total
<S>	<C>	<C>
Nuclear	3,938	44.4%
Mine-mouth, coal-fired	709	8.0
Service-area, coal-fired	690	7.8
Oil-fired	1,176	13.2
Gas-fired	201	2.3
Hydro (includes pumped storage)	1,350	15.2
Internal combustion	813	9.1
Total	8,877(1)(2)	100.0%

</TABLE>

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(1) Includes capacity sold to other utilities.
(2) See "Fuel" for sources of fuels used in electric generation.

The maximum hourly demand on the Company's system was 7,100 MW which occurred on July 8, 1993. The Company estimates its generating reserve margin for 1994 to be 28%. This is based on the most recent annual peak-load forecast, which assumes normal peak weather conditions and the sale to other utilities of 400 MW of capacity not included in rate base.

The Company is a member of the Pennsylvania-New Jersey-Maryland Interconnection (PJM), which fully integrates, on the basis of relative cost of generation, the bulk-power generating and transmission operations of eleven investor-owned electric utilities serving more than 22 million

people in a 50,000-square-mile territory. In addition, PJM companies coordinate planning and install facilities to obtain the greatest practicable degree of reliability, compatible economy, and other advantages from the pooling of their respective electric system loads, transmission facilities and generating capacity. PJM uses the split-savings method in pricing and accounting to provide an economic method of energy interchange among its members. Under this arrangement, PJM energy is exchanged among PJM member utilities at a price which represents the average of the producer's cost of generating the electricity dispatched and the buyer's replacement cost, or the cost avoided by making the purchase.

The maximum PJM demand of 46,429 MW occurred on July 8, 1993 when PJM's installed capacity (summer rating) was 55,440 MW. The Company's installed capacity for 1994-97 is expected to be sufficient to supply its PJM reserve margin share during that period.

The Company has made arrangements for the purchase of other companies' power during 1994. The source of the amount reserved each week depends on the availability of excess coal-fired capacity, PJM's import capability from these companies and the Company's economic need for additional power.

The Company's nuclear energy is generated by Limerick Generating Station (Limerick) Units No. 1 and No. 2 and Peach Bottom Atomic Power

Station (Peach Bottom) Units No. 2 and No. 3, which are operated by the Company, and by Salem Generating Station (Salem) Units No. 1 and No. 2, which are operated by Public Service Electric and Gas Company (PSE&G). The Company owns 100% of Limerick, 42.49% of Peach Bottom and 42.59% of Salem. Limerick Units No. 1 and No. 2 each has a capacity of 1,055 MW; Peach Bottom Unit No. 2 has a capacity of 1,051 MW, of which the Company is entitled to 447 MW; Peach Bottom Unit No. 3 has a capacity of 1,035 MW, of which the Company is entitled to 439 MW; and Salem Units No. 1 and No. 2 each has a capacity of 1,106 MW, of which the Company is entitled to 471 MW of each unit.

The Price-Anderson Act, as amended (Price-Anderson Act), sets the limit of liability of approximately $9.4 billion for claims that could arise from an incident involving any licensed nuclear facility in the nation. The limit is subject to increase to reflect the effects of inflation and changes in the number of licensed reactors. All utilities with nuclear generating units, including the Company, have obtained coverage for these potential claims through a combination of private insurances of $200 million and mandatory participation in a financial protection pool. Under the Price-Anderson Act, all nuclear reactor licensees can be assessed up to $76 million per reactor per incident, payable at no more than $10 million per reactor per incident per year. This assessment is subject to inflation, state premium taxes and an additional surcharge of 5% if the total amount of claims and legal costs exceeds the basic assessment. If the damages from an incident at a licensed nuclear facility exceed $9.4 billion, the President of the United States is to submit to Congress a plan for providing additional compensation to the injured parties. Congress could impose further revenue-raising measures on the nuclear industry to pay claims. The Price-Anderson Act and the extensive regulation of nuclear safety by the NRC do not preempt claims under state law for personal, property or punitive damages related to radiation hazards.

Although the NRC requires the maintenance of property insurance on nuclear power plants in the amount of $1.06 billion or the amount available from private sources, whichever is less, the Company maintains coverage in the amount of its $2.75 billion proportionate share for each station. The Company's insurance policies provide coverage for decontamination liability expense, premature decommissioning, and loss or damage to its nuclear facilities. These policies require that insurance proceeds first be applied to assure that the facility, following an accident, is in a safe and stable condition and can be maintained in such condition. Within 30 days of stablizing the reactor, the licensee must submit a report to the NRC which provides a clean-up plan including the identification of all clean-up operations necessary to decontaminate the reactor to either permit the resumption of operations or decommissioning of the facility. Under the Company's insurance policies, proceeds not already expended to place the reactor in a stable condition must be used to decontaminate the facility. If the decision is made to decommission the facility, a portion of the insurance proceeds must be allocated to a fund which the Company is required by the NRC to maintain to provide funds for decommissioning the facility. These proceeds would be paid to the fund to make up any difference between the amount of money in the fund at the time of the early decommissioning and the amount that would be in the fund if contributions had been made over the normal life

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of the facility. The Company is unable to predict what effect these requirements may have on when insurance proceeds would be made available to the Company for the Company's bondholders and the amount of such proceeds which would be available. Under the terms of the various insurance agreements, the Company could be assessed up to $35 million for losses incurred at any plant insured by the insurance companies. The Company is self-insured to the extent that any losses may exceed the amount of insurance maintained. Any such losses, if not recovered through the ratemaking process, could have a material adverse effect on the Company's financial condition.

The Company is a member of an industry mutual insurance company which provides replacement power cost insurance in the event of a major accidental outage at a nuclear station. The policy contains a twenty-one week waiting period before recovery of costs can commence. The premium for this coverage is subject to an assessment for adverse loss experience. The Company's maximum share of any assessment is $17 million per year.

NRC regulations require that licensees of nuclear generating facilities must demonstrate that funds will be available in certain minimum amounts, established by a formula provided in the regulations, at the end of the life of the facility to decommission the facility. The PUC, based on estimates of decommissioning costs for each of the nuclear facilities in which the Company has an ownership interest, permits the Company to collect from its customers and deposit in segregated accounts amounts which, together with earnings thereon, will be necessary to decommission such nuclear facilities. The Company's ownership portion of decommissioning costs is approximately $643 million, expressed in 1990 dollars, which the Company believes would be substantially unchanged at December 31, 1993. The Company believes that the ultimate cost of decommissioning these facilities will continue to be recoverable through rates, but such recovery is not assured.

Limerick Generating Station

Limerick Unit No. 1 achieved a capacity factor of 95% in 1993 and 68% in 1992. Limerick Unit No. 2 achieved a capacity factor of 81% in 1993 and 91% in 1992. Limerick Units No. 1 and No. 2 are each on a 24-month refueling cycle. The last refueling outages for Units No. 1 and No. 2 were in 1994 and 1993, respectively.

On November 5, 1993, the NRC issued its periodic Systematic Assessment of Licensee Performance (SALP) Report for Limerick for the period March 15, 1992 to September 25, 1993. The Report was issued under the revised SALP process in which the number of assessment areas has been reduced from seven to four: Operations, Engineering, Maintenance, and Plant Support. The area of Plant Support includes: radiological controls, security, emergency preparedness, fire protection, chemistry and housekeeping. Limerick received ratings of "1," the highest of the three rating categories, in the two functional areas of Operations and Engineering. The areas of Maintenance and Plant Support received ratings of "2." The NRC stated that overall, it observed an excellent level of performance at Limerick. It noted continued strong performance in the Operations and Engineering areas and improvement in the Maintenance area. The NRC noted, however, that in the Maintenance area, personnel errors, a weakness from

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the last SALP period, continued throughout the SALP period. Although the NRC recognized the implementation of initiatives by the Company to improve maintenance performance, it stated that such initiatives had not been in place long enough to be judged effective. In the area of Plant Support, the NRC stated that security, emergency preparedness, fire protection, chemistry and housekeeping continue to be very effective and contributed to safe plant performance. The NRC noted, however, performance weaknesses in the radiation controls area through the SALP period. The Company has taken and is taking actions to address the weaknesses discussed in the SALP Report.

By letter dated December 8, 1992, the NRC imposed a civil penalty of $25,000 on the Company based upon a decision by a United States Department of Labor Administrative Law Judge (ALJ) that the Company's security subcontractor unlawfully discriminated against one of its former employees. The ALJ concluded that the employee was required to undergo a psychological evaluation and subsequently was discharged by the security subcontractor in retaliation for raising safety concerns regarding

security operations at Limerick. The security subcontractor is appealing the decision of the ALJ to the Secretary of Labor. The Company has not paid the NRC penalty pending the final decision in the matter.

On July 24, 1992, the NRC issued an information notice alerting utilities owning boiling water reactors (BWRs) to potential inaccuracies in water-level instrumentation during and after rapid depressurization events. On May 28, 1993, the NRC issued a bulletin requesting utilities owning BWRs to, among other things, install certain hardware modifications at the next cold shutdown of the BWR after July 30, 1993 to ensure accurate functioning of the water-level instrumentation. These hardware modifications were made on Peach Bottom Unit No. 2 in August 1993, Peach Bottom Unit No. 3 in November 1993 and Limerick Unit No. 1 in September 1993. The hardware modifications for Limerick Unit No. 2 will be made during the next cold shutdown of that unit.

The NRC has raised concerns that the Thermo-Lag 330 fire barrier systems used to protect cables and equipment may not provide the necessary level of fire protection and requested licensees to describe short- and long-term measures being taken to address this concern. The Company has informed the NRC that it has taken short-term compensatory actions to address the inadequacies of the Thermo-Lag barriers installed at Limerick and Peach Bottom and is participating in an industry-coordinated program to provide long-term corrective solutions. By letter dated December 21, 1992, the NRC stated that the Company's interim actions were acceptable. By letter dated December 22, 1993, the NRC requested additional information on the Company's long-term measures to address Thermo-Lag 330 fire barrier issues. The Company provided a response outlining its Thermo-Lag program and committing to provide a status report to the NRC by September 30, 1994. The Company cannot predict, at this time, what effect this matter will have on the operations of Limerick and Peach Bottom.

Water for the operation of Limerick is drawn from the Schuylkill River adjacent to Limerick and from the Perkiomen Creek, a tributary of the Schuylkill River. During certain periods of the year, generally the summer months but possibly for as much as six months or more in some years, the Company would not be able to operate Limerick without the use of

supplemental cooling water due to existing regulatory water withdrawal constraints applicable to the Schuylkill River and the Perkiomen Creek. Supplemental cooling water for Limerick is provided by a supplemental cooling water system which draws water from the Delaware River. The supplemental cooling water system for Limerick includes the following components: (1) the Point Pleasant Pumping Station (to withdraw water from the Delaware River) and a two and one-half-mile transmission main from the Point Pleasant Pumping Station to the Bradshaw Reservoir (Point Pleasant Project); (2) the Bradshaw Reservoir, a 25-million-gallon reservoir and pumping station which receives water from the Point Pleasant Project and acts as a dividing point for water for Limerick and for the public supply systems of two Montgomery County water authorities; (3) a seven-mile pipeline between the Bradshaw Reservoir and the east branch of the Perkiomen Creek (East Branch); (4) a water treatment facility to provide disinfection of Delaware River water; (5) approximately 24 miles of the East Branch and the main branch of the Perkiomen Creek; (6) a pumping station on the main branch of the Perkiomen Creek; and (7) an eight-mile transmission main from the pumping station on the Perkiomen Creek to Limerick.

Opposition to the Point Pleasant Project from various groups, including Bucks County and the Neshaminy Water Resources Authority (NWRA), a municipal authority created by Bucks County which had contracted to construct the Point Pleasant Project, resulted in protracted litigation in the Court of Common Pleas of Bucks County (Court of Common Pleas) and numerous appeals of the decisions of that court. In May 1988, the Bucks County Commissioners voted to end their opposition to the Point Pleasant Project and enacted an ordinance to enable Bucks County to acquire and manage the NWRA's projects, including the Point Pleasant Project. On May 26, 1988, in an action brought by Bucks County against the NWRA and its board members to enforce the ordinance, the Court of Common Pleas ordered the NWRA to transfer its projects, including the Point Pleasant Project, to Bucks County. Certain intervenors appealed to the Commonwealth Court, which dismissed the appeal on procedural grounds. The intervenors have filed a petition in the Court of Common Pleas to cure the procedural defect.

All permits for the construction and operation of the supplemental cooling water system have been obtained. As described below, the issuances of certain permits have been appealed. Certain of the permits relating to operation of the system must be renewed periodically.

On July 14, 1988, the PDER issued a National Pollutant Discharge Elimination System (NPDES) permit to the Company relating to the discharge of Delaware River water into the East Branch. The Company filed an appeal with respect to the temperature constraints and the limitations on discharges of certain impurities of the NPDES permit with the Environmental Hearing Board (EHB) on August 12, 1988. Certain environmental groups also filed permit appeals with the EHB. In order to comply with the conditions of its NPDES permit, the Company installed a water treatment facility to provide seasonal cooling and disinfection of the Delaware River water discharged into the East Branch. On March 31, 1992, the Company and PDER agreed to a settlement of the Company's appeal by entering into a Consent Adjudication, which is subject to approval by the EHB. The Consent Adjudication would resolve all issues in the

Company's appeal but would not affect the appeal by certain environmental groups from the NPDES permit. No action on the Company's Consent Adjudication has been taken by the EHB.

In July 1993, the PDER reissued the Company's NPDES permit. The reissued permit has conditions that are in certain instances less stringent than those set forth in the original permit.

On February 12, 1988, the PDER extended various existing permits and issued new stream encroachment permits and water allocation permits with respect to the supplemental cooling water system. Intervenors appealed the February 12, 1988 order to the EHB, which dismissed all appeals except certain appeals relating to the erosive impact of the supplemental cooling water system on the East Branch. These appeals have been stayed pending disposition of other litigation concerning the erosion issue, which was concluded in April 1992. In addition, appeals by an intervenor from interim permit extension decisions of the PDER on June 26, 1987 and an appeal of a 1982 water quality certification remain pending before the EHB but have been inactive.

The Company has also entered into an agreement which expires on December 31, 1994 with a municipality to secure a backup source of water for the interim operation of Limerick should water from the supplemental cooling water system not be available; however, this backup source is capable of providing only enough cooling water to operate both Limerick units simultaneously at 70% of rated capacity for short periods of time.

Peach Bottom Atomic Power Station

Peach Bottom Unit No. 2 achieved a capacity factor of 84% in 1993 and 61% in 1992. Peach Bottom Unit No. 3 achieved a capacity factor of 70% in 1993 and 78% in 1992. Peach Bottom Units No. 2 and No. 3 are each on a 24-month refueling cycle. The last refueling outages for Units No. 2 and No. 3 were in 1992 and 1993, respectively.

On March 19, 1993, the NRC issued its periodic SALP Report on the performance of activities at Peach Bottom for the period August 4, 1991 through October 31, 1992. Peach Bottom received ratings of "1" in the area of Emergency Preparedness and the area of Security and Safeguards. The areas of Plant Operations and Radiological Controls received ratings of "2, Improving." Each of the other three functional areas (Maintenance/Surveillance; Engineering/Technical Support; and Safety Assessment/Quality Verification) received ratings of "2." Except for the ratings in the areas of Plant Operations and Radiological Controls (each previously rated "2"), these were the same ratings as those received in the prior SALP Report. The SALP Report stated that management continued to maintain a strong safety perspective throughout the assessment period and fostered broad-based performance improvements that led to stronger programs in most functional areas. The SALP Report further stated that many of the programmatic weaknesses identified during the previous assessment period have either been eliminated or performance has been improved. For example, the SALP Report stated that fundamental problems with the quality of root-cause analysis noted during the last two periods have been resolved and that Peach Bottom's root-cause analysis capabilities now constitute a strength. In addition, the SALP Report

stated that licensed operators staffing and training continued to strengthen, contributing to improved Plant Operations performance. The SALP Report noted, however, that while overall progress in improving performance was clearly evident throughout the period, several weaknesses warranting continued management attention were identified. Among the areas

identified for improvement were plant performance monitoring and engineering and technical support.

During 1983 outages, cracks in the piping of the residual heat removal and reactor recirculating water systems were discovered at Peach Bottom Unit No. 3 resulting from a generic problem with BWRs. Repairs, which involved the replacement of piping, required extended outages at the Unit. In February 1989, the Company, on behalf of the co-owners of Peach Bottom, filed a proof of loss with Nuclear Electric Insurance Limited (NEIL) for replacement power costs associated with Unit No. 3 outages. On January 19, 1993, the arbitrators issued a decision in favor of NEIL and denied the Company's claim. On April 19, 1993, the Company filed a motion in the United States District Court for the Southern District of New York to vacate the arbitration decision.

On May 21, 1992, the Company filed a request with the NRC to amend its Facility Operating Licenses for Peach Bottom Units No. 2 and No. 3 to extend the expiration dates to August 2013 and July 2014, respectively, 40 years from the dates of issuance. The current operating licenses expire 40 years from the dates of issuance of the construction permits for the Units. If the NRC grants the Company's request, the operating license for Unit No. 2 will be extended approximately five years, six months and the operating license for Unit No. 3 will be extended approximately six years, five months.

By letter dated June 23, 1993, the Company submitted a request to the NRC to rerate the authorized maximum reactor core power levels of both Peach Bottom units by 5% to 3,458 megawatts thermal (Mwt) from the current limits of 3,293 Mwt. The analyses and evaluations supporting this request were completed using generic guidelines approved by the NRC. If the request is approved, the associated hardware changes will be made on Unit No. 2 during the planned fall 1994 refueling outage and on Unit No. 3 during the planned fall 1995 refueling outage.

In addition to the matters discussed above, see "Electric Operations-Limerick Generating Station" for a discussion of certain matters which affect both Peach Bottom and Limerick.

Salem Generating Station

Salem Unit No. 1 achieved a capacity factor of 60% in 1993 and 54% in 1992. Salem Unit No. 2 achieved a capacity factor of 57% in 1993 and 49% in 1992. Salem Units No. 1 and No. 2 are each on an 18-month refueling cycle. The last refueling outages for Units No. 1 and No. 2 were in 1993.

The Company has been informed by PSE&G that on September 1, 1993, the NRC furnished PSE&G with its periodic SALP Report for Salem. The operating period reviewed was from December 29, 1991 through June 19, 1993. Salem received ratings of "1" in the areas of Radiological Controls and Security. The area of Emergency Preparedness received a rating of "1,

Declining." The areas of Plant Operations; Maintenance/ Surveillance; Engineering/Technical Support; and Safety Assessment/ Quality Verification received ratings of "2." The NRC concluded that PSE&G's performance during the period was good and noted an improvement over the last rating period in the area of Radiological Controls. The NRC noted, however, that Salem had a number of substantial operational challenges during the period and that additional management attention is warranted to reduce the frequency of such operational challenges.

The Company has been informed by PSE&G that, by letter dated March 9, 1994, the NRC imposed a civil penalty of $50,000 for eight violations for failure to follow procedures at Salem related to the control of maintenance of work activities. The NRC stated that, while none of the violations were significant from a nuclear safety perspective, some of the violations demonstrated the potential to cause physical harm to individuals. In addition, the NRC stated that collectively, the violations demonstrated that weaknesses exist in the maintenance and control of work process activities, which could, under other circumstances, adversely affect the operability of safety related equipment at Salem. The NRC required PSE&G to respond to the alleged violations within 30 days and document the specific corrective actions that have been and will be taken.

In order to improve Salem's materiel condition, plant and personnel performance and address the NRC's concerns expressed in its October 1990 SALP Report, the Salem owners, including the Company, are in the process of augmenting plans to improve Salem's materiel condition, upgrade procedures and enhance personnel performance. The Company's share of the plan's capital requirements for 1994 and for 1995-97 are reflected in the Company's most recent estimates of capital expenditures for plant

additions and improvements for such periods. The planned improvements are being managed by PSE&G as a discrete project and are expected to coincide with plant operating schedules.

In addition to the matters discussed above, see "Environmental Regulations-Water" for a discussion of possible installation of cooling towers at Salem.

Fuel

The following table shows the Company's sources of electric output for 1993 and as estimated for 1994:

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<TABLE>
<CAPTION>

	1993	1994 (Est.)
<S>	<C>	<C>
Nuclear	60.2%	58.7%
Mine-mouth, coal-fired	10.6	10.8
Service-area, coal-fired	5.9	9.5
Oil-fired	5.2	2.6
Gas-fired	1.4	1.3
Hydro (includes pumped storage)	2.2	2.7
Internal combustion	0.1	0.1
Purchased, interchange and nonutility generated	14.4	14.3
	100.0%	100.0%

</TABLE>

The following table shows the Company's average fuel cost used to generate electricity:

<TABLE>
<CAPTION>

	1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>
Nuclear					
Cost per million Btu(1)	$ 0.84(2)	$ 0.79(2)	$ 0.64	$ 0.53	$ 0.56
Coal					
Mine-mouth plants					
Cost per ton	34.95	36.93	37.26	33.75	30.53
Cost per million Btu	1.43	1.52	1.51	1.36	1.24
Service-area plants					
Cost per ton	48.31	51.67	50.24	45.25	43.38
Cost per million Btu	1.90	2.06	2.00	1.78	1.66
Oil					
Residual					
Cost per barrel	19.12	21.70	19.42	15.94	15.87
Cost per million Btu	3.08	3.44	3.11	2.53	2.50
Distillate					
Cost per barrel	23.36	30.37	29.90	24.96	27.21
Cost per million Btu	3.98	5.20	5.12	4.26	4.15
Gas					
Cost per mcf	-	-	-	3.05	2.86
Cost per million Btu	-	-	-	2.96	2.77

</TABLE>

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(1) British thermal unit.

(2) Reflects reclassification of spent-fuel cost for comparative purposes.

Nuclear

The cycle of production and utilization of nuclear fuel includes the mining and milling of uranium ore; the conversion of uranium concentrates

to uranium hexafluoride; the enrichment of the uranium hexafluoride; the fabrication of fuel assemblies; and the utilization of the nuclear fuel in the generating station reactor. The Company has contracts for uranium concentrates which will satisfy the fuel requirements of Limerick and Peach Bottom through 1996. The Company's contracts for uranium concentrates are allocated to Limerick and Peach Bottom on an as-needed basis. PSE&G has informed the Company that it presently has under contract sufficient uranium concentrates to fully meet the current projected requirements for Salem through 2000 and 60% of the requirements through 2002. The following table summarizes the years through which the Company and PSE&G have contracted for the other segments of the nuclear fuel supply cycle.

<TABLE>
<CAPTION>

	Conversion	Enrichment	Fabrication
<S>	<C>	<C>	<C>
Limerick Unit No. 1.....	1997	2014(1)	1996
Limerick Unit No. 2.....	1997	2014(1)	1997
Peach Bottom Unit No. 2.....	1997	2008(1)	1999
Peach Bottom Unit No. 3.....	1997	2008(1)	1998
Salem Unit No. 1.....	2000	(2)	2004
Salem Unit No. 2.....	2000	(2)	2005

</TABLE>

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(1) The Company has exercised its option to remain uncommitted under the United States Enrichment Corporation (USEC) enrichment contract from 2000 to 2002. This action, however, does not exclude USEC enrichment services from consideration in this period. The Company does not anticipate any difficulties in obtaining necessary enrichment services for its Limerick and Peach Bottom Units.

(2) Represents 100% of enrichment requirements through 1998 and 30% through 2001. Similar to the Company's actions discussed in note (1) above, the Company has been informed by PSE&G that PSE&G has exercised its option to remain uncommitted under its USEC enrichment contract from 1999 to 2002.

On March 1, 1993, the Company entered into an agreement with the Long Island Power Authority (LIPA) and other parties, subsequently revised on September 14, 1993, to receive $46 million as compensation for accepting slightly irradiated fuel from the Shoreham Nuclear Power Station on Long Island, New York, for use at Limerick. The Company is to receive the $46 million in installments as the shipments of nuclear fuel are accepted. The first of the 33 shipments arrived at Limerick on September 28, 1993. Nineteen shipments of fuel were completed prior to the suspension of shipments to accommodate the refueling outage of Limerick Unit No. 1. Shipments of the remaining fuel are scheduled to resume after completion of the refueling outage. The Company estimates that the acquisition of the fuel will result in benefits to the Company's customers of $70 million over the next 12 to 15 years due to reduced fuel-purchase requirements. The fuel will be stored at Limerick's spent-fuel pool pending its use at Limerick beginning in 1994 and extending beyond 2005. On September 21, 1993, the State of New Jersey filed suit in the United States District Court for the District of New Jersey (New Jersey District Court) seeking a

stay of shipments of fuel because of alleged failures of federal agencies to fully review the proposed shipping plan under the National Environmental Policy Act (NEPA) and the Coastal Zone Management Act (CZMA). The New Jersey District Court refused to halt the shipments and New Jersey has appealed to the United States Court of Appeals for the Third Circuit (Appeals Court). The Appeals Court affirmed the New Jersey District Court decision to dismiss the suit and subsequently denied a request for rehearing. New Jersey has also requested that the NRC halt shipments until the NRC further reviews the fuel transfer under the NEPA and CZMA. The NRC has refused these requests.

The commercial reprocessing and recycling of the plutonium produced in the United States nuclear power programs have been delayed indefinitely. There are no commercial facilities for the reprocessing of spent nuclear fuel currently in operation in the United States, nor has the NRC licensed

any such facilities. The spent-fuel storage pools for Limerick have sufficient capacity to permit storage through 1999. Reracking of the spent-fuel storage pools at Limerick, which will extend storage capacity to approximately 2010, is in the preliminary stages. The new configuration will be designed to accommodate rod consolidation. Spent-fuel racks at Peach Bottom have storage capacity until 1998 for Unit No. 2 and 1999 for Unit No. 3. Options for expansion of storage capacity at both Limerick and Peach Bottom beyond the pertinent dates, including the viability of rod consolidation, are being investigated. The Company has been informed by PSE&G that the spent-fuel storage capacity at Salem will permit storage of spent fuel through March 1998 for Salem Unit No. 1 and March 2002 for Salem Unit No. 2. PSE&G has developed an integrated strategy to meet the longer-term spent-fuel storage needs for Salem. PSE&G plans to replace the existing high-density racks in the spent-fuel storage pools of Salem Units No. 1 and No. 2 with maximum density racks. The reracking project commenced in early 1992 and is expected to extend the storage capability of Salem Units No. 1 and No. 2 through March 2008 and March 2012, respectively.

Under the Nuclear Waste Policy Act of 1982 (NWPA), the federal government was to begin accepting spent fuel for permanent off-site storage no later than 1998. The DOE has stated that there is no legal obligation under the NWPA to begin accepting spent fuel absent an operational repository or other facility constructed under the NWPA. The DOE acknowledges, however, that it may have created the expectation of such a commitment on the part of utilities by issuing certain regulations and projected waste acceptance schedules. The DOE has stated that it will not be able to open a permanent, high-level nuclear waste repository until 2010, at the earliest. The DOE stated that the delay was a result of its seeking new data about the suitability of the proposed repository site at Yucca Mountain, Nevada, opposition to this location for the repository and the DOE's revision of its civilian nuclear waste program. The DOE stated that it would seek legislation from Congress for the construction of a temporary storage facility which would accept spent nuclear fuel from utilities beginning in 1998 or soon thereafter. Although progress is being made at Yucca Mountain and several communities have expressed interest in providing a temporary storage site, the Company cannot predict when the temporary federal storage facilities or permanent repository will become available. The DOE is exploring options to address delays in the currently projected waste acceptance schedules. The options under consideration by

the DOE include offsetting a portion of the financial burden associated with the costs of continued on-site storage of spent fuel after 1998 and the issuance by the DOE to utilities of multi-purpose canisters for on-site storage. Under the NWPA, the DOE is authorized to assess utilities for the cost of nuclear fuel disposal. The current cost of such disposal is one mill per kWh of net nuclear generation. The 1993 charge collected by the Company from its customers for spent-fuel disposal was $23 million. The DOE may revise this charge as necessary for full-cost recovery of nuclear fuel disposal.

The National Energy Policy Act of 1992 (Energy Act) states, among other things, that utilities with nuclear reactors must pay for the decommissioning and decontamination of the DOE nuclear fuel enrichment facilities. The total costs to domestic utilities are estimated to be $150 million per year for 15 years, of which the Company's share is $5 million per year. The Energy Act provides that these costs are to be recoverable in the same manner as other fuel costs. The Company has recorded the liability and a related regulatory asset of $69 million for such costs at December 31, 1993. The Company is currently recovering these costs through the Energy Cost Adjustment (ECA).

The Company believes that the ultimate costs of decommissioning and decontamination, spent-fuel disposal and any assessment under the Energy Act will continue to be recoverable through rates, although such recovery is not assured.

Coal

The Company has a 20.99% ownership interest in Keystone Station (Keystone) and a 20.72% ownership interest in Conemaugh Station (Conemaugh), coal-fired, mine-mouth generating stations in western Pennsylvania, operated by Pennsylvania Electric Company. A majority of Keystone's fuel requirements is supplied by one coal company under a contract which expires on December 31, 2004. The contract calls for varying amounts of coal purchases as follows: between 3,000,000 and 3,500,000 tons for each of the years 1994 through 1999; and a total of 6,500,000 tons for the years 2000 through 2004. At December 31, 1993, approximately 63% of Conemaugh's fuel requirements were secured by a long-term contract and several short-term contracts.

The Company customarily enters into medium-term contracts for a significant portion of its coal requirements and makes spot purchases for

the balance of coal required by its Philadelphia-area, coal-fired units at Eddystone Station (Eddystone) and Cromby Station (Cromby). At January 1, 1994, the Company had contracts with two suppliers for 600,000 tons per year or approximately 55% of expected annual requirements. One contract expires on September 30, 1994 and the other expires on December 31, 1994 with an option to extend for one additional year if the Company and the supplier so agree.

The coal requirements of each station not covered by existing contracts are met through additional short-term contracts or spot purchases from local suppliers.

Oil

The Company customarily enters into yearly purchase orders with its various oil suppliers for the bulk of its requirements and makes spot purchases for the balance. At present, the Company's purchase orders are

sufficient to meet the estimated residual fuel oil needs of its oil-fired generating units through April 1994, when current orders end and new yearly orders begin. Purchase orders for distillate fuel oil are expected to meet the Company's needs through September 1994, when current orders end and new yearly orders begin.

Natural Gas

The Company supplies natural gas for Cromby Unit No. 2 under a City Gate Sales tariff approved by the PUC and through spot purchases made on the open market. A limited amount of natural gas is used in auxiliary boilers and pollution control equipment at Eddystone. In 1993, the Company began converting Eddystone Units No. 3 and No. 4 to allow the use of oil or natural gas.

Gas Operations

During 1993, 9.6% of the Company's operating revenues and 5.7% of its operating income were from gas operations. Gas sales and operating revenues for 1993 by classes of customers are set forth below:

<TABLE>
<CAPTION>

	Sales (mmcf)	Operating Revenues (millions of $)
<S>	<C>	<C>
Residential	1,637	$ 15.0
House heating	30,687	205.5
Commercial and industrial	22,943	124.2
Other	5,656	15.2
Total gas sales	60,923	359.9
Gas transported for customers	22,946	22.8
Total gas sales and transported	83,869	$382.7

</TABLE>

The Company's natural gas supply is provided by purchases from a number of suppliers for terms ranging from 2 to 10 years. These purchases are delivered under several long-term firm transportation contracts with Texas Eastern Transmission Corporation (Texas Eastern) and Transcontinental Gas Pipe Line Corporation (Transcontinental). The Company's aggregate annual entitlement under these firm contracts is 69.3 million dekatherms. Peak gas is provided by the Company's liquefied natural gas facility and propane-air plant (see "ITEM 2. PROPERTIES").

Through service agreements with Texas Eastern, Transcontinental, Equitrans, Inc. and CNG Transmission Corporation, underground storage capacity of 17.2 million dekatherms is under contract to the Company. Natural gas from underground storage represents approximately 40% of the Company's anticipated 1993-94 heating season supplies.

The FERC, under Order 636, has "restructured" the interstate gas

pipeline industry with the last pipeline companies implementing their restructurings on November 1, 1993. The Company has replaced pipeline bundled supply contracts with separate contracts for pipeline transportation capacity and for gas supplies to be transported on the pipeline systems. The FERC decided that interstate pipeline companies should recover virtually all their costs of providing transportation service in the form of fixed "reservation charges" that do not vary with throughput on the pipeline systems. The FERC also has authorized pipeline tariff provisions that reduce the pipelines' liability for failure to meet delivery commitments. These federal regulatory changes have increased, and are expected to continue to increase, the market and regulatory risks of the Company's gas distribution operations.

The FERC's restructuring initiative is also creating "transition costs," which principally consist of "gas supply realignment costs," reflecting contractual liabilities to natural gas producers caused by pipeline companies' inability to continue to purchase natural gas for resale under traditional bundled supply contracts. The FERC is authorizing pipeline companies to recover these costs from their distribution customers, such as the Company. In 1993, the PUC reversed a policy which might have precluded the Company from fully recovering these costs from its customers. The PUC will now permit the opportunity for full rate recovery and the Company has filed with the PUC to begin recovery of such costs.

The Company's wholly owned subsidiary Eastern Pennsylvania Exploration Company is a party to several joint ventures formed to find and produce natural gas in the Gulf Coast area and the Appalachian region. For 1993, the Company's total net investment in connection with such programs amounted to approximately $600,000. These joint ventures do not contribute significantly to the Company's natural gas supply.

Segment Information

Segment information is incorporated herein by reference to note 16 of Notes to Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the year 1993.

Rate Matters

In 1993, approximately 93% of the Company's electric sales revenue and 100% of its gas sales revenue were derived pursuant to rates regulated by the PUC. The PUC establishes through regulatory proceedings the base rates which the Company may charge for electric and gas service in Pennsylvania. In addition, the PUC regulates various fuel and tax adjustment clauses applicable to customers' bills. The Company's wholesale electric rates are regulated by the FERC. The retail rates of COPCO are regulated by the Maryland Public Service Commission (MdPSC).

The Company's last base-rate case, intended primarily to recover costs associated with Limerick Unit No. 2 and associated common facilities, was filed in 1989. As part of the base-rate case, the Company voluntarily excluded 400 MW of capacity from base rates. As part of the order dated April 19, 1990, the PUC concluded that the Company had an additional 399

MW of near-term excess capacity for which the Company was denied a return on common equity. As a result, the Company has 799 MW of near-term excess capacity and associated energy which are available for off-system sales. For information concerning the Company's present arrangements for off-system sales, see "Electric Operations-General."

On April 5, 1991, the PUC approved the settlement of all appeals arising from the Limerick Unit No. 2 rate case. The settlement allows the Company to retain for shareholders any proceeds above the average energy cost for sales of up to 399 MW of capacity and/or associated energy. Beginning on April 1, 1994, the settlement provides for the Company to share in the benefits which result from the operation of both Limerick Unit No. 1 and Unit No. 2 through the retention of 16.5% of the energy savings. Through 1994, the Company's potential benefit from the sale of up to 399 MW of capacity and/or associated energy and the retained Limerick energy savings is limited to $106 million per year, with any excess accruing to customers. Beginning in 1995, in addition to retaining the first $106 million, the Company will share in any excess above $106 million with the Company's share of the excess being 10% in 1995, 20% in 1996 and 30% in 1997 and thereafter. As a part of the settlement, the Company agreed not to file an electric base-rate increase before April 1994, except as allowed by the PUC or for emergency or single-issue rate filings to recover costs associated with new legislation or regulations.

Effective January 1, 1993, the Company adopted Statement of Financial

Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires the recognition of the expected costs of the benefits during the years employees render service, but not later than the date eligible for retirement, under the prescribed accrual method. For 1992 and prior, the Company recognized these costs on a pay-as-you-go basis. The Company is currently recovering in base rates the pay-as-you-go costs. The transition obligation resulting from the adoption of SFAS No. 106 was $505 million as of January 1, 1993, which represents the previously unrecognized accumulated non-pension post-retirement benefits obligation. The transition obligation is being amortized on a straight-line basis over an allowed 20-year period. The annual accrual for non-pension postretirement benefits costs (including amortization of the transition obligation) is $83 million. The Company's comparable pay-as-you-go costs for these benefits were $31 million in 1993. On September 11, 1992, the Company filed with the PUC a request for a 1.5% electric base-rate increase designed to recover the costs associated with the implementation of SFAS No. 106. On March 25, 1993, the PUC issued a policy statement for implementation of SFAS No. 106 which states that the PUC "intends to move all jurisdictional utilities to SFAS No. 106 accrual accounting for ratemaking purposes within approximately five years and to allow the recovery in base rates of all deferred amounts in approximately 20 years to the extent that costs are prudently incurred and examined in a base-rate proceeding prior to rate recognition."

On September 2, 1993, the PUC issued an order denying the Company current recovery of SFAS No. 106 costs, stating that the settlement of all appeals arising from the PUC's 1990 Limerick Unit No. 2 order precluded the Company from seeking an increase in electric base rates for these costs before April 1, 1994. The September 2, 1993 order authorized the

Company to defer the additional SFAS No. 106 expense as a regulatory asset in accordance with the PUC policy statement. On September 30, 1993, the Company filed with the Commonwealth Court of Pennsylvania (Commonwealth Court) a petition for review of the PUC's final order.

The Company's future earnings will be adversely affected to the extent that the Company is not ultimately permitted to recover the additional non-pension postretirement benefits costs resulting from the adoption of SFAS No. 106 through the ratemaking process. While non-pension postretirement benefits costs traditionally have been reflected in rates on a pay-as-you-go basis, recovery of the deferred costs through the ratemaking process is not assured. For additional information concerning SFAS No. 106, see notes 2, 4 and 6 of Notes to Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the year 1993.

In accordance with a Declaratory Order of the PUC, the Company deferred approximately $91 million of operating and maintenance expenses, depreciation and accrued carrying charges on its capital investment in Limerick Unit No. 2 and 50% of Limerick common facilities during the period from January 8, 1990, the commercial operation date of Limerick Unit No. 2, until April 20, 1990, the effective date of the Limerick Unit No. 2 rate order. Recovery of such costs deferred pursuant to the Declaratory Order will be addressed by the PUC in a subsequent electric rate case, although such recovery is not assured. Disallowance by the PUC of all or part of these costs deferred pending regulatory approval would result in an immediate charge to expense.

The Company and COPCO recover fuel and gas costs through base rates and various automatic adjustment clauses. Regulatory audits of the operation of the adjustment clauses are conducted to determine if refunds to or recoupments from customers are necessary as a result of over- or under-collections of fuel costs. In addition, the PUC may investigate outages of electric generating units which exceed 120 days to determine whether to deny the recovery of replacement power costs.

For Pennsylvania electric retail customers, the Company's ECA provides for recovery of 100% of the difference between the Company's costs of fuel, energy interchange and purchased power and the costs billed to customers in base rates. On February 25, 1994, the Company filed its new ECA to become effective April 1, 1994. The ECA filing proposes a change from a credit value of 7.600 mills per kWh to a credit value of 5.647 mills per kWh, which represents an increase in annual revenue of approximately $64 million. The approval of the ECA is pending before the PUC. The ECA also incorporates a nuclear performance standard which allows for financial bonuses or penalties depending on whether the Company's system nuclear capacity factor exceeds or falls below a specified range. If the capacity factor is within the range of 60% to 70%, there is no bonus or penalty. If the capacity factor exceeds 70%, then progressive

bonuses are allowed. If the capacity factor falls below 60%, then progressive penalties are imposed. The bonuses or penalties are based upon average system replacement energy costs. For the year ended December 31, 1993, the Company's system nuclear capacity factor was 78%, which entitled the Company to a bonus of approximately $10 million.

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On May 28, 1993, the Company filed Purchased Gas Cost (PGC) No. 10 rates for the period December 1, 1993 through November 30, 1994, which reflect a $0.97 per thousand cubic feet (mcf) increase in natural gas sales rates. On October 28, 1993, the PUC voted to approve the Joint Stipulation for Partial Settlement setting a $0.85 per mcf increase, which represents an increase in annual revenue of $49.9 million, and to exclude from the final PGC No. 10 rates $1.3 million relating to one issue involving an Office of Consumer Advocate (OCA) allegation that such amount represented excess peak-day capacity. On November 4, 1993, the Company and the OCA reached an agreement to defer the issue of recovery of the $1.3 million to the next PGC proceeding. The agreement is pending before the PUC.

The Company is authorized under a general order of the PUC to add a State Tax Adjustment Surcharge to customers' bills to reflect the cost of increases or decreases in certain state taxes not recovered in base rates.

On November 1, 1991, the FERC issued an order denying in part a waiver of certain fuel adjustment clause regulations which the Company had filed and directing refunds and a recalculation of fuel adjustment clause charges. These recalculations affect the fuel charges billed to COPCO, at the wholesale level, by the Company and its wholly owned subsidiary Susquehanna Electric Company (SECO). In 1992, the Company refunded $1.3 million to COPCO. On August 27, 1993, the Company received FERC approval of the amount refunded.

On October 2, 1990, the PUC issued an order initiating an investigation into Demand-Side Management (DSM) by electric utilities. Generally, DSM programs involve utilities providing assistance or incentives to customers to encourage them to conserve energy and reduce peak demand. On December 1, 1993, the PUC issued an order establishing a special DSM cost-recovery mechanism for a five-year period. The order will permit surcharge recovery of DSM program costs and allow utilities to earn an incentive on kWh saved from DSM. The order will also permit utilities to defer "lost revenues," with interest, for eventual recovery in the next base-rate case. The OCA and the Pennsylvania Energy Office have filed Petitions for Reconsideration and Clarification of the PUC's order and a coalition of large industrial customers has filed an appeal with the Commonwealth Court arguing that the PUC's order violates Pennsylvania public utility laws. In accordance with the PUC's Declaratory Order, the Company filed its DSM program plan with the PUC on March 14, 1994.

On September 14, 1993, the MdPSC instituted a proceeding to investigate the strategic electric acquisition practices and long-range electric supply planning of COPCO. The investigation is the result of an order by the MdPSC on January 27, 1992 in connection with COPCO's last base-rate case requiring that COPCO perform a study of its power supply alternatives. Currently, COPCO purchases all of its power from the Company and SECO, representing approximately 2% of the Company's annual revenues. On January 26, 1993, COPCO filed its study with the MdPSC. Following a review of the study by the MdPSC's Technical Staff and receipt of comments from other parties, the MdPSC concluded that the above-mentioned proceeding should be initiated to address several issues, including competitive bidding of COPCO's power supply. Hearings are scheduled to commence in September 1994.

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On October 6, 1993, the Company filed with the FERC a proposed change to the Tripartite Agreement under which the Company and SECO provide electricity at wholesale to COPCO. The filing proposes to add an exit fee for the recovery from COPCO of the stranded investment costs that the Company would incur if COPCO were to purchase all or part of its power supply needs from a source other than the Company. The exit fee is calculated using a formula, based in part on the Company's existing fixed charges to COPCO, installed generating capacity and current discount rate. On December 2, 1993, the FERC issued an order that accepted and suspended the Company's filing and set the matter for hearings, which are scheduled to commence in August 1994.

On November 17, 1993, the Company filed with the FERC a transmission service tariff to make available its transmission system to enable third-party suppliers to sell power at wholesale to COPCO. On January 14, 1994, the FERC issued a deficiency letter requesting additional explanation of and support for the Company's filing. The Company's response is required to be filed by April 8, 1994.

Construction

The Company maintains a construction program designed to meet the projected requirements of its customers and to provide service reliability, including the timely replacement of existing facilities. The Company's current construction program includes no new generating facilities. During the five years 1989-93, gross property additions (excluding capital leases) amounted to $3.0 billion and retirements amounted to $227 million, resulting in a net increase of approximately 23% in the Company's utility plant. Investment for new plant and equipment in 1993 amounted to $575 million. At December 31, 1993, construction work in progress, excluding nuclear fuel, aggregated $381 million.

The following table shows the Company's most recent estimates of capital expenditures for plant additions and improvements for 1994 and for 1995-97. These estimates do not include capital expenditures which may be required for the possible installation of cooling towers at Salem (see "Environmental Regulations-Water").

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<TABLE>
<CAPTION>

	(Millions of Dollars)	
	1994	1995-97
<S>	<C>	<C>
Electric:		
Production	$222	$ 527
Nuclear fuel	62	216
Transmission and distribution	157	450
Other electric	5	9
Total Electric	446	1,202
Gas	58	174
Other	71	102
Total	$575	$1,478

</TABLE>

Nuclear fuel requirements exclude the Company's share of the requirements for Peach Bottom and Salem which are provided by an independent fuel company under a capital lease. See note 14 of Notes to Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the year 1993.

Capital Requirements and Financing Activities

The following table shows the Company's most recent estimates of capital requirements for 1994 and for 1995-97.

<TABLE>
<CAPTION>

	(Millions of Dollars)

	1994	1995-97
<S>	<C>	<C>
Construction	$575	$1,478
Long-term debt maturities and sinking funds (1)	252	162
Total Capital Requirements	$827	$1,640

</TABLE>

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(1) Does not include $692 million of term loans that are expected to be replaced or extended prior to maturity.

The Company expects to meet substantially all of its capital requirements for 1994 and for 1995-97 with internally generated funds. The estimates of capital requirements do not include any amounts for refundings of higher-dividend preferred stock or higher-interest debt, which refundings are dependent on future market conditions and internal cash generation.

In 1993, the Company's financing activities consisted of:

<TABLE>
<CAPTION>

	(Millions of Dollars)
<S>	<C>
First and Refunding Mortgage Bonds:	
6-5/8% due 2003	$ 250.0
7-3/4% due 2023	100.0
6-1/2% due 2003	200.0
7-3/4% due 2023	250.0
5-3/8% due 1998	225.0
6-3/8% due 2005	75.0
7-1/8% due 2023	200.0
7-1/4% due 2024	225.0
5-5/8% due 2001	250.0
Pollution Control Bonds:	
Floating Rate due 2012(1)	154.2
Floating Rate due 2016	42.6
Floating Rate due 2025	23.0
Preferred Stock:	
$7.48 Cumulative Preferred Stock	50.0
$6.12 Cumulative Preferred Stock	92.7
Total	$2,137.5

</TABLE>

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(1) Secured by First and Refunding Mortgage Bonds.

During 1993, $2.1 billion of long-term debt and preferred stock were sold to replace debt and preferred stock carrying significantly higher rates of interest and dividends. Also during 1993, the Company utilized internally generated cash to repay $154 million of debt and to redeem $45 million of preferred stock.

Under the Company's mortgage (Mortgage), additional mortgage bonds may not be issued on the basis of property additions or cash deposits unless earnings before income taxes and interest during 12 consecutive calendar months of the preceding 15 calendar months from the month in which the additional mortgage bonds are issued are at least two times the pro forma annual interest on all mortgage bonds outstanding and then applied for. For the purpose of this test, the Company has not included Allowance for Funds Used During Construction which is included in net income in the Company's consolidated financial statements in accordance with the prescribed system of accounts. The coverage under the earnings test of the Mortgage for the 12 months ended December 31, 1993 was 4.20 times. Earnings coverages under the Mortgage for the calendar years 1992 and 1991 were 3.31 and 3.93 times, respectively. At December 31, 1993, the most restrictive issuance test of the Mortgage related to available property additions. At December 31, 1993, the Company had at least $918 million of available property additions against which $551 million of mortgage bonds could have been issued. In addition, at December 31, 1993, the Company was

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entitled to issue approximately $3.2 billion of mortgage bonds without regard to the earnings and property additions tests against previously retired mortgage bonds.

Under the Company's Amended and Restated Articles of Incorporation (Articles), the issuance of additional preferred stock requires an affirmative vote of the holders of two-thirds of all preferred shares outstanding unless certain tests are met. Under the most restrictive of these tests, additional preferred stock may not be issued without such a vote unless earnings after income taxes but before interest on debt during 12 consecutive calendar months of the preceding 15 calendar months from the month in which the additional shares of stock are issued are at least 1.5 times the aggregate of the pro forma annual interest and preferred stock dividend requirements on all indebtedness and preferred stock. Coverage under this earnings test of the Articles for the 12 months ended December 31, 1993 was 2.47 times. Earnings coverage under the Articles for the calendar years 1992 and 1991 was 2.00 and 1.95 times, respectively.

The following table sets forth the Company's ratios of earnings to fixed charges and the ratios of earnings to combined fixed charges and preferred stock dividends for the periods indicated:

<TABLE>
<CAPTION>

	1989	1990(1)	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>
Ratio of Earnings to Fixed Charges.....	2.08	1.31	2.55	2.43	3.15
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	1.77	1.04	2.14	2.06	2.67

</TABLE>

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(1) Reflects one-time charges against income associated with various disallowances made by the PUC in the electric rate case for Limerick Unit No. 2 and the Company's 1990 Early Retirement Plan and a one-time after-tax addition to income associated with the cumulative effect of an accounting change for unbilled operating revenues.

For purposes of these ratios, (i) earnings consist of income from continuing operations before income taxes and fixed charges and (ii) fixed charges consist of all interest deductions and the financing costs associated with capital leases.

At December 31, 1993, the Company had a total of $589 million outstanding under unsecured loan agreements with banks with maturities ranging from 1994 to 1997. Most of the Company's unsecured debt agreements contain cross-default provisions to the Company's other debt obligations.

At December 31, 1993, the Company and its subsidiaries had formal and informal lines of credit with banks aggregating $351 million against which $119 million of short-term debt was outstanding. The Company does not have formal compensating balance arrangements with these banks. The Company has a $150 million commercial paper program, and at December 31, 1993, there was no commercial paper outstanding.

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Employee Matters

The Company and its subsidiaries had 9,391 employees at December 31, 1993.

On June 10 and 11, 1993, the National Labor Relations Board (NLRB) conducted a certification election in which certain non-management employees had the opportunity to choose to be represented by the International Brotherhood of Electrical Workers (IBEW), the Independent Group Association (IGA) or to continue not to be represented by a union. On June 12, 1993, the NLRB announced that the Company employees voted to continue to not be represented by a union. Of the 6,400 employees eligible to vote, 95.5% cast ballots. Employees cast 3,530 votes for "no union"; 1,260 votes for the IBEW; and 719 votes for the IGA. On June 23, 1993, the NLRB certified the results of the balloting.

Environmental Regulations

Environmental controls at the federal, state, regional and local

levels have a substantial impact on the Company's operations due to the cost of installation and operation of equipment required for compliance with such controls. In addition to the matters discussed below, see "Electric Operations-General" and "Electric Operations-Limerick Generating Station."

An environmental issue with respect to construction and operation of electric transmission and distribution lines and other facilities is whether exposure to electric and magnetic fields (EMF) causes adverse human health effects. A large number of scientific studies have examined this question and certain studies have indicated an association between exposure to EMF and adverse health effects, including certain types of cancer. However, the scientific community still has not reached a consensus on the issue. Additional research intended to provide a better understanding of EMF is continuing. The Company supports further research in this area and is funding, monitoring and participating in such studies. The Company cannot predict at this time what effect, if any, this matter will have on future operations.

Water

The Company has received NPDES permits as required under federal and state laws for the discharge of effluents from its generating stations. These permits must be renewed periodically and, as necessary, the Company has filed applications for renewal.

In 1991, the Company completed the modification of the cooling water intake screens at Eddystone Units No. 1 and No. 2 to satisfy the requirements of the PDER and the EPA. At the request of the PDER and the Pennsylvania Fish Commission, the Company extended the fish impingement study concerning Eddystone Units No. 3 and No. 4 intake screens until November 1992 to determine whether any additional requirements were necessary to comply with federal water pollution standards. In April 1993, the final report on the impingement study was submitted to the PDER. The final report concluded that no further actions were required concerning Eddystone Units No. 3 and No. 4.

The Company has been informed by PSE&G that, on October 3, 1990, the New Jersey Department of Environmental Protection (now the New Jersey Department of Environmental Protection and Energy (NJDEPE)) issued a draft New Jersey discharge to surface water permit for Salem Units No. 1 and No. 2. The draft permit incorporated numerous new and more stringent terms and conditions than the existing water discharge permit for Salem, including the immediate shutdown of both Salem units pending retrofitting with cooling towers. In response to the 1990 draft permit, PSE&G submitted extensive written comments to the NJDEPE regarding the ecological effects of Salem's operations, and the nature, scope, and costs of retrofitting Salem with cooling towers. The estimated cost of cooling towers, including the cost of replacement power during the construction periods, based on natural draft and forced draft technologies, ranges from $720 million to $2 billion of which the Company's share would be 42.59%. PSE&G's comments demonstrated that Salem was not having and would not have an adverse environmental impact and that the construction of cooling towers would be an inappropriate solution. To resolve the NJDEPE's concerns, PSE&G also developed and submitted a supplement to the permit renewal application setting forth alternative measures to the installation of cooling towers that would protect aquatic life in the Delaware Estuary and provide broad-ranging ecological benefits. PSE&G proposed intake screen modifications to reduce fish losses, a study of deterrent systems to divert fish from the intake and a limit on intake flow of 3.024 billion gallons per day. In addition, PSE&G proposed conservation measures, including the restoration of up to 10,000 acres of degraded wetlands and the installation of fish ladders to allow fish to reach upstream spawning areas. Finally, PSE&G proposed a comprehensive biological monitoring program to expand existing knowledge of the Delaware Estuary and to monitor station impacts. In June 1993, the NJDEPE issued a revised draft permit for Salem which contained the alternative measures proposed by PSE&G with certain modifications. The public comment period on the revised draft permit closed January 15, 1994. The NJDEPE has received a significant number of comments on the draft permit from a wide variety of interests. These comments include a number of suggestions to the NJDEPE for changes in permit terms. In addition, the comments to the NJDEPE include a variety of claims as to alleged legal defects in the draft permit, including failure to comply with applicable standards under the Clean Water Act, failure to assure consistency with applicable Coastal Zone Management Plans, failure to comply with requirements of the Delaware River Basin Commission, and failure to comply with procedural requirements of New Jersey and federal law. On January 15, 1994, PSE&G filed extensive comments with the NJDEPE to respond to comments opposing the issuance of the final permit with terms materially different than those found in the

draft permit. The NJDEPE has stated that it intends to issue a final permit in the second quarter of 1994, but no assurances can be given as to when or in what manner the NJDEPE will act on the issuance of a final permit. The EPA has authority to veto the issuance of a final permit by the NJDEPE. Action by the EPA cannot be predicted. Certain environmental groups have also petitioned the EPA to veto any final permit that does not require cooling towers and to withdraw the NJDEPE's permitting authority under the Clean Water Act. If a final permit embodying the alternative measures is issued, additional permits from various agencies will be required for implementation. No assurance can be given as to the issuance of such permits. The estimated costs of compliance with the revised draft

permit is approximately $75 million of which the Company's share would be 42.59% or $32 million.

Air

Air quality regulations promulgated by the PDER and the City of Philadelphia in accordance with the federal Clean Air Act impose restrictions on emission of particulates, sulfur dioxide (SO2) and other pollutants and require permits for operation of emission sources. Such permits have been obtained by the Company and must be renewed periodically. Under the Clean Air Act Amendments of 1990 (Amendments) new permits will have to be obtained.

The Amendments establish a comprehensive and complex national program to substantially reduce air pollution over the next decades. The Amendments include a two-phase program to reduce acid rain effects by significantly reducing emissions of SO2 and nitrogen oxides (NOx) from electric power plants. A flue-gas desulfurization system (scrubbers) is being installed at Conemaugh to reduce SO2 emissions to meet the 1995 Phase I requirements. The Company's share of the capital costs to construct the scrubbers and make other related improvements at Conemaugh are estimated to be $78 million. Keystone is not covered by the Phase I SO2 and NOx limits of the Amendments. Capital expenditures in amounts similar to those required for Conemaugh, however, may also be necessary for Keystone to meet, by January 1, 2000, the Phase II SO2 and NOx limits.

The Company's service-area, coal-fired generating units at Eddystone and Cromby are equipped with scrubbers and their emissions meet the SO2 limits of both Phase I and Phase II of the Amendments. The Company, however, will be required to comply with the NOx emission limitations of the Amendments by May 31, 1995 for these units, all of which are in an ozone nonattainment area. The Company estimates that installing low-NOx burners, which is one of the possible technologies and lowest in cost, on all of its oil and gas sources would require a capital expenditure of $21 million. The cost of compliance could be less if the Company is not required to make modifications to all of its units or implements a system which permits credits or averaging among sources. If, however, further technological improvements are required, the cost of compliance could be substantially higher. As a result of its prior investments in scrubbers for Eddystone and Cromby and its investment in nuclear generating capacity, the Company believes that compliance with the Amendments will have less impact on the Company's electric rates than on the rates of other Pennsylvania utilities which are more dependent on coal-fired generation.

Many other provisions of the Amendments will affect the Company's business. The Amendments establish stringent new control measures for areas which are designated as not meeting national ambient air quality standards; establish limits on the purchase and operation of motor vehicles and require increased use of alternative fuels; provide for stringent controls on emissions of toxic air pollutants and the possible future designation of some utility emissions as toxic; establish new permit and monitoring requirements for sources of air emissions; and provide for significantly increased enforcement power, and civil and criminal penalties.

Solid and Hazardous Waste

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 and the Superfund Amendments and Reauthorization Act of 1986 (collectively CERCLA) authorize the EPA to cause "potentially responsible parties" (PRPs) to conduct (or for the EPA to conduct at the PRPs'

expense) remedial action at waste disposal sites that pose a hazard to human health or the environment. Parties contributing hazardous substances to a site or owning or operating a site typically are viewed as jointly and severally liable for conducting or paying for remediation and for reimbursing the government for related costs incurred. PRPs may agree to allocate liability among themselves, or a court may perform that allocation according to equitable factors deemed appropriate.

By notice issued in November 1986, the EPA notified over 800 entities, including the Company, that they may be PRPs under CERCLA with respect to releases of radioactive and/or toxic substances from the Maxey Flats disposal site, a low-level radioactive waste disposal site near Moorehead, Kentucky, where certain of the Company's wastes were deposited. Approximately 90 PRPs, including the Company, formed a steering committee and entered into an administrative consent order with the EPA to conduct a remedial investigation and feasibility study (RI/FS), which was substantially revised based on the EPA comments. In September 1991, following public review and comments, the EPA issued a Record of Decision in which it selected a natural stabilization remedy for the Maxey Flats disposal site. The steering committee has preliminarily estimated that implementing the EPA proposed remedy at the Maxey Flats site would cost $60- $70 million in 1993 dollars. Negotiations are continuing between the EPA and the steering committee to determine the role of the steering committee in implementing the selected remedy and the share of any costs which will be allocated to the PRPs represented by the steering committee. On March 17, 1993, the private PRPs, together with several federal PRPs, and the Commonwealth of Kentucky made offers to the EPA to perform and fund a portion of the remedial activities at the site. In a letter dated September 2, 1993, the EPA notified the federal and private PRPs and the Commonwealth of Kentucky that their respective offers to perform and fund a portion of the remedial activities at the site form the basis of further negotiations for implementing the remedial plan and such negotiations have commenced. The Company cannot predict what cost it may incur as part of the cleanup of the site. The Company's share of the cost of the RI/FS (estimated to be $4.5 million net of contributions by the Department of Defense and the DOE) will be based on its percentage of waste deposited at the site, which is presently estimated by the steering committee to be 1.07%.

By notice issued in December 1987, the EPA notified several entities, including the Company, that they may be PRPs under CERCLA with respect to wastes resulting from the treatment and disposal of transformers and/or miscellaneous electrical equipment at a site located in Philadelphia, Pennsylvania (the Metal Bank of America site), during the period 1970-72. Several of the PRPs, including the Company, have formed a steering committee to investigate the nature and extent of possible involvement in this matter. On May 29, 1991, a Consent Order was issued by the EPA pursuant to which the members of the steering committee agree to perform the RI/FS as described in the work plan issued with the Consent Order. The

remedial investigation is currently proceeding at the site in accordance with the work plan approved under the Consent Order. During the course of the site investigation, it became necessary to perform additional sampling and analytical work and to modify the scope of the work to address concerns raised by the EPA and its contractors and to properly characterize the site. Due to these changes, it is currently estimated that the technical, administrative and legal costs necessary for investigation of the site and preparation of the RI/FS may total between $4 and $5 million and the schedule for the RI/FS will be extended. The Company's share of such costs will be approximately 30%.

The EPA has notified the Company that it is a PRP for part of the cleanup costs at a site (Berks Associates/Douglassville site) where wastes generated by the Company may have been deposited by others and has requested extensive information on the characteristics of the material sent to the site and the processes which generated the material. In August 1991, the EPA filed suit in the United States District Court for the Eastern District of Pennsylvania (Eastern District Court) against 36 named PRPs, not including the Company, seeking a declaration that these PRPs are jointly and severally liable for cleanup of the Berks Associates/Douglassville site and for costs already expended by the EPA on the site. Simultaneously, the EPA issued an Administrative Order against the same named defendants, not including the Company, which requires the PRPs named in the Administrative Order to commence cleanup of a portion of the site. It is estimated that the cleanup of this portion of the site will cost approximately $2 million. Although the Company was not named as a respondent in the Administrative Order issued by the EPA, it joined a group of the named respondents and several other PRPs who were not named as respondents, and contributed money to the group to conduct the cleanup activities required by the Administrative Order. On September 29, 1992,

the Company, along with 169 other parties, was served with a third-party complaint joining these parties as additional defendants. Subsequently, an additional 150 parties were joined as defendants. On June 30, 1993, the EPA issued a further Administrative Order which directed certain defendants to implement a remedial plan which calls for incineration of large quantities of contaminated soil from part of the site at an estimated cost of $40-60 million. The PRP group, including both named and additional defendants, are negotiating with the EPA to consider an alternative remedy for the site which could be implemented at substantially less cost than the remedy selected by the EPA. The EPA has deferred the effectiveness of its June 30 Administrative Order while settlement negotiations are continuing. On October 27, 1993, the PDER filed a motion to intervene as a plaintiff in the Eastern District Court suit claiming investigative and remedial cost reimbursement and natural resource damages. The motion is pending before the Eastern District Court.

The Company has been notified by groups of PRPs at two sites (the Spectron site and the Metro Container site) that the Company has been identified as having sent hazardous substances to these sites. The Company has been requested by these PRPs to contribute to the costs of certain removal activities undertaken by the PRPs pursuant to consent orders issued by the EPA. The Company has contributed to the removal costs at one site. The amount of the Company's contribution, if any, to the other site has not yet been determined. The EPA has not yet determined if further cleanup activities will be required at these two sites.

In April 1990, the Company received a notice from the NJDEPE which alleges that the Company is potentially liable for certain cleanup costs at the Gloucester Environmental Management Services, Inc. (GEMS) site located in New Jersey because wastes generated by the Company are alleged to have been deposited at the site by a third party. The Company has also been added as a defendant in a suit commenced by the NJDEPE several years ago, which now names several hundred defendants, and which relates to the GEMS site. The Company has joined a pre-existing group of PRPs which is dealing with the NJDEPE on these matters.

On October 16, 1989, the EPA and the NJDEPE commenced a civil action in the New Jersey District Court against 26 defendants, not including the Company, alleging the right to collect past and future response costs for cleanup of the Helen Kramer landfill located in New Jersey. In October 1991, the direct defendants joined the Company and over 100 other parties as third-party defendants. The third-party complaint alleges that the Company generated materials containing hazardous substances that were transported to and disposed at the landfill by a third party.

In July 1992, the Company received a notice from a group of PRPs performing remediation at the Blosenski Landfill Superfund Site that the group considers the Company to be a PRP. The PRP group requested the Company to join the existing PRP group or face legal action by the group to compel the Company to contribute to past and future clean-up costs. The Company investigated its involvement with this site and has been unable to identify a basis for concluding that the Company is liable for remediation costs at this site. Consequently, the Company has notified the PRP group that it does not, at this time, intend to join the Blosenski PRP group. The Blosenski PRP group served the Company with a subpoena seeking certain information from the Company concerning its involvement with this site. The Company responded to some of the requests and has objected to others.

In November 1992, the Company received a subpoena from the non-government parties (party participants) in a consolidated action relating to the Bridgeport Rental and Oil Services Superfund (BROS) site requesting information on various haulers. The party participants have information which they believe connects the Company to the site. At the invitation of the party participants, the Company is participating in a "voluntary, informal, non-litigated settlement/mediation process." In April 1993, the Company received a Request for Information from the EPA regarding potential use of the BROS site. On May 27, 1993, the Company filed its response with the EPA. The voluntary participants are presently engaged in a mediation process with the governmental parties.

In March 1994, the Company received a notice from the EPA that it may be a di minimus PRP with respect to hazardous substances deposited by a third party at a site (Jack's Creek/Sitkin Smelting Facility) located in Mifflin County, Pennsylvania. Currently, the EPA has identified over 590 entities that may be PRPs with respect to this site. The Company is investigating its involvement with this site.

On March 3, 1989, the Company received a Notice of Violation from the PDER for soil contamination at one of the Company's maintenance facilities. The Company suspects that the contamination was caused by

leakage of transformer dielectric fluid. The PDER required the Company to

initiate sampling to determine the scope of the contamination. The Company conducted sampling and ground water monitoring and submitted the results to the PDER on November 18, 1991. The Company has identified the presence of oil and polychlorinated byphenols (PCBs) at the site. On February 19, 1993, the Company submitted to the PDER a revised remedial clean-up strategy. On March 9, 1993, the PDER accepted the Company's revised remedial clean-up strategy. The Company is implementing the remedial clean-up strategy accepted by the PDER, which is expected to cost approximately $2 million over a period of 3 to 5 years.

In addition, an evaluation of all Company sites for potential environmental clean-up liability is in progress, including approximately 20 sites where manufactured gas plant activities may have resulted in site contamination. Past activities at several sites have resulted in actual site contamination. The Company is presently engaged in performing detailed evaluations at certain of these sites to define the nature and extent of the contamination, to determine the necessity of remediation and to identify possible remediation alternatives. The Company has also responded to various governmental requests, principally those of the EPA pursuant to CERCLA, for information with respect to the possible deposit of Company waste materials at various disposal, processing and other sites.

In addition, the Company is in the process of complying with the Resource Conservation and Recovery Act (RCRA) which governs treatment, storage and disposal of solid and hazardous wastes.

On February 22, 1993, the Company received a draft Corrective Action Order from the EPA under RCRA. The draft order requires the Company to investigate the extent of alleged releases of hazardous wastes and to evaluate corrective measures, if necessary, for a site located along the Delaware River in Chester, Pennsylvania, which had previously been leased to Chem Clear, Inc. Chem Clear operated an industrial waste water pretreatment facility on the site. On June 4, 1993, the Company executed a final Corrective Action Order in which the Company agreed to investigate the extent of alleged releases of hazardous wastes and to evaluate corrective measures, if necessary. The Company estimates that compliance with the Corrective Action Order will cost $2 million over a period of five years. Until completion of the required investigation, the Company is unable to predict the nature and cost of any potential corrective action.

Costs

The Company's budget for capital requirements for 1994 and its most recent estimate of capital requirements for 1995-97 for compliance with environmental requirements total $68 million. This estimate does not include amounts that the Company may be required to spend for its share of any cooling towers that may be required at Salem or for its share of scrubbers or other systems at Keystone to comply with the Amendments. In addition, the Company may be required to make significant additional expenditures not presently determinable.

At December 31, 1993, the Company had accrued $17 million for various investigation and remediation costs that can be reasonably estimated. The Company cannot currently predict whether it will incur other significant

liabilities for additional remediation costs at sites presently identified or additional sites which may be identified by the Company, environmental agencies or others.

The Company will ultimately seek to recover through the ratemaking process all capital costs and any increased operating costs, including those associated with environmental compliance and remediation, although such recovery is not assured.

Competition

The Company generally has the right through franchises to provide electric or gas service to the public within its service areas. The Company is required by federal and state law to purchase electricity generated by qualifying facilities (such as cogenerators and small power producers). Certain businesses within the Company's service territory also

generate all or a portion of their own electrical requirements.

The electric utility industry, in particular power generation to serve the needs of large users such as municipal customers and for off-system sales, has become increasingly competitive. Companies that are able to provide energy at a lower cost are likely to benefit from this competition. Competitors include cogenerators, independent power producers and other utilities. Nonutility generation has resulted, and in the future could result, in the loss of revenues from industrial customers. These factors will continue to challenge the Company to maintain current revenue levels.

The Energy Act is designed, among other things, to promote competition among utility and non-utility generators by amending the 1935 Act to exempt a new class of independent power producers (exempt wholesale generators) which are not subject to regulation under the 1935 Act. The Energy Act also amends the Federal Power Act to allow the FERC to order wholesale wheeling to provide utilities and non-utility generators with access to utility transmission facilities. The provisions direct the FERC to set prices for wheeling to allow utilities to recover all legitimate verifiable and economic costs for providing wheeling services, including the cost of expanding their transmission facilities to accommodate required transmission access. The costs are to be recovered from the company whose electricity is being wheeled rather than from the utilities' native-load retail customers. In addition, the Energy Act restricts the FERC's ability to order wheeling if it would not be in the public interest or would impair the ability of a utility to provide reliable power to its existing customers. Although the FERC is prohibited under the Energy Act from ordering retail wheeling, the prohibition does not extend to state utility commissions. Retail wheeling would challenge the Company to assure that it continues to be the provider of service to its large commercial and industrial customers and that it positions itself to take advantage of opportunities to expand its customer base by marketing its reliable power sources.

The Company is currently involved in proceedings before the MdPSC and the FERC concerning the continued purchase by COPCO of all of its power from the Company. See "Rate Matters" for a discussion of the MdPSC and the FERC proceedings.

In September 1993, the Board of Directors of the Company approved a plan to reorganize the Company's operations to better enable it to meet the challenges of a competitive environment. The Company's operations will be divided into five strategic business units by January 1, 1995. The business units will be Consumer Energy Services Group, Bulk Power Enterprises Group, Power Generation Group, Nuclear Generation Group, and Gas Services Group. The plan calls for each business unit to eventually operate as an individual profit center, separate from the other business units.

In October, in response to its perception of business risk created by intensifying competition within the electric utility industry, the Standard & Poor's (S&P) rating agency tightened the financial ratio benchmarks it uses to rate electric utility company debt. This action has affected a significant portion of the investor-owned electric utility industry. Although the Company's current debt ratings have been affirmed by S&P, the Company's outlook, along with 47 other electric utilities, has been changed from "stable" to "negative." The Company and 21 other electric utilities have had their business positions categorized as "below average." S&P determined the Company's business position to be "below average" because it is considered to be a high-cost producer of electricity with a high dependency on its nuclear generation. Also, the perceived outlook for the economy of the Company's service territory and the Northeast in general contributed to this characterization.

Moody's Investors Services (Moody's) has also announced that the changing electric utility business environment could, over the next three to five years, lead to bond rating downgrades. Moody's also believes that business risk in the electric utility industry is rising due to deregulation and the resulting competition.

The Company's gas business experiences competition from suppliers of other energy sources, primarily fuel oil and electricity. The Company's interruptible gas rates provide "flexible" pricing which allows for monthly rate changes to match the pricing of competing fuel sources, provided that the rates remain within a PUC-approved range.

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Executive Officers of the Registrant

<TABLE>
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Name	Age at Dec. 31, 1993	Position	Effective Date of Election to Present Position
<S>	<C>	<C>	<C>
J. F. Paquette, Jr.....	59	Chairman and Chief Executive Officer	April 16, 1990
C. A. McNeill, Jr.	54	President and Chief Operating Officer	April 16, 1990
W. L. Bardeen.....	55	Senior Vice President and Group Executive - Consumer Energy Services Group	March 1, 1994
J. W. Durham.....	56	Senior Vice President and General Counsel	October 24, 1988
W. J. Kaschub.....	51	Senior Vice President-Human Resources	June 10, 1991
G. S. King.....	53	Senior Vice President-Corporate and Public Affairs	October 1, 1992
K. G. Lawrence.....	46	Senior Vice President-Finance and Chief Financial Officer	March 1, 1994
J. M. Madara, Jr.....	50	Senior Vice President and Group Executive - Power Generation Group	March 1, 1994
D. M. Smith.....	60	Senior Vice President - Nuclear Generation Group and Chief Nuclear Officer	March 1, 1994
A. J. Weigand.....	55	Senior Vice President and Group Executive - Bulk Power Enterprises	March 1, 1994
G. S. Cucchi.....	44	Vice President - Planning and Performance	March 1, 1994
D. R. Helwig.....	42	Vice President-Limerick Generating Station	July 20, 1992
T. P. Hill, Jr.....	45	Vice President and Controller	January 1, 1991
K. C. Holland.....	41	Vice President - Information Systems	March 21, 1994
R. B. Horne.....	59	Vice President - Chester County Division	March 1, 1994
A. G. Mikalauskas.....	57	Vice President -Transmission and Distribution Services	March 1, 1994
G. C. Miller.....	49	Vice President - Philadelphia, North Division	March 1, 1994
G. R. Rainey.....	44	Vice President-Peach Bottom Atomic Power Station	November 24, 1993
M. T. Riley, Jr.....	56	Vice President - Philadelphia, South Division	March 1, 1994
M. W. Rimerman.....	64	Vice President-Finance and Treasurer	November 26, 1990
C. C. Rogala.....	47	Vice President - Delaware County Division	March 1, 1994
W. H. Smith, III.....	45	Vice President-Planning and Performance	May 1, 1992
A. J. Solecki.....	53	Vice President-Support Services	March 1, 1993
T. C. Stapleford.....	56	Vice President - Montgomery County Division	March 1, 1994
W. J. Williams.....	52	Vice President- Bucks County Division	March 1, 1994
L. S. Binder.....	56	Secretary	July 1, 1978

</TABLE>

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The present term of office of each of the above executive officers extends to the first meeting of the Company's Board of Directors after the

next annual election of Directors (scheduled to be held April 13, 1994).

Prior to his election to his current position with the Company, Mr. Paquette was Chairman, President and Chief Executive Officer of the Company.

Prior to his election to his current position with the Company, Mr. McNeill was Executive Vice President-Nuclear of the Company.

Prior to his election to his current poistion with the Company, Mr. Bardeen was Senior Vice President - Finance and Chief Financial Officer. Prior to joining the Company in February 1992, Mr. Bardeen was Vice President-Finance and Controller for Bell Atlantic Corporation.

Prior to joining the Company in June 1991, Mr. Kaschub was Vice President of Human Resources with GTE North Incorporated.

Prior to joining the Company in October 1992, Mrs. King served as Commissioner of the United States Social Security Administration since August 1989. From March 1988 to August 1989, Mrs. King was Executive Vice President of Gogal & Associates, a Washington D.C. consulting firm.

Prior to his election to his current position with the Company, Mr. Lawrence was Vice President-Gas Operations and Vice President-Commercial Operations.

Prior to his election to his current position with the Company, Mr. Madara was Vice President-Production, Assistant Manager-Mechanical Engineering and General Manager-Nuclear Quality Assurance.

Prior to his election to his current position with the Company, Mr. D. M. Smith was Senior Vice President-Nuclear and Vice President-Peach Bottom Atomic Power Station.

Prior to his election to his current position with the Company, Mr. Weigand was Vice President-Transmission and Distribution Systems and Vice President-Engineering and Production.

Prior to joining the Company in March 1994, Mrs. Holland was Director of Technology Services and Director of Business Systems and Operations at SmithKline Beecham, Inc.

Prior to their election to the positions shown above, the following executive officers held other positions with the Company since January 1, 1989: Mr. Cucchi was Director of System Planning and Performance, Manager of System Planning and Performance and Supervising Engineer of System Planning and Performance; Mr. Helwig was Vice President-Nuclear Engineering and Services, Vice President-Nuclear Services, Assistant to the Executive Vice President-Nuclear, and General Manager of Nuclear Quality Assurance; Mr. Hill was Controller and Manager of Rates; Mr. Horne was Division Manager - Chester County and General Manager - Chester County; Mr. Mikalauskas was Vice President - Customer and Marketing Services, Vice President-Commercial Operations and Vice President-Electric

Transmission and Distribution; Mr. Miller was Division Superintendent - Transmisison and Distribution, Manager - Transmission and Distribution Services, and General Manager - Philadelphia, North Division; Mr. Rainey was Vice President-Nuclear Services, Plant Manager-Eddystone Generating Station and Maintenance Superintendent-Peach Bottom; Mr. Riley was General Manager - Philadelphia, South Division, Station Manager - Cromby Generating Station, and Assistant Station Superintendent - Eddystone Generating Station; Mr. Rimerman was Vice President-Finance and Accounting and Vice President-Finance; Mr. Rogala was General Manager - Delaware County Division and Manager - Customer Service Accounts; Mr. W. H. Smith, III was Manager-Corporate Strategy and Performance, General Manager-Human Resources, Director-Organization Change Task Force, Manager-Purchasing; Mr. Solecki was Vice President-Information Systems and General Services; Mr. Stapleford was General Manager - Montgomery County Division and Manager - Purchasing; and Mr. Williams was Division Manager - Bucks County, Manager Transmission, and Distribution Operations and Electric Superintendent.

There are no family relationships among directors or executive officers of the Company.

ITEM 2. PROPERTIES

The principal plants and properties of the Company are subject to the lien of the Mortgage under which the Company's First and Refunding Mortgage Bonds are issued.

The following table sets forth the Company's net electric generating capacity by station at December 31, 1993:

Station	Location	Net Generating Capacity (1) (Kilowatts)	Estimated Retirement Year
Nuclear			
Limerick	Limerick Twp., PA	2,110,000	2024, 2029
Peach Bottom	Peach Bottom Twp., PA	886,000(2)	2014
Salem	Hancock's Bridge, NJ	942,000(2)	2016, 2020
Hydro			
Conowingo	Harford Co., MD	470,000	2014
Pumped Storage			
Muddy Run	Lancaster Co., PA	880,000	2014
Fossil (Steam Turbines)			
Cromby	Phoenixville, PA	345,000	2004
Delaware	Philadelphia, PA	250,000	(3)
Eddystone	Eddystone, PA	1,306,000	2009, 2010, 2011
Schuylkill	Philadelphia, PA	166,000	(3)
Conemaugh	New Florence, PA	352,000(2)	2005, 2006
Keystone	Shelocta, PA	357,000(2)	2002, 2003
Fossil (Gas Turbines)			
Chester	Chester, PA	39,000	(3)
Croydon	Bristol Twp., PA	369,000	(3)
Delaware	Philadelphia, PA	54,000	(3)
Eddystone	Eddystone, PA	56,000	(3)
Falls	Falls Twp., PA	45,000	(3)
Moser	Lower Pottsgrove Twp., PA	45,000	(3)
Richmond	Philadelphia, PA	96,000	(3)
Schuylkill	Philadelphia, PA	28,000	(3)
Southwark	Philadelphia, PA	52,000	(3)
Salem	Hancock's Bridge, NJ	16,000(2)	1996
Fossil (Internal Combustion)			
Cromby	Phoenixville, PA	2,750	(3)
Delaware	Philadelphia, PA	2,750	(3)
Schuylkill	Philadelphia, PA	2,800	(3)
Keystone	Shelocta, PA	2,300(2)	2003
Conemaugh	New Florence, PA	2,300(2)	2006
Total		8,876,900	

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(1) Summer rating.
(2) Company portion.
(3) Retirement dates are under on-going review by the Company. Current plans call for the continued operation of these plants beyond 1994.

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The following table sets forth the Company's major transmission and distribution lines in service at December 31, 1993:

<TABLE>
<CAPTION>

Voltage in Kilovolts (Kv)	Conductor Miles
<S>	<C>
Transmission:	
500 Kv	844
220 Kv	1,583
132 Kv	417
66 Kv	441
33 Kv and below	38
Distribution:	
220 Kv	109
132 Kv	55
66 Kv	150
33 Kv and below	51,958

</TABLE>

At December 31, 1993, the Company's principal electric distribution system included 12,294 pole-line miles of overhead lines and 19,595 cable miles of underground cables.

The Company has undertaken a 10-year program to implement a 34 Kv distribution system for a large portion of outlying suburban areas. These areas are now primarily served by a combination of 4 Kv distribution circuits, which are being phased out, and direct connections to 34 Kv subtransmission lines, which are being converted to 34 Kv distribution circuits. The new system is designed to improve the Company's ability to meet the growing load requirements of suburban areas, improve system reliability and reduce service interruptions.

The following table sets forth the Company's gas pipeline miles at December 31, 1993:

	Pipeline Miles
Transmission	35
Distribution	5,285
Service Piping	4,448
Total	9,768

The Company has a liquefied natural gas facility located in West Conshohocken, Pennsylvania which has a storage capacity of 1,200,000 mcf and a sendout capacity of 200,000 mcf/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 30,000 mcf/day. In addition, the Company owns 19 natural gas city gate stations at various locations throughout its gas service territory.

The Company owns an office building in downtown Philadelphia, in which it maintains its headquarters, and also owns or leases elsewhere in its

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service area a number of properties which are used for office, service and other purposes. Information regarding rental and lease commitments is incorporated herein by reference to note 14 of Notes to Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the year 1993.

The Company maintains property insurance against loss or damage to its principal plants and properties by fire or other perils, subject to certain exceptions. Although it is impossible to determine the total amount of the loss that may result from an occurrence at a nuclear generating station, the Company maintains its $2.75 billion proportionate share for each station. Under the terms of the various insurance agreements, the Company could be assessed up to $35 million for property losses incurred at any plant insured by the insurance companies (see "ITEM 1. BUSINESS-Electric Operations"). The Company is self-insured to

the extent that any losses may exceed the amount of insurance maintained. Any such losses, if not recovered through the ratemaking process, could have a material adverse effect on the Company's financial condition.

ITEM 3. LEGAL PROCEEDINGS

On April 11, 1991, 33 former employees of the Company filed an amended class action suit against the Company in the Eastern District Court on behalf of approximately 141 persons who retired from the Company between January and April 1990. The lawsuit, filed under the Employee Retirement Income Security Act (ERISA), alleges that the Company fraudulently and/or negligently misrepresented or concealed facts concerning the Company's 1990 Early Retirement Plan and thus induced the plaintiffs to retire or not to defer retirement immediately before the initiation of the Early Retirement Plan, thereby depriving the plaintiffs of substantial pension and salary benefits. On June 6, 1991, the plaintiffs filed amended complaints adding additional plaintiffs. The lawsuit names the Company, the Company's Service Annuity Plan (SAP) and two Company officers as defendants. The plaintiffs seek approximately $20 million in damages representing, among other things, increased pension benefits and nine months' salary pursuant to the terms of the Early Retirement Plan, as well as punitive damages. On July 29, 1992, the Eastern District Court granted the Company's motion for summary judgment and entered judgment in favor of the Company. On May 26, 1993, the Appeals Court reversed the grant of summary judgment and remanded the case to the Eastern District Court. On October 18, 1993, the Company filed a petition for a writ of certiorari to the United States Supreme Court, asking the Court to hear the case, which petition was denied. The ultimate outcome of this matter is not expected to have a material adverse effect on the Company's financial condition.

On May 2, 1991, 37 former employees of the Company filed an amended class action suit against the Company, the SAP and three former Company officers in the Eastern District Court on behalf of 147 former employees who retired from the Company from January through June 1987. The lawsuit was filed under ERISA and concerns the August 1, 1987 amendment to the SAP. The plaintiffs claim that the Company concealed or misrepresented the fact that the amendment to the SAP was planned to increase retirement benefits and, as a consequence, they retired prior to the amendment to the SAP and were deprived of significant retirement benefits. The complaint does not specify any dollar amount of damages. On July 29, 1992, the Eastern District Court granted the Company's motion for summary judgment

and entered judgment in favor of the Company. On May 26, 1993, the Appeals Court reversed the grant of summary judgment and remanded the case to the Eastern District Court. On October 18, 1993, the Company filed a petition for a writ of certiorari to the United States Supreme Court, asking the Court to hear the case, which petition was denied. The ultimate outcome of this matter is not expected to have a material adverse effect on the Company's financial condition.

On May 25, 1993, the Company received a letter from attorneys on behalf of a shareholder demanding that the Company's Board of Directors commence legal action against certain Company officers and directors with respect to the Company's credit and collections practices. The basis of the demand is the findings and conclusions contained in the Credit and Collection section of the May 1991 PUC Management Audit Report prepared by Ernst & Young. At its June 28, 1993 meeting, the Board of Directors appointed a Special Committee of Directors to consider whether such legal action is the best interests of the Company and its shareholders. On March 14, 1994, upon the recommendation of the report of the Special Committee, the Board of Directors adopted a resolution refusing the shareholder demand set forth in the May 25, 1993 demand letter, and authorizing and directing officers of the Company to take all steps necessary to terminate the derivative suit discussed below.

On July 26, 1993, attorneys on behalf of two shareholders filed a shareholder derivative action in the Court of Common Pleas of Philadelphia County against several of the Company's present and former officers alleging mismanagement, waste of corporate assets and breach of fiduciary duty in connection with the Company's credit and collections practices. A similar suit by the same plaintiffs previously had been withdrawn while on appeal after dismissal by the court for failure to first serve a demand on the Company's Board of Directors. This action is also based on the findings and conclusions contained in the Credit and Collection section of the May 1991 PUC Management Audit Report prepared by Ernst & Young. The plaintiffs seek, among other things, an unspecified amount of damages and the awarding to the plaintiffs of the costs and disbursements of the action, including attorneys' fees. On September 30, 1993, the Company filed preliminary objections asking that the action be dismissed on the grounds that it is premature. On December 6, 1993, the court denied the

Company's preliminary objections. Any monetary damages which may be recovered, net of expenses, would be paid to the Company because the lawsuit is brought derivatively by shareholders on behalf of the Company.

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

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is listed on the New York and Philadelphia Stock Exchanges. At January 31, 1994, there were 219,644 owners of record of the Company's common stock. The information with respect to the prices of and dividends on the Company's common stock for each quarterly period during 1992 and 1993 is incorporated herein by reference to "Operating Statistics" in the Company's Annual Report to Shareholders for the year 1993.

The book value of the Company's common stock at December 31, 1993 was $19.25 per share.

Dividends may be declared on common stock out of funds legally available for dividends whenever full dividends on all series of preferred stock outstanding at the time have been paid or declared and set apart for payment for all past quarter-yearly dividend periods. No dividends may be declared on common stock, however, at any time when the Company has failed to satisfy the sinking fund obligations with respect to certain series of the Company's preferred stock. Future dividends on common stock will depend upon earnings, the Company's financial condition and other factors, including the availability of cash.

The Company's Articles prohibit payment of any dividend on, or other distribution to the holders of, common stock if, after giving effect thereto, the capital of the Company represented by its common stock together with its Other Paid-In Capital and Retained Earnings is, in the aggregate, less than the involuntary liquidating value of its then outstanding preferred stock. At December 31, 1993, such capital ($4.26 billion) amounted to about 7 times the liquidating value of the outstanding preferred stock ($609 million).

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for each of the last five years for the Company and its subsidiaries is incorporated herein by reference to "Financial Statistics" and "Operating Statistics" in the Company's Annual Report to Shareholders for the year 1993.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information with respect to this caption is incorporated herein by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report to Shareholders for the year 1993.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information with respect to this caption is incorporated herein by reference to "Consolidated Financial Statements" and "Financial Statistics" in the Company's Annual Report to Shareholders for the year 1993.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of Directors.

The information required for Directors is included in the Proxy Statement of the Company in connection with its 1994 Annual Meeting of Shareholders to be held April 13, 1994, under the heading "Proposal 1. Election of Directors" and is incorporated herein by reference.

(b) Identification of Executive Officers.

The information required for Executive Officers is set forth in "ITEM 1. BUSINESS-Executive Officers of the Registrant" of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information with respect to this caption is included in the Proxy Statement of the Company in connection with its 1994 Annual Meeting of Shareholders to be held April 13, 1994, under the heading "Proposal 1.

Election of Directors" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information with respect to this caption is included in the Proxy Statement of the Company in connection with its 1994 Annual Meeting of Shareholders to be held April 13, 1994, under the heading "Proposal 1. Election of Directors" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information with respect to this caption is included in the Proxy Statement of the Company in connection with its 1994 Annual Meeting of Shareholders to be held April 13, 1994, under the heading "Proposal 1. Election of Directors" and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Financial Statements and Financial Statement Schedules

<TABLE>
<CAPTION>

Index	Reference (Page) Form 10-K Annual Report	Reference (Page) Annual Report to Shareholders
<S>	<C>	<C>
Data incorporated by reference from the Annual Report to Shareholders for the year 1993:		
Report of Independent Accountants	-	18
Consolidated Statements of Income for the years ended December 31, 1993, 1992 and 1991	-	19
Consolidated Balance Sheets as of December 31, 1993 and 1992	-	20
Consolidated Statements of Cash Flows for the years ended December 31, 1993, 1992 and 1991	-	22
Consolidated Statements of Changes in Common Shareholders' Equity and Preferred Stock for the years ended December 31, 1993, 1992 and 1991	-	23
Notes to Consolidated Financial Statements	-	24
Data submitted herewith:		
Report of Independent Accountants	31	-
Schedule V - Utility Plant for the years ended December 31, 1993, 1992 and 1991	32	-
Schedule VI - Accumulated Depreciation of Utility Plant for the years ended December 31, 1993, 1992 and 1991	35	-
Schedule VIII - Valuation and Qualifying Accounts for the years ended December 31, 1993, 1992 and 1991	38	-

</TABLE>

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

With the exception of the consolidated financial statements and the

independent accountants' report listed in the above index and the information referred to in Items 1, 2, 5, 6, 7 and 8, all of which is included in the Company's Annual Report to Shareholders for the year 1993 and incorporated by reference into this Form 10-K Annual Report, the Annual Report to Shareholders for the year 1993 is not to be deemed "filed" as part of this Form 10-K.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
PECO Energy Company:

Our report on the consolidated financial statements of PECO Energy Company has been incorporated by reference in this Form 10-K from page 18 of the 1993 Annual Report to Shareholders of PECO Energy Company. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed in the index in Item 14 of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND

2400 Eleven Penn Center
Philadelphia, Pennsylvania
January 31, 1994

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE V-UTILITY PLANT
(Thousands of Dollars)
FOR THE YEAR ENDED DECEMBER 31, 1993

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F

Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					
ELECTRIC					
Plant in Service					
Intangible					$ 30,982
Production					9,711,722
Transmission					760,348
Distribution					2,498,925
General					91,812
TOTAL ELECTRIC PLANT IN SERVICE					13,093,789
Plant Held for Future Use					8,299
TOTAL ELECTRIC UTILITY PLANT					13,102,088
GAS					
Plant in Service					
Intangible					50
Production					12,875
Storage					16,294
Distribution					808,624
General					5,360
TOTAL GAS PLANT IN SERVICE					843,203
Plant Held for Future Use					2
TOTAL GAS UTILITY PLANT					843,205
COMMON					
Plant in Service					
Intangible					20,890
Land and Land Rights					4,345
Structures and Improvements					126,643
Office Furniture and Equipment					20,707
Transportation					15,305
Tools and Miscellaneous Equipment					15,469
TOTAL COMMON PLANT IN SERVICE					203,359
Plant Held for Future Use					388
TOTAL COMMON UTILITY PLANT					203,747
TOTAL UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					14,149,040
CONSTRUCTION WORK IN PROGRESS					
Electric					318,641
Gas					13,531
Common					49,075
TOTAL CONSTRUCTION WORK IN PROGRESS					381,247
NUCLEAR FUEL (NET OF AMORTIZATION)					179,529
TOTAL UTILITY PLANT IN SERVICE, HELD FOR FUTURE USE, CONSTRUCTION WORK IN PROGRESS AND NUCLEAR FUEL					14,709,816
CAPITALIZED LEASES					
Nuclear Fuel					193,674
Electric Plant					1,028
TOTAL LEASED PLANT					194,702
TOTAL	$14,488,553	$507,653	$31,895	$(59,793)	$14,904,518

<FN>

(1) There were no project additions in excess of 2% of total assets.

Note: The detailed information required by Columns B, C, D and E is omitted since neither the total additions nor the total deductions amount to more than 10% of the closing balance of total utility plant.

</TABLE>

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE V- UTILITY PLANT
(Thousands of Dollars)

FOR THE YEAR ENDED DECEMBER 31, 1992

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					
ELECTRIC					
Plant in Service					
Intangible					$ 3,566
Production					9,572,437
Transmission					755,289
Distribution					2,381,028
General					77,064
TOTAL ELECTRIC PLANT IN SERVICE					12,789,384
Plant Held for Future Use					8,005
TOTAL ELECTRIC UTILITY PLANT					12,797,389
GAS					
Plant in Service					
Intangible					50
Production					6,424
Storage					16,340
Distribution					754,070
General					4,822
TOTAL GAS PLANT IN SERVICE					781,706
Plant Held for Future Use					2
TOTAL GAS UTILITY PLANT					781,708
COMMON					
Plant in Service					
Intangible					677
Land and Land Rights					4,565
Structures and Improvements					117,262
Office Furniture and Equipment					18,003
Transportation Equipment					6,328
Tools and Miscellaneous Equipment					14,838
TOTAL COMMON UTILITY PLANT IN SERVICE					161,673
Plant Held for Future Use					388
TOTAL COMMON UTILITY PLANT					162,061
TOTAL UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					13,741,158
CONSTRUCTION WORK IN PROGRESS					
Electric					295,139
Gas					11,813
Common					41,840
TOTAL CONSTRUCTION WORK IN PROGRESS					348,792
NUCLEAR FUEL (NET OF AMORTIZATION)					188,609
TOTAL UTILITY PLANT IN SERVICE, HELD FOR FUTURE USE, CONSTRUCTION WORK IN PROGRESS AND NUCLEAR FUEL					14,278,559
CAPITALIZED LEASES					
Nuclear Fuel					208,761
Electric Plant					1,233
TOTAL LEASED PLANT					209,994
TOTAL	$14,089,350	$514,200(1)	$60,095	$(54,902)	$14,488,553

<FN>

(1) There were no project additions in excess of 2% of total assets.

Note: The detailed information required by Columns B, C, D and E is omitted since neither the total additions nor the total deductions amount to more than 10% of the closing balance of total utility plant.

</TABLE>

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE V-UTILITY PLANT
(Thousands of Dollars)
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

Column A Classification	Column B Balance at Beginning of Period	Column C Additions at Cost	Column D Retirements	Column E Other Changes	Column F Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					
ELECTRIC					
Plant in Service					
Intangible					$ 3,566
Production					9,414,766
Transmission					710,398
Distribution					2,249,816
General					66,153
TOTAL ELECTRIC PLANT IN SERVICE					12,444,699
Plant Held for Future Use					6,675
TOTAL ELECTRIC UTILITY PLANT					12,451,374
GAS					
Plant in Service					
Intangible					50
Production					6,426
Storage					16,170
Distribution					692,150
General					2,495
TOTAL GAS PLANT IN SERVICE					717,291
Plant Held for Future Use					2
TOTAL GAS UTILITY PLANT					717,293
COMMON					
Plant in Service					
Intangible					677
Land and Land Rights					4,565
Structures and Improvements					112,631
Office Furniture and Equipment					20,179
Transportation Equipment					5,783
Tools and Miscellaneous Equipment					14,612
TOTAL COMMON UTILITY PLANT IN SERVICE					158,447
Plant Held for Future Use					388
TOTAL COMMON UTILITY PLANT					158,835
TOTAL UTILITY PLANT IN SERVICE AND HELD FOR FUTURE USE					13,327,502
CONSTRUCTION WORK IN PROGRESS					
Electric					323,398
Gas					8,431
Common					16,704
TOTAL CONSTRUCTION WORK IN PROGRESS					348,533
NUCLEAR FUEL (NET OF AMORTIZATION)					189,566
TOTAL UTILITY PLANT IN SERVICE, HELD FOR FUTURE USE, CONSTRUCTION WORK IN PROGRESS AND NUCLEAR FUEL					13,865,601
CAPITALIZED LEASES					
Nuclear Fuel					222,346
Electric Plant					1,403
TOTAL LEASED PLANT					223,749
TOTAL	$13,784,066	$420,223 (1)	$53,671	$(61,268)	$14,089,350

<FN>

(1) There were no project additions in excess of 2% of total assets.

Note: The detailed information required by Columns B, C, D and E is omitted since neither the total additions nor the total

deductions amount to more than 10% of the closing balance of total utility plant.
</TABLE>

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE VI-ACCUMULATED DEPRECIATION OF UTILITY PLANT
(Thousands of Dollars)
FOR THE YEAR ENDED DECEMBER 31, 1993

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance Beginning of Year	Depreciation	Retirements	Changes Add (Deduct) (1)	Balance End of Year
<S>	<C>	<C>	<C>	<C>	<C>
ELECTRIC					
Production	$2,328,260	$313,003	$15,112	$(11,925)	$2,614,226
Transmission	268,487	13,336	1,624	116	280,315
Distribution	713,084	56,507	10,062	(9,702)	749,827
General	23,355	3,446	520	(773)	25,508
Total	3,333,186	386,292	27,318	(22,284)	3,669,876
GAS					
Production	2,406	473	0	0	2,879
Distribution	174,556	22,248	2,979	(1,836)	191,989
Storage	12,893	526	44	(1)	13,374
General	1,122	136	8	0	1,250
Total	190,977	23,383	3,031	(1,837)	209,492
COMMON	63,154	6,680	1,551	(846)	67,437
Total	$3,587,317	416,355	$31,900	$(24,967)	$3,946,805

</TABLE>

Depreciation charged to transportation	(851)
Amortization of anti-trust	(16)
Amortization of Conowingo Project relicensing costs	100
Limerick Unit No. 1 disallowance	(10,319)
Limerick Unit No. 2 disallowance	(4,424)
Amortization of Limerick Unit No. 1 declaratory order	14,750
Amortization of Limerick 50% common facilities deferred depreciation and carrying charges	7,897
Amortization of nuclear design basis	1,460
Depreciation charged to operating expenses (2)	$424,952

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(1) Other Changes

Limerick disallowance	$(14,743)
Removal cost net of salvage	(15,257)
Amortization of Conowingo Project relicensing costs	100
Interest on decommissioning funds	5,708
Miscellaneous	(775)
Total Other Changes	$(24,967)

(2) Includes the provision for decommissioning nuclear plants of $20,255.

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE VI-ACCUMULATED DEPRECIATION OF UTILITY PLANT
(Thousands of Dollars)
FOR THE YEAR ENDED DECEMBER 31, 1992

<TABLE>

<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance Beginning of Year	Depreciation	Retirements	Changes Add (Deduct) (1)	Balance End of Year
<S>	<C>	<C>	<C>	<C>	<C>
ELECTRIC					
Production	$2,065,990	$306,319	$29,512	$(14,537)	$2,328,260
Transmission	262,411	13,072	6,655	(341)	268,487
Distribution	677,910	55,685	12,245	(8,266)	713,084
General	22,086	3,209	1,875	(65)	23,355
Total	3,028,397	378,285	50,287	(23,209)	3,333,186
GAS					
Production	2,168	280	9	(33)	2,406
Distribution	157,566	21,503	2,791	(1,722)	174,556
Storage	12,449	530	77	(9)	12,893
General	1,034	108	20	-	1,122
Total	173,217	22,421	2,897	(1,764)	190,977
COMMON	65,574	4,684	6,910	(194)	63,154
Total	$3,267,188	405,390	$60,094	$(25,167)	$3,587,317

</TABLE>

Depreciation charged to transportation	(452)
Amortization of anti-trust	(19)
Amortization of Conowingo Project relicensing costs	100
Limerick Unit No. 1 disallowance	(10,319)
Limerick Unit No. 2 disallowance	(4,424)
Amortization of Limerick Unit No. 1 declaratory order	14,750
Amortization of Limerick 50% common facilities deferred depreciation and carrying charges	7,897
Amortization of nuclear design basis	856
Depreciation charged to operating expenses (2)	$413,779

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(1) Other Changes

Limerick disallowance	$(14,743)
Removal cost net of salvage	(17,456)
Amortization of Conowingo Project relicensing costs	100
Interest on decommissioning funds	6,932
Total Other Changes	$(25,167)

(2) Includes the provision for decommissioning nuclear plants of $20,255.

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE VI-ACCUMULATED DEPRECIATION OF UTILITY PLANT
(Thousands of Dollars)
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance Beginning of Year	Depreciation	Retirements	Other Changes Add (Deduct) (1)	Balance End of Year
<S>	<C>	<C>	<C>	<C>	<C>

ELECTRIC					
Production	$1,809,514	$300,434	$29,574	$(14,384)	$2,065,990
Transmission	253,410	12,630	3,201	(428)	262,411
Distribution	648,075	53,153	16,352	(6,966)	677,910
General	20,494	1,807	139	(76)	22,086
Total	2,731,493	368,024	49,266	(21,854)	3,028,397
GAS					
Production	1,893	275	-	-	2,168
Distribution	144,380	19,585	4,044	(2,355)	157,566
Storage Plant	11,956	519	31	5	12,449
General	959	75	-	-	1,034
Total	159,188	20,454	4,075	(2,350)	173,217
COMMON	60,739	4,738	327	424	65,574
Total	$2,951,420	393,216	$53,668	$(23,780)	$3,267,188

</TABLE>

Depreciation charged to transportation	(632)
Amortization of anti-trust	(34)
Amortization of Conowingo Project relicensing costs	100
Limerick Unit No. 1 disallowance	(10,319)
Limerick Unit No. 2 disallowance	(4,424)
Amortization of Limerick Unit No. 1 declaratory order	14,750
Amortization of Limerick 50% common facilities' deferred depreciation and carrying charges	7,897
Other	18
Depreciation charged to operating expenses (2)	$400,572

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(1) Other Changes:

Limerick disallowances	$(14,743)
Removal cost, net of salvage	(14,933)
Amortization of Conowingo Project relicensing costs	100
Interest on decommissioning funds	5,796
Total Other Changes	$(23,780)

(2) Includes the provision for decommissioning nuclear plants of $20,027.

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE VIII-VALUATION AND QUALIFYING ACCOUNTS
(Thousands of Dollars)

<TABLE>
<CAPTION>

Column A	Column B	Column C-Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts -Describe	Deductions -Describe (1)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
FOR THE YEAR ENDED DECEMBER 31, 1993					
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	$17,916	$40,758	$ --	$43,588	$15,086
TOTAL	$17,916	$40,758	$ --	$43,588	$15,086
FOR THE YEAR ENDED DECEMBER 31, 1992					
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	$30,028	$42,195	$ --	$54,307	$17,916

TOTAL.....	$30,028	$42,195	$ --	$54,307	$17,916
	FOR THE YEAR ENDED DECEMBER 31, 1991				
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	$30,000	$50,036	$ --	$50,008	$30,028
TOTAL.....	$30,000	$50,036	$ --	$50,008	$30,028

<FN>

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(1) Write-off of individual accounts receivable.

</TABLE>

Exhibits

Certain of the following exhibits have been filed with the Securities and Exchange Commission (Commission) pursuant to the requirements of the Acts administered by the Commission. Such exhibits are identified by the references following the listing of each such exhibit and are incorporated herein by reference under Rule 24 of the Commission's Rules of Practice. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the Company and its subsidiaries on a consolidated basis and the Company agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
3-1	Amended and Restated Articles of Incorporation of PECO Energy Company.
3-2	Bylaws of the Company, adopted February 26, 1990 and amended January 24, 1994.
4-1	First and Refunding Mortgage dated May 1, 1923 between The Counties Gas and Electric Company (predecessor to the Company) and Fidelity Trust Company, Trustee (First Fidelity Bank, National Association, successor), (Registration No. 2-2881, Exhibit B-1).
4-2	Supplemental Indentures to the Company's First and Refunding Mortgage:

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Dated as of	File Reference	Exhibit No.
September 1, 1926	2-2881	B-1(a)
May 1, 1927	2-2881	B-1(b)
May 1, 1927	2-2881	B-1(c)
November 1, 1927	2-2881	B-1(d)
January 31, 1931	2-2881	B-1(e)
February 1, 1931	2-2881	B-1(f)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
February 1, 1948	2-7381	7-1(k)
January 1, 1952	2-9329	4(b)-13
May 1, 1953	2-10201	4(b)-14
December 1, 1953	2-10568	4(b)-15
April 1, 1955	2-11536	2(b)-16
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
December 1, 1958	2-14528	2(b)-19
October 1, 1959	2-15609	2(b)-20
May 1, 1964	2-25628	4(b)-21
October 15, 1966	2-25628	4(b)-22
June 1, 1967	2-26430	2(b)-23
October 1, 1967	2-28242	2(b)-23
March 1, 1968	2-34051	2(b)-24
September 10, 1968	2-34051	2(b)-25
August 15, 1969	2-35939	2(b)-26
February 1, 1970	2-37020	2(b)-27
May 1, 1970	2-38849	2(b)-28
December 15, 1970	2-41081	2(b)-29
August 1, 1971	2-42402	2(b)-30
December 15, 1971	2-44195	2(b)-31
June 15, 1972	2-46625	2(b)-32
January 15, 1973	2-49842	2(b)-33
January 15, 1974	2-49849	2(b)-34
October 15, 1974	2-51887	2(b)-35
April 15, 1975	2-54182	2(b)-36
August 1, 1975	2-55423	2(b)-37
March 1, 1976	2-56749	2(b)-38
August 1, 1976	2-58198	2(b)-39
February 1, 1977	2-58198	2(b)-40
March 15, 1977	2-59177	2(b)-41
July 15, 1977	2-60743	2(b)-42
March 15, 1978	2-65604	2(b)-43
October 15, 1979	2-69086	(b)(1)-49
October 15, 1980	2-72802	4-45
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47
July 1, 1981	2-76238	4-48

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Dated as of	File Reference	Exhibit No.
September 15, 1981	2-76238	4-49
April 1, 1982	2-79269	4-50
October 1, 1982	2-83875	4-51
June 15, 1983	1983 Form 10-K	4-2(a)
November 15, 1984	1984 Form 10-K	4-2(a)
December 1, 1984	1984 Form 10-K	4-2(b)
May 15, 1985	1985 Form 10-K	4-2(a)
October 1, 1985	1985 Form 10-K	4-2(b)
November 15, 1985	1985 Form 10-K	4-2(c)

November 15, 1985	1985 Form 10-K	4-2(d)
June 1, 1986	1986 Form 10-K	4-2(a)
November 1, 1986	1986 Form 10-K	4-2(b)
November 1, 1986	1986 Form 10-K	4-2(c)
April 1, 1987	33-14613	4(c)-62
July 15, 1987	Form 8-K dated July 21, 1987	4(c)-63
July 15, 1987	Form 8-K dated July 21, 1987	4(c)-64
August 1, 1987	33-17438	4(c)-65
October 15, 1987	Form 8-K dated October 7, 1987	4(c)-66
October 15, 1987	Form 8-K dated October 7, 1987	4(c)-67
April 15, 1988	Form 8-K dated April 11, 1988	4(e)-68
April 15, 1988	Form 8-K dated April 11, 1988	4(e)-69
June 15, 1989	33-31289	4(e)-70
October 1, 1989	Form 8-K dated October 6, 1989	4(e)-71
October 1, 1989	Form 8-K dated October 6, 1989	4(e)-72
October 1, 1989	Form 8-K dated October 18, 1989	4(e)-73
October 15, 1990	1990 Form 10-K	4(e)-74
October 15, 1990	1990 Form 10-K	4(e)-75
April 1, 1991	1991 Form 10-K	4(e)-76
December 1, 1991	1991 Form 10-K	4(e)-77
January 15, 1992	Form 8-K dated January 27, 1992	4(e)-78
April 1, 1992	March 31, 1992 Form 10-Q	4(e)-79
April 1, 1992	March 31, 1992 Form 10-Q	4(e)-80
June 1, 1992	June 30, 1992 Form 10-Q	4(e)-81
June 1, 1992	June 30, 1992 Form 10-Q	4(e)-82
July 15, 1992	June 30, 1992 Form 10-Q	4(e)-83
September 1, 1992	1992 Form 10-K	4(e)-84
September 1, 1992	1992 Form 10-K	4(e)-85
March 1, 1993	1992 Form 10-K	4(e)-86
March 1, 1993	1992 Form 10-K	4(e)-87
May 1, 1993	March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	March 31, 1993 Form 10-Q	4(e)-89
May 1, 1993	March 31, 1993 Form 10-Q	4(e)-90
August 15, 1993	Form 8-A dated August 19, 1993	4(e)-91
August 15, 1993	Form 8-A dated August 19, 1993	4(e)-92
August 15, 1993	Form 8-A dated August 19, 1993	4(e)-93
November 1, 1993	Form 8-A dated October 27, 1993	4(e)-94
November 1, 1993	Form 8-A dated October 27, 1993	4(e)-95

4-3 Deposit Agreement with respect to $7.96 Cumulative Preferred Stock (Form 8-K dated October 20, 1992, Exhibit 4-5).

4-4 PECO Energy Company Dividend Reinvestment and Stock Purchase Plan, as amended January 28, 1994 (Post-Effective Amendment No. 1 to Registration No. 33-43523, Exhibit 28).

10-1 Pennsylvania-New Jersey-Maryland Interconnection Agreement dated September 26, 1956 (Registration No. 2-13340, Exhibit 13-40) and agreements supplemental thereto:

Dated as of	File Reference	Exhibit No.
March 1, 1965	2-38342	5-1(a)
January 1, 1971	2-40368	5-1(b)
June 1, 1974	2-51887	5-1(c)
September 1, 1977	1989 Form 10-K	10-1(a)
October 1, 1980	1989 Form 10-K	10-1(b)
June 1, 1981	1989 Form 10-K	10-1(c)

10-2 Agreement, dated November 24, 1971, between Atlantic City Electric Company, Delmarva Power & Light Company, Public Service Electric and Gas Company and the Company for ownership of Salem Nuclear Generating Station (1988 Form 10-K, Exhibit 10-3); supplemental agreement dated September 1, 1975; and supplemental agreement dated January 26, 1977 (1991 Form 10-K, Exhibit 10-3).

10-3 Agreement, dated November 24, 1971, between Atlantic City Electric Company, Delmarva Power & Light Company, Public Service Electric and Gas Company and the Company for ownership of Peach Bottom Atomic Power Station; supplemental agreement dated September 1, 1975; and supplemental agreement dated January 26, 1977 (1988 Form 10-K, Exhibit 10-4).

10-4 Deferred Compensation and Supplemental Pension Benefit Plan (1981 Form 10-K, Exhibit 10-16).*

10-5 Philadelphia Electric Company Stock Price Appreciation Plan, effective June 1, 1988 (1988 Form 10-K, Exhibit 4-7).*

10-6 Philadelphia Electric Company 1989 Long-Term Incentive Plan (Registration No. 33-30317, Exhibit 28).*

12-1 Ratio of Earnings to Fixed Charges.

12-2 Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.

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13 Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements, Notes to Consolidated Financial Statements, Financial Statistics, and Operating Statistics of the Annual Report to Shareholders for the year 1993.

22 Subsidiaries of the Registrant.

23 Consent of Independent Accountants.

24 Powers of Attorney.

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* Compensatory plans or arrangements in which directors or officers of the Company participate and which are not available to all employees.

Reports on Form 8-K

During the quarter ended December 31, 1993, the Company filed a Current Report on Form 8-K, dated December 28, 1993 reporting information under "ITEM 5. OTHER EVENTS" relating to the Company's name change.

Subsequent to December 31, 1993, the Company filed no Current Reports on Form 8-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities

Exchange Act of 1934, the registrant, PECO ENERGY COMPANY, has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, and Commonwealth of Pennsylvania, on the 16th day of March 1994.

PECO ENERGY COMPANY

By /s/ J. F. PAQUETTE, JR.
J. F. Paquette, Jr., Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ J. F. PAQUETTE, JR. J. F. Paquette, Jr.	Chairman of the Board and Director (Principal Executive Officer)	March 16, 1994
/s/ C. A. MCNEILL, JR. C. A. McNeill, Jr.	President and Director (Principal Operating Officer)	March 16, 1994
/s/ K. G. LAWRENCE K. G. Lawrence	Senior Vice President (Principal Financial and Accounting Officer)	March 16, 1994

This annual report has also been signed below by C. A. McNeill, Jr., Attorney-in-Fact, on behalf of the following Directors on the date indicated:

SUSAN W. CATHERWOOD	ROBERT D. HARRISON
M. WALTER D'ALESSIO	JOSEPH C. LADD
R. G. GILMORE	EDITHE J. LEVIT
R. H. GLANTON	KINNAIRD R. MCKEE
JAMES A. HAGEN	JOSEPH J. MCLAUGHLIN
NELSON G. HARRIS	JOHN M. PALMS

RONALD RUBIN

By /s/ C. A. MCNEILL, JR.
C. A. McNeill, Jr., Attorney-in-Fact — March 16, 1994

</TABLE>

EXHIBIT INDEX

Exhibit 3-1	Amended and Restated Articles of Incorporation of PECO Energy Company.
Exhibit 3-2	Bylaws of the Company, adopted February 26, 1990 and amended January 24, 1994.
Exhibit 12-1	Ratio of Earnings to Fixed Charges.
Exhibit 12-2	Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
Exhibit 13	MD&A, Notes to Consolidated Financial Statements, Financial Statistics, and Operating Statistics of the Annual Report to Shareholders for the year 1993.
Exhibit 22	Subsidiaries of the Registrant.
Exhibit 23	Consent of Independent Accountants.
Exhibit 24	Powers of Attorney.

EXHIBIT 3-1

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF PECO ENERGY COMPANY

ARTICLE I. The name of the Corporation is:

PECO ENERGY COMPANY

ARTICLE II. The address of the registered office of the Corporation in this Commonwealth is:

2301 Market Street
Philadelphia, Pennsylvania 19101

ARTICLE III. The purpose or purposes for which the Corporation is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to:

(1) The supply of light, heat or power to the public by any means.

(2) The production, generation, manufacture, transmission, transportation, storage, distribution or furnishing of natural or artificial gas, electricity or steam or air conditioning or refrigerating service, or any combination thereof to or for the public.

(3) The diverting, pumping or impounding of water for the development or furnishing of hydroelectric power to or for the public.

(4) Manufacturing, processing, owning, using and dealing in personal property of every class or description, engaging in research and development, the furnishing of services, and acquiring, owning, using and disposing of real property of every nature whatsoever.

ARTICLE IV.

CAPITAL STOCK

The aggregate number of shares which the Corporation shall have authority to issue is 615,000,000 shares, divided into 500,000,000 shares of Common Stock, without par value (hereinafter called the "Common Stock"), 100,000,000 shares of Series Preference Stock, without par value (hereinafter called the "Preference Stock"), and 15,000,000 shares of Series

Preferred Stock, without par value (hereinafter called the "Preferred Stock") (the Preference Stock and the Preferred Stock are hereinafter collectively called the "Senior Stock"). The board of directors shall have the full authority permitted by law to determine the voting rights, if any, and designations, preferences, limitations, and special rights of any class or any series of any class of the Senior Stock that may be desired to the extent not determined by the articles.

The following is a statement of the voting rights, designations, preferences, limitations, and the special rights granted to or imposed upon the Common Stock and the Senior Stock:

PART 1
PREFERRED STOCK

DIVISION A
GENERAL PROVISIONS

Section 401. Issuance of Preferred Stock in Series. The shares of the Preferred Stock may be divided into and issued in series, from time to time, as provided in this division, each of such series to be distinctly designated. All shares of the Preferred Stock of all series shall be of equal rank and all shares of any particular series of the Preferred Stock shall be identical except as to the date or dates from which dividends thereon shall he cumulative as provided in Section 402. The shares of the Preferred Stock of different series may vary as to the following terms, which shall be fixed in the case of each such series, at any time prior to the issuance of the shares thereof, in the manner provided by law:

(1) The annual dividend rate or rates for the particular series and the date from which dividends shall be cumulative on all shares of such series issued prior to the record date for the first dividend for such series;

(2) The redemption price or prices, if any, for and any special terms and conditions applicable to the

redemption of the particular series;

(3) The amount or amounts per share for the particular series payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, which may be different for voluntary and involuntary liquidation, dissolution or winding up;

(4) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the particular series; and

(5) The conversion, participating or other special rights, and the qualifications, limitations or restrictions thereof, if any, of the particular series, including any features necessary or customarily incident to the issue and reissue of series having auction or other variable annual dividend rates.

Section 402. Dividend Rights and Preferences.

(A) The holders of each series of the Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared by the board of directors, out of funds legally available for payment of dividends, cumulative preferential dividends, at the annual dividend rate for the particular series fixed therefor as provided in this part, payable quarterly on the first days of February, May, August and November in each year, to shareholders of record on the respective dates, not exceeding 40 days preceding such dividend payment dates, fixed for the purpose by the board of directors. No dividends shall be declared on any series of the Preferred Stock in respect of any quarterly dividend period unless there shall likewise be declared on all shares of all series of the Preferred Stock at the time outstanding, like proportionate dividends, ratably, in proportion to the respective annual dividend rates fixed therefor, in respect of the same quarterly dividend period, to the extent that such shares are entitled to receive dividends for such quarterly dividend period. The dividends on shares of all series of the Preferred Stock shall be cumulative. In the case of all shares of each particular series, the dividends on shares of such series shall be cumulative:

(1) if issued prior to the record date for the first dividend on the shares of such series, then from the date for the particular series fixed therefor as provided in this part;

(2) if issued during the period commencing immediately after a record date for a dividend and terminating at the close of the payment date for such dividend, then from such dividend payment date; and

(3) otherwise from the quarterly dividend payment date next preceding the date of issue of such shares;

so that unless dividends on all outstanding shares of each series of the Preferred Stock, at the annual dividend rate and from the dates for accumulation thereof fixed as provided in this part shall have been paid for all past quarterly dividend periods, but without interest on cumulative dividends, no dividends shall be paid or declared and no other distribution shall be made on the Preference Stock or the Common Stock, and no Preference Stock or Common Stock shall be purchased or otherwise acquired for value

by the Corporation. The holders of the Preferred Stock of any series shall not be entitled to receive any dividends thereon other than the dividends referred to in this section.

(B) Notwithstanding Subsection (A), the annual dividend rate of a series of the Preferred Stock may vary from time to time dependent upon facts ascertainable outside of these articles of incorporation if the manner in which the facts will operate to fix or change the dividend rate is set forth in the express terms of the series or upon terms incorporated by reference to an existing agreement between the Corporation and one or more other parties or to another document of independent significance, interest or other compensation may be payable with respect to cumulative dividend arrearages and the dividend payment dates of a series having auction or other variable annual dividend rates may vary from time to time as provided by or pursuant to the express terms of the series by not more than 47 days before or after the fixed dividend payment dates provided in Subsection (A).

(C) So long as any shares of the Preferred Stock of any series are outstanding, the Corporation shall not pay any dividends on or make any other distribution to the holders of shares of its Preference Stock or Common Stock if after giving effect to such payment or distribution the capital of the Corporation represented by its Preference Stock and Common Stock together with its surplus as then stated on its books of account shall in the aggregate be less than the involuntary liquidating value of its outstanding Preferred Stock.

Section 403. Redemption.

(A) General Rule. Unless prohibited or restricted in the express terms of the affected series of the Preferred Stock, the Corporation, by action of its board of directors, may redeem the whole or any part of any series of the Preferred Stock, at any time or from time to time, at the redemption price of the shares of the particular series fixed therefor as provided in this part, together with a sum in the case of each share of each series so to be redeemed, computed at the annual dividend rate for the series of which the particular share is a part from the date from which dividends on such share became cumulative to the date fixed for such redemption, less the aggregate of the dividends theretofore or on such redemption date paid thereon or declared and set aside for payment thereon.

(B) Notice. Notice of every such redemption shall be given by publication at least once in a daily newspaper printed in the English language and of general circulation in the city of Philadelphia, Pennsylvania, and in a daily newspaper printed in the English language of national circulation, the first publication in such newspapers to be at least 30 days and not more than 90 days prior to the date fixed for such redemption. At least 30 days' and not more than 90 days' previous notice of every such redemption shall also be mailed to the holders of

record of the shares of the Preferred Stock so to be redeemed, at their respective addresses as the same shall appear on the books of the Corporation; but no failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Preferred Stock so to be redeemed.

(C) Partial Redemption. In case of the redemption of a part only of any series of the Preferred Stock at the time outstanding, the Corporation shall select by lot or pro rata, in such manner as the board of directors may determine, the shares so to be redeemed, unless another method of selection is required or authorized by the express terms of the series. The board of directors shall have full power and authority, subject to the limitations and provisions contained in this part, to prescribe the manner in which and the terms and conditions upon which the shares of the Preferred Stock shall be redeemed from time to time.

(D) Effect of Redemption. If such notice of redemption shall have been duly given by publication, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Corporation,

separate and apart from its other funds, in trust for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, then, notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, from and after the date fixed for redemption, the shares represented thereby shall no longer be deemed outstanding, the right to receive dividends thereon shall cease to accrue and all rights with respect to such shares so called for redemption shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive, out of the funds so set aside in trust, the amount payable upon redemption thereof, without interest, except that the Corporation may, after giving notice by publication of any such redemption as provided in Subsection (B) or after giving to the bank or trust company referred to in this subsection irrevocable authorization to give such notice by publication, and, at any time prior to the redemption date specified in such notice, deposit in trust, for the account of the holders of the shares to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, organized under the laws of the United States of America or of the Commonwealth of Pennsylvania, doing business in the city of Philadelphia, Pennsylvania, having capital, surplus and undivided profits aggregating at least the greater of $2,000,000 or two times the amount of such deposit, designated in such notice of redemption, and, upon such deposit in trust, all shares with respect to which such deposit shall have been made shall no longer be deemed to be outstanding, and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive, out of the funds so deposited in trust, from and after the date of such deposit, the amount payable upon the redemption thereof, without interest. Notice of such right shall be included in the notice of redemption provided for in Subsection (B).

(E) Purchase Rights Unaffected. Nothing contained in this section shall limit any legal right of the Corporation to purchase or otherwise acquire any shares of the Preferred Stock at not exceeding the price at which the same may be redeemed.

(F) Status of Reacquired Shares. All or any shares of the Preferred Stock at any time redeemed, purchased or acquired by the Corporation may thereafter, in the discretion of the board of directors, be reissued or otherwise disposed of at any time or from time to time to the extent and in the manner then permitted by law, subject, however, to the limitations imposed in this part upon the issue of Preferred Stock or upon the reissue of the shares of any particular series, or may be restored to the status

of authorized but unissued shares.

Section 404. Liquidation Rights and Preferences. Before any amount shall be paid to, or any assets distributed among, the holders of the Preference Stock or the Common Stock upon any liquidation, dissolution or winding up of the Corporation, the holders of each series of the Preferred Stock at the time outstanding shall be entitled to be paid in cash the amount for the particular series fixed therefor as provided in this part, together with a sum in the case of each such share of each series, computed at the annual dividend rate for the series of which the particular share is a part, from the date from which dividends on such share became cumulative to the date fixed for the payment of such distributive amount, less the aggregate of the dividends theretofore or on such date paid thereon or declared and set aside for payment thereon; but no payments on account of such distributive amounts shall be made to the holders of any series of the Preferred Stock unless there shall likewise be paid at the same time to the holders of each other series of the Preferred Stock at the time outstanding like proportionate distributive amounts, ratably, in proportion to the full distributive amounts to which they are respectively entitled as provided in this part. The holders of the Preferred Stock of any series shall not be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Corporation other than the amounts referred to in this section. Neither the consolidation or merger of the Corporation with or into any other corporation or corporations, nor the consummation of any plan of share exchange, nor the sale or transfer by the Corporation of all or any part of its assets, by division or otherwise, shall be deemed to be a liquidation, dissolution or winding up of the Corporation for the purposes of this section.

Section 405. Restrictions on Corporate Action.

(A) Actions Requiring Two-Thirds Vote. So long as any shares of the Preferred Stock of any series are outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of Section 407(A)) of the holders of shares of the Preferred Stock of all series then outstanding entitled to cast at least two-thirds of the votes which all holders of Preferred Stock of all series then outstanding are entitled to cast thereon:

(1) Create or authorize any kind of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, or create or authorize any obligation or security convertible into shares of stock of

any such kind; or

(2) Amend, alter, change or repeal any of the express terms of the Preferred Stock or of any series of the Preferred Stock then outstanding in a manner prejudicial to the holders thereof, except that if any such amendment, alteration, change or repeal would be prejudicial to the holders of one or more, but not all, of the series of the Preferred Stock at the time outstanding, only such consent of the holders of shares of all series so affected entitled to cast at least two-thirds of the votes which all holders of shares of all series so affected then outstanding are entitled to cast thereon shall be required; or

(3) Issue any additional shares of any series of the Preferred Stock, unless the net earnings of the Corporation applicable to the payment of dividends on the Preferred Stock, and unless the net income before interest charges on its indebtedness in each instance after provision for depreciation and taxes determined in accordance with generally accepted accounting principles, for any 12 consecutive calendar months within the 15 calendar months immediately preceding the calendar month within which such additional shares of stock shall be issued, shall, respectively, have been at least two times the dividend requirements for a 12-month period upon the entire amount of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock (such dividend requirements to be determined, in the case of outstanding Preferred Stock having auction or other variable annual dividend rates, at the dividend rate in each case in effect immediately before the proposed issue, and in the case of additional shares of Preferred Stock having auction or other variable annual dividend rates to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock, at the initial dividend rate for such additional shares) and at least one and one-half times the aggregate of such dividend requirements and of the interest charges for said period on the entire amount of the indebtedness to be likewise outstanding (such interest requirements to be determined, in the case of outstanding indebtedness having auction or other variable annual interest rates, at the interest rate in each case in effect immediately before the proposed issue); but excluding from each of the foregoing computations interest charges on all indebtedness which is to be retired through the issue of such additional shares of Preferred Stock; or

(4) Issue any additional shares of any series of the Preferred Stock, unless the capital of the Corporation

together with its surplus as then stated on its books of account shall in the aggregate be at least equal to the involuntary liquidating value of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock.

(B) Increases in Authorized Amount of Preferred Stock. So long as any shares of the Preferred Stock of any series are outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of Section 407(A)) of the holders of the Preferred Stock of all series then outstanding entitled to cast at least a majority of the votes which all holders of Preferred Stock of all series then outstanding are entitled to cast thereon, increase the total authorized amount of the Preferred Stock of all series. Except as otherwise provided in the express terms of any series of the Preferred Stock, the number of authorized shares of the Preferred Stock of any series may be increased without the vote or consent of the holders of the outstanding shares of the series affected, subject to the aggregate limit imposed by this article on the authorized number of shares of the Preferred Stock of all series.

(C) Mergers and Other Fundamental Transactions. So long as any shares of the Preferred Stock of any series are outstanding, the Corporation shall not, without the consent (given by a vote at a meeting called for that purpose in accordance with the provisions of Section 407(A)) of the holders of the Preferred Stock of all series present or represented by proxy at such meeting, at which meeting a quorum as provided in Subsection (D) shall be present or represented by proxy, entitled to cast at least a majority of the votes which all holders of Preferred Stock of all series present or represented by proxy at such meeting are entitled to cast thereon, merge or consolidate with or into any other corporation or corporations, or divide, unless such merger, consolidation or division, or the issuance and assumption of all securities to be issued or assumed in connection with any such merger or consolidation, shall have been ordered, exempted, approved or permitted by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any successor commission or regulatory authority of the United States of America having jurisdiction in the premises. The provisions of this subsection shall not apply to consummation of a plan of share exchange which does not affect holders of the Preferred Stock, or to a purchase or other acquisition by the Corporation of franchises or assets

of another corporation in any manner which does not involve a statutory merger or consolidation, or to a merger of any corporation with and into the Corporation or to a division pursuant to any provision of law which authorizes the Corporation without shareholder action to be the surviving party to a statutory merger or division if the terms of the merger or division do not alter any provision of the articles of the Corporation (except changes that under applicable law and these articles of incorporation may be made without shareholder action) nor otherwise affect its outstanding shares.

(D) Quorum. For the purposes of Subsection (C), the presence in person or by proxy of the holders of the Preferred Stock of all series then issued and outstanding entitled to cast at least a majority of the votes which all holders of Preferred Stock of all series then issued and outstanding are entitled to cast shall be necessary to constitute a quorum, except that, if such quorum shall not have been obtained at such meeting or at any adjournment thereof within 30 days from the date of such meeting as originally called, the presence in person or by proxy of the holders of the Preferred Stock of all series then issued and outstanding entitled to cast at least one-third of the votes which all holders of Preferred Stock of all series then issued and outstanding are entitled to cast shall then be sufficient to constitute a quorum. In the absence of a quorum, such meeting or any adjournment thereof may be adjourned by the officer or officers of the Corporation who shall have called the meeting from time to time (but at intervals of not less than seven days unless all shareholders present or represented by proxy shall agree to a shorter interval) without notice other than announcement at the meeting until a quorum as provided in this subsection shall be present or represented by proxy. Nothing in this subsection shall prevent the application to the Corporation of any provision of law reducing or eliminating the quorum required at a meeting of shareholders which has been previously adjourned because of an absence of a quorum.

Section 406. Voting Rights.

(A) General Rule. The holders of the Preferred Stock shall have no right to vote and shall not be entitled to notice of any meeting of shareholders of the Corporation nor to participate in any such meeting except as otherwise expressly provided in this division and except for those purposes, if any, for which said rights cannot be denied or waived under some mandatory provision of law which shall be controlling. At all meetings of the holders of Preferred Stock of the Corporation at which such holders have the right to vote under the express provisions of

this division, each holder of Preferred Stock of each series shall be entitled to one vote or fraction thereof, for each $100 or fraction thereof, of involuntary liquidating value represented by the shares of Preferred Stock of such series held by each such holder.

(B) Voting Upon Default in Dividends. If and when dividends payable on the Preferred Stock shall be in default in an amount equivalent to four full quarterly dividends on all shares of all series of the Preferred Stock then outstanding, and until all dividends then in default shall have been paid or declared and set apart for payment, the holders of all shares of the Preferred Stock, voting separately as one class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full board of directors, and the holders of the Common Stock, and except as otherwise provided by the express terms of the Preference Stock or any series thereof, the holders of any series of the Preference Stock having voting

rights for the election of directors generally, voting separately as a class, shall be entitled to elect the remaining directors of the Corporation. The terms of office of all persons who may be directors of the Corporation at the time shall terminate upon the election of a majority of the board of directors by the holders of the Preferred Stock, whether or not the holders of the Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally, shall then have elected the remaining directors of the Corporation.

(C) Defeasance of Special Voting Rights. If and when all dividends then in default on the Preferred Stock then outstanding shall have been paid or declared and set apart for payment (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practicable), the Preferred Stock shall thereupon be divested of any special right with respect to the election of directors provided in Subsection (B), the voting power of the Preferred Stock and the Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally, shall revert to the status existing before the occurrence of such default; but always subject to the same provisions for vesting such special rights in the Preferred Stock in case of further like default or defaults in dividends thereon. Upon the termination of any such special right upon payment or setting apart for payment of all accumulated and defaulted dividends on such Preferred Stock, the terms of office of all persons who may have been elected directors of the Corporation by vote of the holders of the Preferred Stock, as a class, pursuant to such

special right shall forthwith terminate, and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

(D) Vacancies During Special Voting Rights Periods. In the case any vacancy in the office of a director occurring among the directors elected by the holders of Preferred Stock, as a class, pursuant to the provisions of Subsection (B), the remaining directors elected by the holders of Preferred Stock may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one may elect, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, except as otherwise provided by the express terms of the Preference Stock or any series thereof as to directors which are not then elected by the Preferred Stock, in case of any vacancy in the office of a director occurring among the directors elected by the holders of Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally, pursuant to the provisions of Subsection (B), the remaining directors elected by the holders of the Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally, may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one may elect, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(E) Special Meetings of the Holders of Preferred Stock. Whenever under the provisions of Subsection (B), the right shall have accrued to the holders of the Preferred Stock to elect directors, the board of directors shall within ten days after delivery to the Corporation at its principal office of a request to such effect signed by any holder of Preferred Stock entitled to vote, call a special meeting of all shareholders to be held within 40 days from the delivery of such request for the purpose of electing directors. At all meetings of shareholders held for the purpose of electing directors during such times as the holders of shares of the Preferred Stock shall have the special right, voting separately as one class, to elect directors pursuant to Subsection (B), the presence in person or by proxy of the holders of Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally, entitled to cast at least a majority of the votes which all holders of Common Stock and of any series of the Preference Stock having voting rights for the election of directors generally then issued and outstanding are entitled to cast, shall be required to constitute a quorum of such class or

classes for the election of directors, and the presence in person or by proxy of the holders of shares of all series of the Preferred Stock entitled to cast at least a majority of the votes which all holders of Preferred Stock of all series then issued and outstanding are entitled to cast shall be required to constitute a quorum of such class for the election of directors, except that the absence of a quorum of the holders of stock of either such class or classes shall not prevent the election at any such meeting or adjournment thereof of directors by the other such class or classes if the necessary quorum of the holders of stock of such class or classes is present in person or by proxy at such meeting. In the absence of a quorum of the holders of stock of either such class or classes, those holders of the stock of such class or classes who are present in person or by proxy entitled to cast at least a majority of the votes which all holders of the stock of such class or classes who are present in person or by proxy are entitled to cast shall have power to adjourn the election of the directors to be elected by such class or classes from time to time without notice other than announcement at the meeting until the requisite amount of holders of such class or classes shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of notice of the next annual meeting of the Corporation or special meeting in lieu thereof. Nothing in this subsection shall prevent the application to the Corporation of any provision of law reducing or eliminating the quorum required at a meeting of shareholders which has been previously adjourned because of an absence of a quorum.

(F) Relative Voting Rights as Between Series of the Preferred Stock. Except when some mandatory provision of law shall be controlling and except as otherwise provided in Section 405(A)(2) and, as regards the special rights of any series of the Preferred Stock, as provided in the express terms of such series, whenever shares of two or more series of the Preferred Stock are outstanding, no particular series of the Preferred Stock shall be

entitled to vote as a separate series on any matter and all shares of the Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the shareholders of the Corporation by classes may be required.

(G) General Powers of Corporation Unaffected. From time to time and without limitation of other rights and powers of the Corporation as provided by law, the Corporation may reclassify its capital stock and may create or authorize one or more classes or kinds of stock ranking prior to or on a parity with or subordinate to the Preferred Stock or may increase the authorized

amount of the Preferred Stock or of the Preference Stock or the Common Stock or of any other class of stock of the Corporation or may amend, alter, change or repeal any of the rights, privileges, terms and conditions of the Preferred Stock or of any series thereof then outstanding or of the Preference Stock or of any series thereof then outstanding or of the Common Stock or of any other class of stock of the Corporation, upon the affirmative vote, given at a meeting called for that purpose in accordance with law, of shareholders then entitled to cast thereon at least a majority of the votes which all shareholders voting thereon in person or by proxy are then entitled to cast thereon or upon such other vote of its shareholders then entitled to vote thereon as may then be provided by law, if the consent of the holders of the Preferred Stock (or of any series thereof) required by the provisions of Section 405(A) and (B), if any such consent be so required, shall have been obtained.

Section 407. Meetings of Holders of Preferred Stock. Notice of any meeting of the holders of Preferred Stock or any series thereof, required or authorized under this part or by law, setting forth the purpose or purposes of such meeting, shall be mailed by the Corporation, not less than ten days prior to such meeting, to all holders of Preferred Stock (at their respective addresses appearing on the books of the Corporation) entitled to vote thereat of record as of a date fixed by the board of directors of the Corporation, not exceeding 90 days in advance of such meeting, for the purpose of determining the shareholders entitled to notice of and to vote at such meeting, unless such notice shall have been waived, either before or after the holding of such meeting, by all holders of Preferred Stock entitled to notice thereof and to vote thereat. Any action authorized to be taken at a meeting called for that purpose in accordance with the provisions of this subsection may be taken either at a special meeting, or at any regular or annual meeting if notice of such proposed action is included in the notice of such regular or annual meeting.

Section 408. Effective Date of Amendments to Part. Any amendment to this part which requires governmental approval under 66 Pa.C.S. Ch. 19 (relating to securities and obligations) or any superseding provision of law shall take effect upon receipt of such governmental approval.

DIVISION B
VARIATIONS AMONG SERIES OF PREFERRED STOCK

Section 421. $4.40 Preferred Stock (Series 1). The terms of the "$4.40 Preferred Stock (Series 1)" may vary from shares of

other series of the Preferred Stock as follows: the dividend rate shall be $4.40 per annum; the redemption price shall be $112.50 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 274,720 shares.

Section 422. $3.80 Preferred Stock (Series 2). The terms of the "$3.80 Preferred Stock (Series 2)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $3.80 per annum; the redemption price shall be $106 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 300,000 shares.

Section 423. $4.30 Preferred Stock (Series 3). The terms of the "$4.30 Preferred Stock (Series 3)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $4.30 per annum; the redemption price shall be $102 per share; $100 per share shall be payable upon any involuntary liquidation, dissolution or winding up of the Corporation, and upon any voluntary liquidation, dissolution or winding up of the Corporation $102 per share shall be payable. The number of shares of this series authorized is 150,000 shares.

Section 424. $4.68 Preferred Stock (Series 4). The terms of the "$4.68 Preferred Stock (Series 4)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $4.68 per annum; the redemption price shall be $104 per share; $100 per share shall be payable upon any involuntary liquidation, dissolution or winding up of the Corporation, and upon any voluntary liquidation, dissolution or winding up of the Corporation $104 per share shall be payable. The number of shares of this series authorized is 150,000 shares.

Section 425. $7.00 Preferred Stock (Series 5).

(A) The terms of the "$7.00 Preferred Stock (Series 5)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $7.00 per annum; the regular redemption price shall be $101 per share; the sinking fund redemption price shall be $100 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(B) Subject to Subsections (C) and (D), as and for a sinking fund for the shares of this series, so long as any shares of this series are outstanding, the Corporation will redeem, in each 12-month period beginning February 1 (hereinafter in this

section called the "Sinking Fund Period"):

(1) a number of shares of this series equal to 2% of the greatest number of shares of this series at any time outstanding prior to the commencement of the Sinking Fund Period (the obligation of the Corporation to redeem such number of such shares in any Sinking Fund Period being hereinafter in this section referred to as the "Sinking Fund Obligation" for such period); and

(2) at the option of the Corporation, such additional number of shares this series, not exceeding a number equal to 2% of the greatest number of shares of this series at any time outstanding prior to the commencement of the Sinking Fund Period, as the Corporation, by resolution of its board of directors adopted on or before December 31 in such Sinking Fund Period, shall determine.

(C) The Sinking Fund Obligation for any such period may be reduced (or satisfied), at the option of the Corporation, by such number of shares of this series, theretofore acquired by the Corporation by purchase at a price not exceeding the sinking fund redemption price (and not theretofore applied in reduction or satisfaction of the number of shares of this series required to be redeemed in any such period) as the Corporation, by resolution of its board of directors, may elect to apply in reduction or satisfaction of the Sinking Fund Obligation for such period.

(D) The Corporation shall not redeem any shares of this series for the sinking fund unless all dividends on all series of Preferred Stock then outstanding for all past quarterly dividend periods shall have been paid or declared and set aside for payment and unless the redemption is permissible under applicable law, but if the Corporation shall for the reasons set forth in this subsection or any other reason fail to discharge its Sinking Fund Obligation for any Sinking Fund Period, such Sinking Fund Obligation, to the extent not discharged, shall become an additional Sinking Fund Obligation for each such succeeding Sinking Fund Period until fully discharged.

(E) Any redemption of the shares of this series for the sinking fund shall be accomplished in the manner and with the effect provided in Section 403, except that such redemption shall be at the sinking fund redemption price, in lieu of the regular redemption price.

(F) The number of shares of this series authorized is 266,720.

Section 426. $7.85 Preferred Stock (Series 7). The terms of the "$7.85 Preferred Stock (Series 7)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $7.85 per annum; the redemption price shall be $101 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 500,000 shares.

Section 427. $7.75 Preferred Stock (Series 8). The terms of the "$7.75 Preferred Stock (Series 8)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $7.75 per annum; the redemption price shall be $101 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 200,000 shares.

Section 428. $7.80 Preferred Stock (Series 9). The terms of the "$7.80 Preferred Stock (Series 9)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $7.80 per annum; the redemption price shall be $101 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 750,000 shares.

Section 429. $7.325 Preferred Stock (Series 10).

(A) The terms of the "$7.325 Preferred Stock (Series 10)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $7.325 per annum; the regular redemption price shall be $100 per share, except that during the 12-month period ending on May 1 in each of the following years the regular redemption price per share shall be as follows: 1990 - $102.63, 1991 - $102.34, 1992 - $102.05, 1993 - - $101.75, 1994 - $101.46, 1995 - $101.17, 1996 - $100.87, 1997 - $100.58 and 1998 -$100.29; the sinking fund redemption price shall be $100 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(B) Subject to Subsection (C), as and for a sinking fund for the shares of this series, so long as any shares of this series are outstanding, the Corporation will redeem, on each May 1 (hereinafter in this section called the "Sinking Fund Date") a number of shares of this series equal to 4% of the greatest

number of shares of this series at any time outstanding prior to the Sinking Fund Date (the obligation of the Corporation to redeem such number of such shares on any Sinking Fund Date being hereinafter in this section referred to as the "Sinking Fund Obligation" for such date).

(C) The Corporation shall not redeem any shares of this series for the sinking fund unless all dividends on all series of Preferred Stock then outstanding for all past quarterly dividend periods shall have been paid or declared and set aside for payment and unless the redemption is permissible under applicable law, but if the Corporation shall for the reasons set forth in this subsection or any other reason fail to discharge its Sinking Fund Obligation on any Sinking Fund Date, such Sinking Fund Obligation, to the extent not discharged, shall become an additional Sinking Fund Obligation for each succeeding Sinking Fund Date until fully discharged.

(D) So long as any shares of this series are outstanding, the Corporation shall not:

(1) Increase the authorized amount of the shares of this series.

(2) Reissue as shares of this series any shares of this series redeemed by the Corporation pursuant to this section.

(3) Establish or re-establish any unissued shares of the Preferred Stock of any other series or any unissued shares of the Preferred Stock which are not part of a then existing series as shares of this series.

(E) Any redemption of the shares of this series for the sinking fund shall be accomplished in the manner and with the effect provided in Section 403, except that such redemption shall be at the sinking fund redemption price, in lieu of the regular redemption price.

(F) The number of shares of this series authorized is 420,000 shares.

Section 430. $9.875 Preferred Stock (Series 21).

(A) The terms of the "$9.875 Preferred Stock (Series 21)" may vary from shares of other series of the Preferred Stock as follows: the dividend rate shall be $9.875 per annum; the regular redemption price shall be $100 per share, except that

prior to August 1, 1992 the regular redemption price shall be $109.875 per share, during the 12-month period from August 1, 1992 until July 31, 1993 the regular redemption price shall be $105.00 per share and during the 12-month period from August 1, 1993 until July 31, 1994 the regular redemption price shall be $102.50 per share; the sinking fund redemption price shall be $100 per share; $100 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(B) Prior to August 1, 1992 the Corporation will not redeem shares of this series if such redemption is a part of or in anticipation of any refunding operations involving the application, directly or indirectly, of borrowed funds or the proceeds of any stock ranking prior to or on a parity with the shares of this series as to payment of dividends or distributions on any liquidation, dissolution or winding up, if such borrowed funds have an interest rate or cost to the Corporation (calculated in accordance with generally accepted financial practice), or such stock has a dividend rate or cost to the Corporation (so calculated), less than the dividend rate per annum of the shares of this series.

(C) Subject to Subsections (D) and (E), as and for a sinking fund for the shares of this series, so long as any shares of this series are outstanding, the Corporation will redeem, on each August 1, commencing with August 1, 1993 (hereinafter in this section called the "Sinking Fund Date"):

(1) 130,000 shares of this series (the obligation of the Corporation to redeem such number of such shares on any Sinking Fund Date being hereinafter in this section referred to as the "Sinking Fund Obligation" for such date), and

(2) at the option of the Corporation, such additional number of shares this series, not exceeding 130,000 shares, as the Corporation, by resolution of its board of directors adopted on or before the June 15 next preceding such Sinking Fund Date, shall determine, but the exercise of such option by the board of directors shall not reduce or satisfy any subsequent Sinking Fund Obligation.

(D) The Sinking Fund Obligation for any Sinking Fund Date may be reduced (or satisfied), at the option of the Corporation, by such number of shares of this series, theretofore acquired by the Corporation by purchase at a price not exceeding the sinking fund redemption price (and not theretofore applied in reduction or satisfaction of any Sinking Fund Obligation) as the

Corporation, by resolution of its board of directors, may elect to apply in reduction or satisfaction of the Sinking Fund Obligation for such Sinking Fund Date.

(E) The Corporation shall not redeem any shares of this series for the sinking fund unless all dividends on all series of Preferred Stock then outstanding for all past quarterly dividend periods shall have been paid or declared and set aside for payment and unless the redemption is permissible under applicable law, but if the Corporation shall for the reasons set forth in this subsection or any other reason fail to discharge its Sinking Fund Obligation for any Sinking Fund Date, such Sinking Fund Obligation, to the extent not discharged, shall become an additional Sinking Fund Obligation for each such succeeding Sinking Fund Date until fully discharged.

(F) Any redemption of the shares of this series for the sinking fund shall be accomplished in the manner and with the effect provided in Section 403, except that such redemption shall be at the sinking fund redemption price, in lieu of the regular redemption price.

(G) The number of shares of this series authorized is 650,000 shares.

Section 431. $7.96 Preferred Stock (Series 23). The terms of the $7.96 Preferred Stock (Series 23), in respect in which shares of such series may vary from shares of the other series of Preferred Stock shall be as follows:

(A) The dividend rate of the $7.96 Preferred Stock shall be $7.96 per annum and October 20, 1992 shall be the date from which dividends shall be cumulative on all shares issued prior to the record date for the first dividend for the $7.96 Preferred Stock.

(B) The redemption price (hereinafter referred to as the "Optional Redemption Price") of the $7.96 Preferred Stock, shall be $100 per share (to which shall be added the sum equal to the accumulated and unpaid dividends, computed as provided in Section 403 of Article IV), provided however, that the Company will not redeem any shares of the $7.96 Preferred Stock prior to October 1, 1997.

(C) The amount per share for the $7.96 Preferred Stock, payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or

winding-up of the Company (to which shall be added a sum equal to accumulated and unpaid dividends, computed as provided in Section 404) shall be $100.

Section 432. $7.48 Preferred Stock (Series 24). The terms of the $7.48 Preferred Stock (Series 24), in respect in which shares of such series may vary from shares of the other series of Preferred Stock shall be as follows:

(A) The dividend rate of the $7.48 Preferred Stock shall be $7.48 per annum and March 30, 1993 shall be the date from which dividends shall be cumulative on all shares issued prior to the record date for the first dividend for the $7.48 Preferred Stock.

(B) The Company will not redeem any shares of the $7.48 Preferred Stock prior to April 1, 2003. Thereafter, the redemption price (hereinafter referred to as the "Optional Redemption Price") of the $7.48 Preferred Stock, shall be at the applicable Optional Redemption Price per share set forth in the tabulation below (to which shall be added the sum equal to the accumulated and unpaid dividends, computed as provided in Section 403):

If Redeemed During the 12 Months Beginning April 1,	Optional Redemption Price	If Redeemed During the 12 Months Beginning April 1,	Optional Redemption Price
2003	$103.74	2009	$101.50
2004	103.37	2010	101.12
2005	102.99	2011	100.75
2006	102.62	2012	100.37
2007	102.24	2013 and thereafter	100.00
2008	101.87		

(C) The amount per share for the $7.48 Preferred Stock, payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company (to which shall be added a sum equal to accumulated and unpaid dividends, computed as provided in Section 404 of Article IV) shall be $100.

Section 433. $6.12 Preferred Stock (Series 25). The terms of the $6.12 Preferred Stock (Series 25), in respect in which shares of such series may vary from shares of the other series of

Preferred Stock shall be as follows:

(A) The dividend rate of the $6.12 Preferred Stock shall be $6.12 per annum and June 18, 1993 shall be the date from which dividends shall be cumulative on all shares issued prior to the record date for the first dividend for the $6.12 Preferred Stock.

(B) The $6.12 Preferred Stock, shall be redeemable in part from time to time, on or after August 1, 1999, for the Sinking Fund hereinafter referred to, at a redemption price of $100.00 per share, together with a sum in the case of each such share so to be redeemed, computed at the annual dividend rate for the $6.12 Preferred Stock, from the date from which dividends on such share became cumulative to the date fixed for such redemption, less the aggregate of the dividends theretofore, or on such redemption date, paid thereon or declared or set aside for payment thereon (such price, including such sum equal to such accumulated and unpaid dividends, being hereinafter called the "Sinking Fund Redemption Price").

(C) The amount per share for the $6.12 Preferred Stock, payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company (to which shall be added a sum equal to accumulated and unpaid dividends, computed as provided in Section 404) shall be $100.

(D) As and for a Sinking Fund for the 927,000 shares constituting the $6.12 Preferred Stock, authorized hereby (and only for such shares), so long as any of such shares are outstanding, the Company will redeem on each August 1, commencing with August 1, 1999 (each such August 1 being hereinafter referred to as a "Sinking Fund Date") (i) 185,400 such shares (the Company's obligation to redeem such number of such shares on such Sinking Fund Date being hereinafter referred to as the "Sinking Fund Obligation" for such Sinking Fund Date), and (ii) at the option of the Company, an additional number of such shares, not exceeding 185,400 as the Board of Directors shall by resolution determine on or before the June 15 next preceding such Sinking Fund Date but the exercise of such option by the Board of Directors shall not reduce or satisfy any subsequent Sinking Fund Obligation; provided, however, that

the Sinking Fund Obligation for any such Sinking Fund Date may be reduced (or satisfied), at the option of the Company, by such number of such shares, theretofore acquired by the Company by purchase at a price not exceeding the Sinking Fund Redemption Price (and not theretofore applied in reduction or satisfaction of any Sinking Fund Obligation) as the Company, by resolution of its Board of Directors, may elect to apply in reduction or satisfaction of the Sinking Fund Obligation for such Sinking Fund Date; and provided, further, that the Company shall not redeem any such shares for the Sinking Fund unless all dividends on all series of Preferred Stock then outstanding for all past quarter-yearly dividend periods shall have been paid or declared and set aside for payment and unless such redemption is permissible under applicable law, but if the Company shall for the aforesaid reasons or any other reason fail to discharge its Sinking Fund Obligation for any Sinking Fund Date, such Sinking Fund Obligation, to the extent not discharged, shall become an additional Sinking Fund Obligation for each succeeding Sinking Fund Date until fully discharged.

(E) Any redemption of the $6.12 Preferred Stock, for the Sinking Fund shall be accomplished in the manner and with the effect provided in Section 403 of Article IV, and such redemption shall be at the Sinking Fund Redemption Price.

PART 2
PREFERENCE STOCK

DIVISION A
GENERAL PROVISIONS

Section 443. Vote Required to Increase Class or Series. Except as otherwise provided in the express terms of any series of the Preference Stock, the number of authorized shares of the Preference Stock or of any series thereof may be increased without a class or series vote or consent of the holders of the outstanding shares of the class or series affected.

DIVISION B
VARIATIONS AMONG SERIES OF PREFERENCE STOCK
(Reserved)

PART 3
COMMON STOCK

Section 453. Voting Rights. At all meetings of the

shareholders of the Corporation the holders of Common Stock shall be entitled to one vote for each share of Common Stock held by them respectively, except as otherwise expressly provided in this article.

Section 454. Dividend and Other Distribution Rights. Whenever full dividends or other distributions on all series of the Senior Stock at the time outstanding having preferential dividend or other distribution rights shall have been paid or declared and set apart for payment or otherwise made, then such dividends (payable in cash or otherwise) or other distributions, as may be determined by the board of directors may be declared and paid or otherwise made on the Common Stock, but only out of funds legally available for the payment of such distributions.

Section 455. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, the assets and funds of the Corporation available for distribution to shareholders, after paying or providing for the payment to the holders of shares of all series of Senior Stock of the full distributive amounts to which they are respectively entitled, as provided in this article, shall be divided among and paid to the holders of Common Stock according to their respective shares.

PART 4
GENERAL

Section 460. Preemptive Rights. Except as otherwise provided in the express terms of any class or series of shares, or in any contract, warrant or other instrument issued by the Corporation, no holder of shares of the Corporation shall be entitled, as such, as a matter of right to subscribe for or purchase any part of any issue of shares or other securities of the Corporation, of any class, series or kind whatsoever, and whether issued for cash, property, services, by way of dividends, or otherwise.

Section 461. Amendments to Terms of Senior Stock. If and to the extent provided by the express terms of any series of the Senior Stock, the board of directors may, without the consent of the holders of the outstanding shares of such series or of the holders of any other shares of the Corporation (unless otherwise provided in the express terms of any such other shares), amend these articles of incorporation so as to change any of the terms of such series.

ARTICLE V.
MANAGEMENT

The following provisions shall govern the management of the business and affairs of the Corporation and the rights, powers or duties of its security holders, directors or officers:

Section 501. Effective Date of Article and Amendments Thereto. This article and any subsequent amendments thereto which require governmental approval, if any, under 66 Pa.C.S. Ch. 19 (relating to securities and obligations) or any superseding provision of law shall take effect upon receipt of such governmental approval.

Section 502. Classification of Board of Directors. The board of directors of the Corporation shall be classified in respect of the time for which they shall severally hold office as follows:

(1) Each class shall be as nearly equal in number as possible.

(2) The term of office of at least one class shall expire in each year.

(3) Except as otherwise provided in Section 406(B) or in the express terms of any series of the Preference Stock with respect to the election of directors upon the occurrence of a default in the payment of dividends or in the performance of another express requirement of the terms of such series, the members of each class shall be elected for a term of three years and until their respective successors shall have been elected and qualified, except in the event of their earlier death, resignation or removal.

Notwithstanding the preceding sentence, at the 1990 Annual Meeting of Shareholders the directors shall be classified into three classes comprised of directors who shall serve for terms expiring at the annual meetings of shareholders in 1991, 1992 and 1993, respectively, and until their respective successors shall have been elected and qualified, except in the event of their earlier death, resignation or removal. At the annual meeting of shareholders in 1991 and thereafter the shareholders shall elect, to serve until the third annual meeting of shareholders following their election, and until their successors shall have been elected and qualified, except in the event of their earlier death, resignation or removal, the number of directors in the class whose term expires at such annual meeting. This paragraph shall expire at the

adjournment of the annual meeting of shareholders in 1993.

Section 503. Number of Directors. The number of directors of the Corporation constituting the whole board and the number of directors constituting each class of directors as provided by Section 502 shall be fixed solely by resolution of the board of directors, except as otherwise provided in the express terms of any class or series of Senior Stock with respect to the election of directors upon the occurrence of a default in the payment of dividends or in the performance of another express requirement of the terms of such Senior Stock.

Section 504. Straight Voting for Directors. The shareholders of the Corporation shall not have the right to cumulate their votes for the election of directors of the Corporation.

Section 505. Liability of Directors and Officers. An officer of the Corporation shall not be personally liable, as such, to the Corporation, and a director of the Corporation shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless the director or officer has breached or failed to perform the duties of his or her office under these articles of incorporation, the bylaws of the Corporation or applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 506. Conduct of Officers. In lieu of the standards of conduct otherwise provided by law, officers of the Corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the Corporation.

Section 507. Interpretation. The provisions of Section 505 shall not apply to the responsibility or liability of a director or officer, as such, pursuant to any criminal statute or for the payment of taxes pursuant to local, state or federal law. The provisions of Sections 505, 506 and this section have been adopted pursuant to the authority of Sections 1721(e) and 1732(c) of the Pennsylvania Business Corporation Law of 1988, shall be deemed to be a contract with each director or officer of the Corporation who serves as such at any time while Sections 505, 506 and this section are in effect, and Sections 505, 506 and

this section are cumulative of and shall be in addition to and independent of any and all other limitations on the liabilities of directors or officers of the Corporation, as such, or rights of indemnification by the Corporation to which a director or officer of the Corporation may be entitled, whether such limitations or rights arise under or are created by any statute, rule of law, bylaw, agreement, vote of shareholders or disinterested directors or otherwise. Each person who serves as a director or officer of the Corporation while Sections 505, 506 and this section are in effect shall be deemed to be doing so in reliance on such sections. No amendment to or repeal of Sections 505, 506 and this section, nor the adoption of any provisions of these articles of incorporation inconsistent with such sections, shall apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment, repeal or adoption of an inconsistent provision. In any action, suit or proceeding involving the application of Sections 505, 506 and this section, the party or parties challenging the right of a director or officer to the benefits of such sections shall have the burden of proof.

Section 508. Control Transactions.

(A) Subchapter E of Chapter 25 of the Business Corporation Law of 1988 (relating to control transactions) shall be applicable to the Corporation.

(B) Subsection (A) shall take effect upon the amendment of 15 Pa.C.S. Section 2524 (relating to definitions) to define "voting shares" for the purposes of Subchapter 25E as shares of the Corporation entitled to vote generally in the election of directors.

Section 509. Business Combinations. Subchapter F of Chapter 25 of the Business Corporation Law of 1988 (relating to business combinations) shall be applicable to the Corporation.

Section 510. Adoption of Bylaws. Except as otherwise provided in the express terms of any series of the Senior Stock:

(1) The shareholders shall have the power to adopt, amend or repeal the bylaws of the Corporation only subject to the procedures and restrictions applicable to amendments of these articles of incorporation, including any provision of law requiring as a condition to adoption by the Corporation that the corporate action be approved also by

the board of directors of the Corporation, and treating a direction by the board that the matter should be submitted to the shareholders, or the sufferance by the board that the matter be so submitted, as insufficient to satisfy the requirement of independent approval by the board of directors.

(2) The board of directors of the Corporation shall have the full authority conferred by law upon the shareholders of the Corporation to adopt, amend or repeal the bylaws of the Corporation, including in circumstances otherwise reserved by statute exclusively to the shareholders. Any bylaw adopted by the board of directors under this paragraph shall be consistent with these articles of incorporation.

ARTICLE VI.
MISCELLANEOUS

Section 601. Headings. The headings of the various sections of these articles of incorporation are for convenience of reference only and shall not affect the interpretation of any of the provisions of these articles.

Section 602. Reserved Power of Amendment. These articles of incorporation may be amended in the manner and at the time prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

As filed with the Department of State on March 8, 1994.

EXHIBIT 3-2

PECO ENERGY COMPANY

B Y L A W S

ARTICLE I

Offices and Fiscal Year

Section 1.01. Registered Office.--The registered office of the corporation in the Commonwealth of Pennsylvania shall be at 2301 Market Street, Philadelphia, Pennsylvania 19101 until otherwise established by an amendment of the articles or by the board of directors and a record of such change is filed with the Department of State in the manner provided by law.

Section 1.02. Other Offices.--The corporation may also have offices at such other places within or without the Commonwealth of Pennsylvania as the board of directors may from time to time appoint or the business of the corporation may require.

Section 1.03. Fiscal Year.--The fiscal year of the corporation shall begin on the first day of January in each year.

ARTICLE II

Notice - Waivers - Meetings Generally

Section 2.01. Manner of Giving Notice.

(a) General Rule.--Whenever written notice is required to be given to any person under the provisions of the Business Corporation Law or by the articles or these bylaws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger services specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by facsimile transmission, to the address (or to the telex, TWX or facsimile transmission telephone number) of the person appearing on the books of the corporation or, in the case of directors, supplied by the director to the corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with

a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched or, in the case of facsimile transmission, when received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of the Business Corporation Law, the articles or these bylaws.

(b) Adjourned Shareholder Meetings.--When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting.

Section 2.02. Notice of Meetings of the Board of Directors.--Notice of a regular meeting of the board of directors need not be given. Notice of every special meeting of the board of directors shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone, telex, TWX or facsimile transmission) or 48 hours (in the case of notice by telegraph, courier service or express mail) or five days (in the case of notice by first class mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in a notice of the meeting.

Section 2.03. Notice of Meetings of Shareholders.

(a) General Rule.-- Written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary to each shareholder of record entitled to vote at the meeting at least ten days prior to the day named for a meeting called to consider amendment of the articles or adoption of a plan of merger, consolidation, exchange, asset, transfer, division or conversion or adoption of a proposal of dissolution, or five days prior to the day named for the meeting in any other case. If the secretary neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of shareholders, the notice shall specify the general nature of the business to be transacted.

(b) Notice of Action by Shareholders on Bylaws.--In the case of a meeting of shareholders that has as one of its purposes action on the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the

bylaws. There shall be included in, or enclosed with, the notice a copy of the proposed amendment or a summary of the changes to be effected thereby.

Section 2.04. Waiver of Notice.

(a) Written Waiver.--Whenever any written notice is required to be given under the provisions of the Business Corporation Law, the articles or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Except as otherwise required by this subsection, neither the business to be transacted at, nor the purpose of, a meeting need be specified in

the waiver of notice of the meeting. In the case of a special meeting of shareholders, the waiver of notice shall specify the general nature of the business to be transacted.

(b) Waiver by Attendance.--Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 2.05. Modification of Proposal Contained in Notice.--Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Business Corporation Law or the articles or these bylaws, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 2.06. Exception to Requirement of Notice.

(a) General Rule.--Whenever any notice or communication is required to be given to any person under the provisions of the Business Corporation Law or by the articles or these bylaws or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with that person is then unlawful, the giving of the notice or communication to that person shall not be required.

(b) Shareholders Without Forwarding Addresses.--Notice or other communications shall not be sent to any shareholder with whom the corporation has been unable to communicate for more than 24 consecutive months because communications to the shareholder

are returned unclaimed or the shareholder has otherwise failed to provide the corporation with a current address. Whenever the shareholder provides the corporation with a current address, the corporation shall commence sending notices and other communications to the shareholder in the same manner as to other shareholders.

Section 2.07. Use of Conference Telephone and Similar Equipment.--Any director may participate in any meeting of the board of directors, and the board of directors may provide by resolution with respect to a specific meeting or with respect to a class of meetings that one or more persons may participate in a meeting of the shareholders of the corporation, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE III

Shareholders

Section 3.01. Place of Meeting.--All meetings of the shareholders of the corporation shall be held at the registered office of the corporation unless another place is designated by the board of directors in the notice of a meeting.

Section 3.02. Annual Meeting.--The board of directors may fix and designate the date and time of the annual meeting of the shareholders, but if no such date and time is fixed and designated by the board, the meeting for any calendar year shall be held on the second Wednesday in April in such year, if not a legal holiday under the laws of Pennsylvania, and, if a legal holiday, then on the next succeeding business day, not a Saturday, at 10:30 o'clock a.m., and at said meeting the shareholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting. If the annual meeting shall not have been called and held within six months after the designated time, any shareholder may call the meeting at any time thereafter.

Section 3.03. Special Meetings.--Special meetings of the shareholders may be called at any time by resolution of the board of directors, which may fix the date, time and place of the meeting, and shall be called as provided in the terms of the Preferred Stock. If the board does not fix the date, time or place of the meeting, it shall be the duty of the secretary to do so. A date fixed by the secretary shall not be more than 60 days

after the date of the adoption of the resolution of the board calling the special meeting.

Section 3.04. Quorum and Adjournment.

(a) General Rule.--A meeting of the shareholders of the corporation duly called shall not be organized for the transaction of business unless a quorum is present. Except as otherwise provided in the terms of the Preferred Stock, the presence of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter. Shares of the corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the board of directors of this corporation, as such, shall not be counted in determining the total number of outstanding shares for quorum purposes at any given time.

(b) Withdrawal of a Quorum.--The shareholders present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(c) Adjournments Generally.--Any regular or special meeting of the shareholders, including one at which directors are to be elected and one which cannot be organized because a quorum has not attended, may be adjourned for such period and to such place as the shareholders present and entitled to vote shall direct.

(d) Electing Directors at Adjourned Meeting.--Those shareholders entitled to vote who attend a meeting called for the election of directors that has been previously adjourned for lack of a quorum, although less than a quorum as fixed in this section, shall nevertheless constitute a quorum for the purpose of electing directors.

(e) Other Action in Absence of Quorum.--Those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least 15 days because of an absence of a quorum, although less than a quorum as fixed in this section, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those shareholders who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

Section 3.05. Action by Shareholders.--Except as otherwise provided in the Business Corporation Law or the articles or these bylaws, whenever any corporate action is to be taken by vote of the shareholders of the corporation, it shall be authorized by a majority of the votes cast at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon. Except as otherwise provided in the terms of the Preferred Stock or when acting by unanimous consent to remove a director or directors, the shareholders of the corporation may act only at a duly organized meeting.

Section 3.06. Organization.--At every meeting of the shareholders, the chairman of the board, if there be one, or, in the case of vacancy in office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a person chose by vote of the shareholders present, shall act as chairman of the meeting. The secretary or, in the absence of the secretary, an assistant secretary, or, in the absence of both the secretary and assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 3.07. Voting Rights of Shareholders.--Unless otherwise provided in the articles, every shareholder of the corporation shall be entitled to one vote for every share standing in the name of the shareholder on the books of the corporation.

Section 3.08. Voting and other Action by Proxy.

(a) General Rule.--

(1) Every shareholder entitled to vote at a meeting of shareholders may authorize another person to act for the shareholder by proxy.

(2) The presence of, or vote or other action at a meeting of shareholders by a proxy of a shareholder shall constitute the presence of, or vote or action by the shareholder.

(3) Where two or more proxies of a shareholder are present, the corporation shall, unless otherwise expressly provided in the proxy, accept as the vote of all shares represented thereby the vote cast by a majority of them and, if a majority of the proxies cannot agree whether the shares represented shall be voted, or upon the manner of voting the

shares, the voting of the shares shall be divided equally among those persons.

(b) Minimum Requirements.--Every proxy shall be executed in writing by the shareholder or by the duly authorized attorney-in-fact of the shareholder and filed with the secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the secretary of the corporation. An unrevoked proxy shall not be valid after three years from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the secretary of the corporation.

(c) Expenses.--The corporation shall pay the reasonable expenses of solicitation of votes or proxies of shareholders by or on behalf of the board of directors or its nominees for election to the board, including solicitation by professional proxy solicitors and otherwise.

Section 3.09. Voting by Fiduciaries and Pledgees.--Shares of the corporation standing in the name of a trustee or other fiduciary and shares held by an assignee for the benefit of creditors or by a receiver may be voted by the trustee, fiduciary, assignee or receiver. A shareholder whose shares are pledged shall be entitled to vote the shares until the shares have been transferred into the name of the pledgee, or a nominee of the pledgee, but nothing in this section shall affect the validity of a proxy given to a pledgee or nominee.

Section 3.10. Voting by Joint Holders of Shares.

(a) General Rule.--Where shares of the corporation are held jointly or as tenants in common by two or more persons, as fiduciaries or otherwise:

(1) if only one or more of such persons is present in person or by proxy, all of the shares standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum and the corporation shall accept as the vote of all the shares the vote cast by a joint owner or a majority of them; and

(2) if the persons are equally divided upon whether

the shares held by them shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among the persons without prejudice to the rights of the joint owners or the beneficial owners thereof among themselves.

(b) Exception.--If there has been filed with the secretary of the corporation a copy, certified by an attorney-at-law to be correct, of the relevant portions of the agreement under which the shares are held or the instrument by which the trust or estate was created or the order of court appointing them or of an order of court directing the voting of the shares, the persons specified as having such voting power in the document latest in date of operative effect so filed, and only those persons, shall be entitled to vote the shares but only in accordance therewith.

Section 3.11. Voting by Corporations.

(a) Voting by Corporate Shareholders.--Any corporation that is a shareholder of this corporation may vote at meetings of shareholders of this corporation by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the board of directors of the other corporation or a provision of its articles or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the secretary of this corporation, is appointed its general or special proxy in which case that person shall be entitled to vote the shares.

(b) Controlled Shares.--Shares of this corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the board of directors of this corporation, as such, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time.

Section 3.12. Determination of Shareholders of Record.

(a) Fixing Record Date.--The board of directors may fix a time prior to the date of any meeting of shareholders as a record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting, which time, except as otherwise

provided in the articles or in the case of an adjourned meeting, shall be not more than 90 days prior to the date of the meeting of shareholders. Only shareholders of record on the date fixed shall be so entitled notwithstanding any transfer of shares on the books of the corporation after any record date fixed as

provided in this subsection. The board of directors may similarly fix a record date for the determination of shareholders of record for any other purpose, except that the record date fixed to determine the holders of Preferred Stock entitled to receive dividends thereon shall not precede the respective dividend payment date by more than 40 days. When a determination of shareholders of record has been made as provided in this section for purposes of a meeting, the determination shall apply to any adjournment thereof unless the board fixes a new record date for the adjourned meeting.

(b) Determining When a Record Date is Not Fixed.--If a record date is not fixed:

(1) The record date for determining shareholders entitled to notice of, or to vote at, a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given.

(2) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

(c) Certification by Nominee.--The board of directors may adopt a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of the shareholder are held for the account of a specified person or persons. Upon receipt by the corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

Section 3.13. Voting Lists.

(a) General Rule.--The officer or agent having charge of the transfer books for shares of the corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof except that, if the corporation has 5,000 or more shareholders, in lieu of the making of the list the corporation may make the information therein available at the meeting by any other means.

(b) Effect of List.--Failure to comply with the requirements of this section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list. The original share register or transfer book, or a duplicate thereof kept in the Commonwealth of Pennsylvania, shall be prima facie evidence as to who are the shareholders entitled to examine the list or share register or transfer book or to vote at any meeting of shareholders.

Section 3.14. Judges of Election.

(a) Appointment.--In advance of any meeting of shareholders of the corporation, the board of directors may appoint judges of election, who need not be shareholders, to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, appoint judges of election at the meeting. The number of judges shall be one or three. A person who is a candidate for an office to be filled at the meeting shall not act as a judge.

(b) Vacancies.--In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof.

(c) Duties.--The judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with nominations by shareholders or the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judges of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(d) Report.--On request of the presiding officer of the meeting or of any shareholder, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

Section 3.15. Minors as Security Holders.--The corporation may treat a minor who holds shares or obligations of the corporation as having capacity to receive and to empower others to receive dividends, interest, principal and other payments or distributions, to vote or express consent or dissent and to make elections and exercise rights relating to such shares or

obligations unless, in the case of payments or distributions on shares, the corporate officer responsible for maintaining the list of shareholders or the transfer agent of the corporation or, in the case of payments or distributions on obligations, the treasurer or paying officer or agent has received written notice that the holder is a minor.

ARTICLE IV

Board of Directors

Section 4.01. Powers.

(a) General Rule.--Unless otherwise provided by statute, all powers vested by law in the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

(b) Personal Liability of Directors.--

(1) A director shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:

(i) the director has breached or failed to perform the duties of his or her office under 15 Pa.C.S. Sections 511 and 1721 and 42 Pa.C.S. Section 8363; and

(ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, State or Federal law.

Section 4.02. Qualifications and Selection of Directors.

(a) Qualifications.--Each director of the corporation shall be a natural person of full age who need not be a resident of the Commonwealth of Pennsylvania or a shareholder of the corporation.

(b) Notice of Certain Nominations Required.--Nominations for election of directors may be made by any shareholder entitled to vote for the election of directors if written notice (the "Notice") of the shareholder's intent to nominate a director at the meeting is given by the shareholder and received by the secretary of the corporation in the manner and within the time specified in this section. The Notice shall be delivered to the secretary of the corporation not less than 14 days nor more than 50 days prior to any meeting of the shareholders called for the election of directors; except that if less than 21 days' notice of the meeting is given to shareholders, the Notice shall be delivered to the secretary of the corporation not later than the

earlier of the seventh day following the day on which notice of the meeting was first mailed to shareholders or the fourth day prior to the meeting. In lieu of delivery to the secretary, the Notice may be mailed to the secretary by certified mail, return receipt requested, but shall be deemed to have been given only upon actual receipt by the secretary. The requirements of this subsection shall not apply to a nomination for directors made to the shareholders by the board of directors.

(c) Contents of Notice.--The Notice shall be in writing and shall contain or be accompanied by:

(1) the name and residence address of the nominating shareholder;

(2) a representation that the shareholder is a holder of record of voting stock of the corporation and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the Notice;

(3) such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to Regulation 14A of the rules and regulations established by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (or pursuant to any successor act or regulation) had proxies been solicited with respect to such nominee by the management or board of directors of the corporation;

(4) a description of all arrangements or understandings among the shareholder and each nominee and

any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; and

(5) the consent of each nominee to serve as a director of the corporation if so elected.

(d) Determination of Compliance.--If a judge or judges of election shall not have been appointed pursuant to these bylaws, the chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any nomination made at the meeting was not made in accordance with the procedures of this section and, in such event, the nomination shall be disregarded. Any decision by the chairman of the meeting made in good faith shall be conclusive and binding upon all shareholders of the corporation for any purpose.

(e) Election of Directors.--Except as otherwise provided in these bylaws, directors of the corporation shall be elected by the shareholders. In elections for directors, voting need not be by ballot, except upon demand made by a shareholder entitled to vote at the election and before voting begins. The candidates receiving the highest number of votes from each class or group of classes, if any, entitled to elect directors separately up to the number of directors to be elected by the class or group of

classes shall be elected. If at any meeting of shareholders, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

Section 4.03. Number and Term of Office.

(a) Number.--The board of directors shall consist of such number of directors as may be determined from time to time by resolution of the board of directors.

(b) Term of Office.--Each director shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. A decrease in the number of directors shall not have the effect of shortening the term of any incumbent director.

(c) Resignation.--Any director may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as shall be specified in the notice of resignation.

(d) Classified Board of Directors.--The directors shall be classified in respect to the time for which they shall severally hold office as follows:

(1) Each class shall be as nearly equal in number as possible.

(2) The term of office of at least one class shall expire in each year.

(3) Except as otherwise provided in the terms of the Preferred Stock or in the articles, the members of each class shall be elected for a period of three years.

Section 4.04. Vacancies.

(a) General Rule.--Except as otherwise provided in the terms of the Preferred Stock, vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote of the remaining members of the board though less than a quorum, or by a sole remaining director, and each person so selected shall be a director to serve until the next selection of the class for which such director has been chosen, and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(b) Action by Resigned Directors.--When one or more directors resign from the board effective at a future date, the directors then in office, including those who have so resigned, shall have power by the applicable vote to fill the vacancies, the vote thereon to take effect when the resignations become effective.

Section 4.05. Removal of Directors.

(a) Removal by the Shareholders.--The entire board of directors, or any class of the board, or any individual director may be removed from office by vote of the shareholders entitled to vote thereon only for cause. In case the board or a class of the board or any one or more directors are so removed, new directors may be elected at the same meeting. The repeal of a provision of the articles or bylaws prohibiting, or the addition of a provision to the articles or bylaws permitting, the removal by the shareholders of the board, a class of the board or a director without assigning any cause shall not apply to any incumbent director during the balance of the term for which the

director was selected.

(b) Removal by the Board.--The board of directors may declare vacant the office of a director who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment for a term of more than one year or if, within 60 days after notice of his or her selection, the director does not accept the office either in writing or by attending a meeting of the board of directors.

Section 4.06. Place of Meetings.--Meetings of the board of directors may be held at such place within or without the Commonwealth of Pennsylvania as the board of directors may from time to time appoint or as may be designated in the notice of the meeting.

Section 4.07. Organization of Meetings.--At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a person chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in the absence of the secretary, an assistant secretary, or, in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 4.08. Regular Meetings.--Regular meetings of the board of directors shall be held at such time and place as shall be designated from time to time by resolution of the board of directors.

Section 4.09. Special Meetings.--Special meetings of the board of directors shall be held whenever called by the chairman or by two or more of the directors.

Section 4.10. Quorum of and Action by Directors.

(a) General Rule.--A majority of the directors in office of the corporation shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the board of directors.

(b) Action by Written Consent.--Any action required or permitted to be taken at a meeting of the directors may be taken

without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the secretary of the corporation.

(c) Notation of Dissent.--A director who is present at a meeting of the board of directors, or of a committee of the board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files a written dissent to the action with the secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the secretary, in writing, of the asserted omission or inaccuracy.

Section 4.11. Executive and Other Committees.

(a) Establishment and Powers.--The board of directors may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of one or more directors of the corporation. Any committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all of the powers and authority of the board of directors except that a committee shall not have any power or authority as to the following:

(1) The submission to shareholders of any action requiring approval of shareholders under the Business Corporation Law.

(2) The creation or filling of vacancies in the board of directors.

(3) The adoption, amendment or repeal of these bylaws.

(4) The amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board.

(5) Action on matters committed by a resolution of the board of directors to another committee of the board.

(b) Alternate Committee Members.--The board may designate

one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purposes of any written action by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another director to act at the meeting in the place of the absent or disqualified member.

(c) Term.--Each committee of the board shall serve at the pleasure of the board.

(d) Committee Procedures.--The term "board of directors" or "board," when used in any provision of these bylaws relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any executive or other committee of the board.

Section 4.12. Compensation.--The board of directors shall have the authority to fix the compensation of directors for their services as directors and a director may be a salaried officer of the corporation.

ARTICLE V

Officers

Section 5.01. Officers Generally.

(a) Number, Qualifications and Designation.--The officers of the corporation shall be a president, one or more vice presidents, a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03. Officers may but need not be directors or shareholders of the corporation. The president and secretary shall be natural persons of full age. The treasurer may be a corporation, but if a natural person shall be of full age. The board of directors may elect from among the members of the board a chairman of the board and vice chairman of the board who shall be officers of the corporation. Any number of offices may be held by the same person.

(b) Bonding.--The corporation may secure the fidelity of any or all of its officers by bond or otherwise.

Section 5.02. Election, Term of Office and Resignations.

(a) Election and Term of Office.--The officers of the corporation, except those elected by delegated authority pursuant

to Section 5.03, shall be elected annually by the board of directors, and each such officer shall hold office for a term of one year and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(b) Resignations.--Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation.

Section 5.03. Subordinate Officers, Committees and Agents.--The board of directors may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the corporation may require, including one or more assistant secretaries, and one or more assistant treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the board of directors may from time to time determine. The board of directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 5.04. Removal of Officers and Agents.--Any officer or agent of the corporation may be removed by the board of directors with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.05. Vacancies.--A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, may be filled by the board of directors or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 5.03, as the case may be, and if the office is one for which these bylaws prescribe a term, shall be filled for the unexpired portion of the term.

Section 5.06. Authority.

(a) General Rule.--All officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to resolutions or orders of the board of directors or, in the absence of controlling provisions in the resolutions or orders of the board of directors, as may be determined by or pursuant to these bylaws.

(b) Chief Executive Officer--The chairman of the board or the president, as designated from time to time by resolution of the board of directors, shall be the chief executive officer of the corporation.

Section 5.07. The Chairman and Vice Chairman of the Board.--The chairman of the board, or in the absence of the chairman, the vice chairman of the board, shall preside at all meetings of the shareholders and of the board of directors, and shall perform such other duties as may from time to time be requested by the board of directors.

Section 5.08. The President.--The president shall have general supervision over the business and operations of the corporation, subject however, to the control of the board of directors and, if the chairman of the board is the chief executive officer of the corporation, the chairman of the board. The president shall sign, execute, and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors, or by these bylaws, to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of president and such other duties as from time to time may be assigned by the board of directors and, if the chairman of the board is the chief executive officer of the corporation, the chairman of the board.

Section 5.09. The Vice Presidents.--The vice presidents shall perform the duties of the president in the absence of the president and such other duties as may from time to time be assigned to them by the board of directors or the president.

Section 5.10. The Secretary.--The secretary or an assistant secretary shall attend all meetings of the shareholders and of the board of directors and shall record all the votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the board of directors and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required by law; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned by the board of directors or the president.

Section 5.11. The Treasurer.--The treasurer or an assistant treasurer shall have or provide for the custody of the funds or other property of the corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the corporation; shall deposit all funds in his or her custody as treasurer in such banks or other places of deposit as the board of directors may from time to time designate; shall, whenever so required by the board of directors, render an account showing all transactions as treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the board of directors or the president.

Section 5.12. Salaries.--The salaries of the officers elected by the board of directors shall be fixed from time to time by the board of directors or by such officer as may be designated by resolution of the board. The salaries or other compensation of any other officers, employees and other agents shall be fixed from time to time by the officer or committee to which the power to elect such officers or to retain or appoint

such employees or other agents has been delegated pursuant to Section 5.03. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that the officer is also a director of the corporation.

ARTICLE VI

Certificates of Stock, Transfer, Etc.

Section 6.01. Share Certificates.

(a) Form of Certificates.--Certificates for shares of the corporation shall be in such form as approved by the board of directors, and shall state that the corporation is incorporated under the laws of the Commonwealth of Pennsylvania, the name of the person to whom issued, and the number and class of shares and the designation of the series (if any) that the certificate represents. Certificates for shares of the corporation shall set forth upon the face or back of the certificate (or shall state on the face or back of the certificate that the corporation will furnish to any shareholder upon request and without charge), a full or summary statement of the designations, voting rights, preferences, limitations and special rights of the shares of each class or series authorized to be issued so far as they have been fixed and determined and the authority of the board of directors

to fix and determine the designations, voting rights, preferences, limitations and special rights of the classes and series of shares of the corporation.

(b) Share Register.--The share register or transfer books and blank share certificates shall be kept by the treasurer or by any transfer agent or registrar designated by the board of directors for that purpose.

Section 6.02. Issuance.--The share certificates of the corporation shall be numbered and registered in the share register or transfer books of the corporation as they are issued. They shall be executed in such manner as the board of directors shall determine.

Section 6.03. Transfer.--Transfers of shares shall be made on the share register or transfer books of the corporation upon surrender of the certificate therefor, endorsed by the person named in the certificate or by an attorney lawfully constituted in writing. No transfer shall be made inconsistent with the provisions of the Uniform Commercial Code, 13 Pa.C.S. Sections 8101 et seq., and its amendments and supplements.

Section 6.04. Record Holder of Shares.--The corporation shall be entitled to treat the person in whose name any share or shares of the corporation stand on the books of the corporation as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share or shares on the part of any other person.

Section 6.05. Lost, Destroyed or Mutilated Certificates.--The holder of any shares of the corporation shall immediately notify the corporation of any loss, destruction or mutilation of the certificate therefor, and the officers of the corporation may, in their discretion, cause a new certificate or certificates to be issued to such holder, in case of mutilation of the certificate, upon the surrender of the mutilated certificate or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction and, if such officers shall so determine, the deposit of a bond in such form and in such sum, and with such surety or sureties, as any of them may direct.

ARTICLE VII

Indemnification of Directors, Officers and Other Authorized Representatives

Section 7.01. Scope of Indemnification.

(a) General Rule.--The corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

(1) where such indemnification is expressly prohibited by applicable law;

(2) where the conduct of the indemnified representative has been finally determined pursuant to Section 7.06 or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. Sections 513(b) and 1746(b) and 42 Pa.C.S. Section 8365(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) to be based upon or attributable to the receipt by the indemnified representative from the corporation of a personal benefit to which the indemnified representative is not legally entitled; or

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 7.06 to be otherwise unlawful.

(b) Partial Payment.--If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) Presumption.--The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) Definitions.--For purposes of this Article:

(1) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the corporation, or, at the request of the corporation, as a director, officer, employee, agent fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) "indemnified representative" means any and all directors and officers of the corporation any other person designated as an indemnified representative by the board of directors of the corporation (which may, but need not, include any person serving at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense, of any nature (including, without limitation, attorneys' fees and disbursements); and

(4) "proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders or otherwise.

Section 7.02. Proceedings Initiated by Indemnified Representatives.--Notwithstanding any other provision of this Article, the corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the

affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under

Section 7.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 7.03. Advancing Expenses.--The corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 7.01 or the initiation of or participation in which is authorized pursuant to Section 7.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 7.06 that such person is not entitled to be indemnified by the corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 7.04. Securing of Indemnification Obligations.--To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the board of directors shall deem appropriate. Absent fraud, the determination of the board of directors with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and directors and shall not be subject to voidability.

Section 7.05. Payment of Indemnification.--An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the corporation.

Section 7.06. Arbitration.

(a) General Rule.--Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article, except with respect to indemnification for liabilities arising under the Securities Act of 1933 that the corporation has undertaken to submit to a court for adjudication, shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the corporation are located at the time, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the corporation, the second of whom shall be selected by the indemnified representative and the third

of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any

reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, and if one of the parties fails or refuses to select an arbitrator or the arbitrators selected by the corporation and the indemnified representative cannot agree on the selection of the third arbitrator within 30 days after such time as the corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area.

(b) Qualifications of Arbitrators.--Each arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System.

(c) Burden of Proof.--The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.

(d) Expenses.--The corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(e) Effect.--Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 7.01(a)(2) in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

Section 7.07. Contribution.--If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or

otherwise.

Section 7.08. Mandatory Indemnification of Directors, Officers, Etc.--To the extent that an authorized representative of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1741 or 1742 of the Business Corporation Law or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection therewith.

Section 7.09. Contract Rights; Amendment or Repeal.--All rights under this Article shall be deemed a contract between the corporation and the indemnified representative pursuant to which the corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 7.10. Scope of Article.--The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and person representatives of such a person.

Section 7.11. Reliance on Provisions.--Each person who shall act as an indemnified representative of the corporation shall be deemed to be doing so in reliance upon the rights provided by this Article.

Section 7.12. Interpretation.--The provisions of this Article are intended to constitute bylaws authorized by 15 Pa.C.S. Sections 513 and 1746 and 42 Pa.C.S. Section 8365.

ARTICLE VIII

Emergency Bylaws

Section 8.01. Scope of Article.--This Article shall be applicable during any emergency resulting from a catastrophe as a result of which a quorum of the board of directors cannot readily be assembled. To the extent not in conflict with this Article, these bylaws shall remain in effect during the emergency.

Section 8.02. Special Meetings of the Board.--A special meeting of the board of directors may be called by any director by means feasible at the time.

Section 8.03. Emergency Committee of the Board.

(a) Composition.--The emergency committee of the board shall consist of nine persons standing highest on the following list who are available and able to act:

Members of the board of directors.
President.
The individual who, immediately prior to the emergency, was the senior officer in charge of nuclear operations.
The individual who, immediately prior to the emergency, was the senior officer in charge of other operations.
The individual who, immediately prior to the emergency, was the senior officer in charge of finance operations.
Other officers.

Where more than one person holds any of the listed ranks, the order of precedence shall be determined by length of time in rank. Each member of the emergency committee thus constituted shall continue to act until replaced by an individual standing higher on the list. The emergency committee shall continue to act until a quorum of the board of directors is available and able to act. If the corporation has no directors, the emergency committee shall cause a special meeting of shareholders for the election of directors to be called and held as soon as practicable.

(b) Powers.--The emergency committee shall have and may exercise all of the powers and authority of the board of directors, including the power to fill a vacancy in any office of the corporation or to designate a temporary replacement for any officer of the corporation who is unavailable, but shall not have the power to fill vacancies in the board of directors.

(c) Quorum.--A majority of the members of the emergency committee in office shall constitute a quorum.

(d) Status.--Each member of the emergency committee who is not a director shall during his or her service as such be entitled to the rights and immunities conferred by law, the articles and these bylaws upon directors of the corporation and

upon persons acting in good faith as a representative of the corporation during an emergency.

ARTICLE IX

Miscellaneous

Section 9.01. Corporate Seal.--The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the board of directors.

Section 9.02. Checks.--All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the board of directors or any person authorized by resolution of the board of directors may from time to time designate.

Section 9.03. Contracts.--Except as otherwise provided in the Business Corporation Law in the case of transactions that require action by the shareholders, the board of directors may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 9.04. Interested Directors or Officers; Quorum.

(a) General Rule.--A contract or transaction between the corporation and one or more of its directors or officers or between the corporation and another corporation, partnership, joint venture, trust or other enterprise in which one or more of its directors or officers are directors or officers or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the director or officer is present at or participates in the meeting of the board of directors that authorizes the contract or transaction, or solely because his, her or their votes are counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote

thereon and the contract or transaction is specifically approved in good faith by vote of those shareholders; or

(3) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors or the shareholders.

(b) Quorum.--Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board which authorizes a contract or transaction specified in subsection (a).

Section 9.05. Deposits.--All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the board of directors shall from time to time determine.

Section 9.06. Corporate Records.

(a) Required Records.--The corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register giving the names and addresses of all shareholders and the number and class of shares held by each. The share register shall be kept at either the registered office of the corporation in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar or transfer agent. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of Inspection.--Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the incorporators, shareholders and directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a shareholder. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the shareholder. The demand shall be directed to the corporation at its registered office in the Commonwealth of

Pennsylvania or at its principal place of business wherever situated.

Section 9.07. Amendment of Bylaws.

(a) General Rule.--Except as otherwise provided in the express terms of any series of the shares of the corporation:

(1) The shareholders shall have the power to amend or repeal these bylaws, or to adopt new bylaws, only with the approval of the board of directors. A direction by the board that a shareholder proposal with respect to the bylaws shall be submitted to the shareholders for action thereon, or the sufferance by the board that such a proposal shall be so submitted, shall not constitute approval by the board of directors of the amendment, repeal or new bylaws.

(2) These bylaws may be amended or repealed, or new bylaws may be adopted, by vote of a majority of the board of directors of the corporation in office at any regular

special meeting of directors, including in circumstances otherwise reserved by statute exclusively to the shareholders, the board of directors of the corporation having under the articles of incorporation the full authority conferred by law upon the shareholders of the corporation to adopt, amend or repeal these bylaws. Any bylaw adopted by the board of directors under this paragraph shall be consistent with the articles of incorporation.

(b) Effective Date.--Any change in these bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

As adopted February 26, 1990 and amended February 28, 1994.

EXHIBIT 12-1

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
SEC METHOD
($000)

	12 MONTHS ENDED 12/31/93
NET INCOME	$590,648
ADD BACK:	
- - INCOME TAXES:	
OPERATING INCOME	354,391
NON-OPERATING INCOME	11,808
NET TAXES	366,199
- - FIXED CHARGES:	
INTEREST APPLICABLE TO DEBT	436,790
ANNUAL RENTALS	8,361
TOTAL FIXED CHARGES	445,151
ADJUSTED EARNINGS INCLUDING AFUDC	1,401,998
RATIO OF EARNINGS TO FIXED CHARGES	3.15

EXHIBIT 12-2

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS
SEC METHOD
($000)

	12 MONTHS ENDED 12/31/93
NET INCOME	$590,648
ADD BACK:	
- - INCOME TAXES:	
OPERATING INCOME	354,391
NON-OPERATING INCOME	11,808
NET TAXES	366,199
- - FIXED CHARGES:	
TOTAL INTEREST	436,790
ANNUAL RENTALS	8,361
TOTAL FIXED CHARGES	445,151
EARNINGS REQUIRED FOR PREFERRED DIVIDENDS:	
DIVIDENDS ON PREFERRED STOCK	49,058
ADJUSTMENT TO PREFERRED DIVIDENDS*	30,416
	79,474
FIXED CHARGES AND PREFERRED DIVIDENDS	$524,625
EARNINGS BEFORE INCOME TAXES AND FIXED CHARGE	$1,401,998
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND EARNINGS REQUIRED FOR PREFERRED DIVIDEND	2.67

* ADDITIONAL CHARGE EQUIVALENT TO EARNINGS REQUIRED
TO ADJUST DIVIDENDS ON PREFERRED STOCK TO A PRE-TAX BASIS

EXHIBIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Earnings and Dividends

Earnings per common share in 1993 were $2.45 compared to $1.90 in 1992. The increase in earnings was primarily due to the settlement of the litigation in connection with the 1987 shutdown of the Peach Bottom Atomic Power Station (Peach Bottom), which reduced 1992 earnings by $0.27 per share; more favorable weather in 1993, which increased earnings by $0.26 per share; and the Company's on-going debt and preferred stock refinancing and redemption program, which increased earnings by $0.18 per share. These improvements were partially offset by non-recurring federal income tax settlements, which increased 1992 earnings by $0.10 per share, and the higher 1993 federal income tax rate, which decreased earnings by $0.04 per share.

As a result of its improved financial condition, the Company increased its annual common stock dividend by 9% to $1.52 per share, effective with the dividend paid in December 1993.

Operating Revenues

(Millions of Dollars)	Electric Revenue '93 vs '92	Increase/(Decrease) '92 vs '91
Sales	$ 100	$ (103)
Tax Adjustment Revenues	(19)	48
Fuel Adjustment Revenue	(106)	(22)
Energy and Capacity Sales	33	12
	$ 8	$ (65)

1993 vs 1992

Electric revenues increased $8 million in 1993 compared to 1992 primarily as a result of favorable weather and higher sales to other utilities, partially offset by the pass-through of lower fuel costs to customers and lower revenues from large commercial and industrial customers.

Effective April 1, 1993, the Energy Cost Adjustment (ECA) was changed from a credit value of 3.764 mills per kilowatthour (kWh) to a credit value of 7.600 mills per kWh, which represents a decrease in annual revenue of $123 million.

Gas revenues increased $17 million in 1993 compared to 1992 primarily as a result of higher interruptible sales resulting from favorable market conditions and an increase in gas being used at the Company's electric generating stations.

1992 vs 1991

Electric revenues decreased $65 million in 1992 compared to 1991 primarily as a result of lower sales to residential customers and large commercial and industrial customers and the pass-through of lower fuel costs to customers. This was partially offset by increased sales to house-heating customers and small commercial and industrial customers. The unusually cool summer of 1992 was the major reason for decreased residential sales.

Gas revenues increased $9 million in 1992 compared to 1991 primarily as a result of higher sales to house-heating customers due to the cooler weather and an increase in house-heating customers.

Fuel and Energy Interchange Expense

1993 vs 1992

Fuel and energy interchange costs decreased $50 million in 1993 compared to 1992 primarily due to the Company's increased nuclear generation, which reduced higher-cost interchange purchases, and lower cost of fuel. Nuclear generation utilizes the Company's lowest cost fuel. These decreases were partially offset by increased output.

1992 vs 1991

Fuel and energy interchange costs decreased $70 million in 1992 compared to 1991 primarily due to lower fuel costs and to slightly lower output.

Other Operating and Maintenance Expenses

1993 vs 1992

Other operating and maintenance expenses decreased $44 million in 1993 compared to 1992 primarily due to lower charges for uncollectible accounts,

lower administrative and general expenses primarily as a result of a reduction in the number of employees and the 1992 charge for the Nuclear Group Voluntary Early Retirement Program and Voluntary Separation Package. These decreases were partially offset by increases in other operating and maintenance charges related to the Company's generating units.

1992 vs 1991

Other operating and maintenance expenses increased $85 million in 1992 compared to 1991 primarily due to higher charges for uncollectible accounts, non-recurring maintenance expenditures incurred at the Company's nuclear generating facilities, the charge for the Nuclear Group Voluntary Early Retirement Program and Voluntary Separation Package, higher accruals for environmental liabilities and increases in other administrative and general expenses.

Depreciation Expense
Depreciation expense increased in both 1993 and 1992 compared to the prior year primarily due to additions to plant in service.

Allowance for Funds Used During Construction
1993 vs 1992

Allowance for Funds Used During Construction (AFUDC) increased in 1993 compared to 1992 primarily due to an increase in Construction Work in Progress, partially offset by a decrease in the 1993 AFUDC rate.

1992 vs 1991
AFUDC decreased in 1992 compared to 1991 primarily due to a decrease in the 1992 AFUDC rate.
Income Taxes
As discussed further in note 12 of Notes to Consolidated Financial Statements, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which was adopted in the first quarter of 1993. Adoption of SFAS No. 109 did not have a material effect upon the Company's results of operations as the Company expects to receive recovery for taxes when paid.

1993 vs 1992
Income taxes charged to operations and to other income increased in 1993 compared to 1992 due to the cost associated with the 1992 settlement of the Peach Bottom co-owners' litigation, higher pre-tax income, lower interest expense, the reduction in 1992 income taxes as a result of the settlement of the Company's 1984-1986 federal income tax returns and the change in the federal income tax rate from 34% to 35% in 1993. These increases were partially offset by a first-quarter 1993 adjustment of excess deferred federal income taxes. This adjustment resulted from a change in estimate to ratably decrease deferred federal income taxes in accord-ance with the tax-rate decrease mandated by the Tax Reform Act of 1986.
1992 vs 1991
Income taxes charged to operations and to other income decreased in 1992 compared to 1991 primarily due to lower pre-tax income and the cost associated with the settlement of the Peach Bottom co-owners' litigation.

Other Taxes
1993 vs 1992
Other taxes increased in 1993 compared to 1992 primarily due to a settlement of the 1990 Pennsylvania Capital Stock Tax and an adjustment of the 1991 Pennsylvania Capital Stock Tax in 1992, and an increase in the real estate tax base.
1992 vs 1991
Other taxes increased in 1992 compared to 1991 primarily due to the refunds in 1991 of prior years' real estate tax over-collections.

Interest Charges
1993 vs 1992
Interest charges decreased in 1993 compared to 1992 primarily due to the Company's on-going program to refinance and redeem higher-interest long-term debt.
1992 vs 1991
Interest charges decreased in 1992 compared to 1991 primarily due to the Company's on-going program to refinance and redeem higher-interest long-term debt and lower interest rates on bank borrowings.

Preferred Stock Dividends
Preferred stock dividends decreased in both 1993 and 1992 compared to the prior year primarily due to the reduced number of preferred shares outstanding and the refinancing of higher-cost preferred stock.

Liquidity and Capital Resources

The Company's capital requirements are primarily for capital expenditures for its construction program and for debt service. Capital resources available to meet these requirements and dividend payments are funded from cash provided by utility operations and, to the extent necessary, external financing.

The Company meets its short-term liquidity requirements primarily through bank lines of credit, which were $351.2 million at December 31, 1993, against which $119.4 million was outstanding, and through a $150 million commercial paper program. No amounts were outstanding at year-end under the commercial paper program. The Company believes these sources of short-term liquidity are adequate.

During 1993 and 1992, the Company met its capital requirements with cash generated through operations. Net cash provided by operating activities for 1993 was $1.3 billion. For 1994 through 1997, the Company expects that all of its capital needs will be provided through internally generated funds.

Construction program expenditures for 1993 were $575 million and are estimated to be $575 million in 1994 and $1.5 billion for 1995 to 1997. The estimated expenditures do not include any amounts for cooling towers at Salem Generating Station (Salem) that may be required for environmental reasons. The Company does not presently anticipate that construction of the Salem cooling towers will be required; however, if mandated, the estimated cost to the Company would be $230 to $300 million and may require external sources of financing. Certain facilities under construction and to be constructed may require permits and licenses which the Company has no assurance will be granted.

The current level of the Company's capital expenditures, as a result of the completion of its nuclear construction program, has improved the Company's financial condition. Also contributing to this improvement were the effects of the Company's cost-containment program, an aggressive bill-collection program and revenues from sales of capacity and energy to other utilities.

Influenced by favorable financial market conditions, the Company has continued its aggressive refinancing and redemption program. During 1993, $2.1 billion of long-term debt and preferred stock were sold to replace debt and preferred stock carrying significantly higher rates of interest and dividends. Also during 1993, the Company utilized internally generated cash to repay $154 million of debt and to redeem $45 million of preferred stock. These transactions resulted in a reduction of approximately $49 million in annualized interest and $6 million in annualized preferred stock dividends. The ratios under the Company's mortgage indenture and Articles of Incorporation at December 31, 1993 were 4.20 and 2.47 times, respectively, compared with minimum issuance requirements of 2.00 and 1.50.

During 1993, Dividend Reinvestment and Stock Purchase Plan requirements were satisfied by the purchase of shares of common stock on the open market. Depending on the Company's specific requirements, the Company will decide whether to issue shares or purchase shares on the open market in the future.

The Company's capital structure as of December 31, 1993 was common equity, 42.6%; preferred stock, 6.1%; and long-term debt, 51.3%; compared to its capital structure as of December 31, 1992 of common equity, 40.3%; preferred stock, 6.6%; and long-term debt, 53.1%. The Company anticipates that its improved financial condition will allow it to further strengthen its balance sheet.

Outlook

The Company's financial condition and its future operating results are dependent on a number of factors affecting the Company and the utility industry in general. These factors include the regulation and operation of nuclear generating facilities, increased competition, regulatory and accounting changes and compliance with environmental regulations.

General Business Outlook

The Company's financial condition and future operating results are in part dependent on the continued successful operation of its nuclear generating facilities. The Company's nuclear generating facilities represent approximately 44% of its installed generating capacity. During 1993, the Company's nuclear plants operated at a 78% weighted average capacity factor and produced 60% of the Company's output. Substantial nuclear generation is the most cost-effective way for the Company to meet customer needs and any commitments for off-system sales. In addition, continued operation of the nuclear plants above 60% of capacity is necessary to avoid penalties under the ECA. Additionally, the terms of the 1991 settlement of the Limerick Unit No. 2

rate case afford the Company the opportunity, through sales to other utilities and the efficient operation of Limerick, to increase future earnings. See note 2 of Notes to Consolidated Financial Statements for a description of the ECA and the terms of the Limerick Unit No. 2 rate case settlement.

At December 31, 1993, the Company had agreements with other utilities to

sell up to 799 megawatts (mW) of installed generating capacity and/or associated energy. All of these agreements are either for weekly purchases of energy only or expire during 1994. The Company expects to renew these agreements or negotiate new agreements and to sell over $100 million of capacity and/or energy through such agreements in 1994. The Company's future results of operations are dependent in part on its ability to successfully market its excess generating capacity and associated energy.

Annual and quarterly operating results can be affected by weather, which can have a significant positive or negative impact. For example, 1993 earnings compared to 1992 were favorably impacted by $0.26 per share due to the summer being one of the hottest in Company history. Conversely, the Company's earnings were negatively impacted by $0.35 per share in 1992 compared to 1991 due to one of the coolest summers ever experienced in the Company's service territory.

Inflation impacts the Company through increased operating costs and increased capital costs for utility plant. The Company expects that it would recover any increased operating costs, but in times of high inflation, the Company could be adversely impacted by the regulatory lag in reflecting these increased costs in rates. In addition, the replacement costs of the Company's utility plant are significantly higher than the historical costs reflected in the financial statements.

The Company expects its level of capital investment in utility plant to remain relatively stable since it has sufficient electric generating capacity to meet the anticipated needs of its service territory well into the next decade. Because of the Company's substantial investment in and reliance on its nuclear generating units, any changes in regulations by the Nuclear Regulatory Commission (NRC) requiring additional investments or resulting in increased operating costs of nuclear generating units could adversely affect the Company.

The Company's budgeted capital expenditures through 1997 include all costs of compliance with Phase I of the Clean Air Act of 1990 (Clean Air Act), including its share of the costs of scrubbers being installed at Conemaugh Generating Station. As a result of its prior investments in scrubbers for Eddystone and Cromby and its investment in nuclear generating capacity, the Company believes that compliance with the Clean Air Act will have less impact on the Company's electric rates than on the rates of other Pennsylvania utilities which are more dependent on coal-fired generation.

An evaluation of Company sites for potential environmental clean-up liability is on-going, including approximately 20 sites where manufactured gas plant activities may have resulted in site contamination. Past activities at several sites have resulted in actual site contamination. The Company is presently engaged in performing detailed evaluations at certain of these sites to define the nature and extent of the contamination, to determine the necessity of remediation and to identify possible remedi-ation alternatives. As of December 31, 1993 and 1992, the Company has accrued $17 and $13 million, respectively, of study and remediation costs that currently can be reasonably estimated. The Company cannot currently predict whether it will incur other significant liabilities for any additional remediation costs at these or additional sites identified by the Company, environmental agencies or others.

SFAS No. 112, "Employers' Accounting for Postemploy-ment Benefits," must be adopted by the first quarter of 1994. The Company cannot currently determine the effect of this statement upon the results of operations.

The Company would ultimately seek to recover through the ratemaking process all capital costs and any increased operating costs, including those associated with NRC regulation of the Company's nuclear generating stations and environmental compliance and remediation, although such recovery is not assured.

Regulatory Assets

At December 31, 1993, the Company had deferred on its balance sheet certain regulatory assets for which current recovery has not yet been approved by the PUC. These regulatory assets include $91 million of operating and maintenance expenses, depreciation and accrued carrying charges on its investment in Limerick Unit No. 2 and 50% of Limerick common facilities, deferred pursuant to a Declaratory Order of the PUC; $45 million of costs not associated with construction activity related to the adoption of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; and $107 million recognized for the effect on deferred taxes of the change in the statutory federal income tax rate from 34% to 35% in 1993. See notes 2, 6 and 12, respectively, of Notes to Consolidated Financial Statements.

These and other regulatory assets are deferred pursuant to PUC action. Any deferred costs that are not recovered through base rates would be charged against income immediately. The Company has announced its intention not to seek an electric retail base-rate increase in 1994.

Competition

The electric utility industry, in particular power generation to serve the needs of large users such as municipal customers and for off-system sales, has become increasingly competitive. Companies that are able to provide energy at

a lower cost are likely to benefit from this competition. Competitors include co-generators and independent power producers. Nonutility generation has resulted, and in the future could result, in the loss of revenues from industrial customers. These factors will continue to challenge the Company to maintain current revenue levels.

The National Energy Policy Act of 1992 (Energy Act) encourages competition among utilities and nonutility generators by allowing access to utility transmission facilities for wholesale wheeling. The Energy Act directs the Federal Energy Regulatory Commission (FERC) to set prices for wheeling to allow utilities to recover all legitimate, verifiable and economic costs for providing wheeling services, including the cost of expanding their transmission facilities to accommodate required transmission access. Retail wheeling is prohibited under the Energy Act. Retail wheeling would, however, challenge the Company to assure that it continues to be the provider of service to its large commercial and industrial customers and that it positions itself to take advantage of opportunities to expand its customer base by marketing its reliable power sources.

The Company is currently involved in deliberations before the Maryland Public Service Commission (MdPSC) and FERC concerning the continued purchase by Conowingo Power Company (COPCO), a wholly owned subsidiary of the Company, of all of its power from the Company. COPCO's purchases from the Company represent less than 2% of the Company's annual revenues. Hearings on this matter are to commence in September 1994 and result from a MdPSC order that COPCO perform a study of its power supply alternatives, including competitive bidding. The Company has filed with the FERC a proposal to add an exit fee for the recovery from COPCO of the stranded investment costs, if the power supply needs of COPCO are obtained from a source other than the Company.

In September 1993, the Board of Directors of the Company approved a plan to reorganize the Company's operations to better enable it to meet the challenges of a competitive environment. The Company's operations will be divided into five strategic business units by January 1, 1995. The business units will be Consumer Energy Services Group, Bulk Power Enterprises, Power Generation Group, Nuclear Generation Group, and Gas Services Group. The plan calls for each business unit to eventually operate as an individual profit center, separate from the other business units.

In October, in response to its perception of business risk created by intensifying competition within the electric utility industry, the Standard & Poor's (S&P) rating agency tightened the financial ratio benchmarks it uses to rate electric utility company debt. This action has affected a significant portion of the investor-owned electric utility industry. Although the Company's current debt ratings have been affirmed by S&P, the Company's outlook, along with 47 other electric utilities, has been changed from "stable" to "negative." The Company and 21 other electric utilities have had their business positions categorized as "below average." S&P determined the Company's business position to be "below average" because it is considered to be a high-cost producer of electricity with a high dependency on its nuclear generation. Also, the perceived outlook for the economy of the Company's service territory and the Northeast in general contributed to this characterization.

Moody's Investors Service (Moody's) has also announced that the changing electric utility business environment could, over the next three to five years, lead to bond rating downgrades. Moody's also believes that business risk in the electric utility industry is rising due to deregulation and the resulting competition.

For a discussion of other contingencies, see notes 2 and 3 of Notes to Consolidated Financial Statements.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
PECO Energy Company:

We have audited the accompanying consolidated balance sheets of PECO Energy Company and Subsidiary Companies as of December 31, 1993 and 1992, and the related consolidated statements of income, cash flows, and changes in common shareholders' equity and preferred stock for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall

financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PECO Energy Company and Subsidiary Companies as of December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 4 of the consolidated financial statements, the Company changed its methods of accounting for non-pension postretirement employee benefits and income taxes in 1993.

2400 Eleven Penn Center
Philadelphia, Pennsylvania
January 31, 1994

CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars) For the Years Ended December 31,

Operating Revenues	1993	1992	1991
	<C>	<C>	<C>
Electric	$3,605,425	$3,597,141	$3,662,573
Gas	382,704	365,328	356,013
Total Operating Revenues	3,988,129	3,962,469	4,018,586
Operating Expenses			
Fuel and Energy Interchange	659,580	709,115	778,674
Other Operating	851,254	906,346	842,375
Maintenance	364,409	353,502	332,269
Depreciation	424,952	413,779	400,572
Income Taxes	354,391	264,483	308,945
Other Taxes	298,132	281,868	274,561
Total Operating Expenses	2,952,718	2,929,093	2,937,396
Operating Income	1,035,411	1,033,376	1,081,190
Other Income and Deductions			
Allowance for Other Funds Used During Construction	11,885	10,461	10,619
Settlement of Peach Bottom Litigation	----	(103,078)	----
Income Taxes	(11,808)	40,160	(16,442)
Other, Net	11,980	3,392	28,696
Total Other Income and Deductions	12,057	(49,065)	22,873
Income Before Interest Charges	1,047,468	984,311	1,104,063
Interest Charges			
Long-Term Debt	432,707	484,153	545,488
Short-Term Debt	36,002	31,419	36,360
Total Interest Charges	468,709	515,572	581,848
Allowance for Borrowed Funds Used During Construction	(11,889)	(10,202)	(12,465)
Net Interest Charges	456,820	505,370	569,383
Net Income	590,648	478,941	534,680
Preferred Stock Dividends	49,058	60,731	66,104
Earnings Applicable to Common Stock	$ 541,590	$ 418,210	$ 468,576
Average Shares of Common Stock Outstanding (Thousands)	221,072	220,245	218,234
Earnings Per Average Common Share (Dollars)	$ 2.45	$ 1.90	$ 2.15
Dividends Per Common Share (Dollars)	$ 1.43	$ 1.325	$ 1.225

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

Assets December 31,

(Thousands of Dollars)	1993	1992
Utility Plant, at Original Cost		
Electric	$13,102,088	$12,797,389
Gas	843,205	781,708
Common	203,747	162,061
	14,149,040	13,741,158
Less Accumulated Provision for Depreciation	3,946,805	3,587,317
	10,202,235	10,153,841

Nuclear Fuel, Net	179,529	188,609
Construction Work in Progress	381,247	348,792
Leased Property, Net	194,702	209,994
Net Utility Plant	10,957,713	10,901,236
Current Assets		
Cash and Temporary Cash Investments	46,923	50,369
Accounts Receivable, Net		
Customers	122,581	138,880
Other	47,768	62,571
Inventories, at Average Cost		
Fossil Fuel	67,040	63,688
Materials and Supplies	142,132	156,706
Deferred Income Taxes	30,185	39,285
Other	58,205	38,466
Total Current Assets	514,834	549,965
Deferred Debits and Other Assets		
Recoverable Deferred Income Taxes	2,297,368	----
Deferred Limerick Costs	433,605	455,161
Deferred Non-Pension Postretirement		
Benefit Costs	44,691	----
Investments	218,636	202,422
Loss on Reacquired Debt	343,004	273,120
Other	222,476	196,323
Total Deferred Debits and Other Assets	3,559,780	1,127,026
Total	$15,032,327	$12,578,227

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

Capitalization and Liabilities (Thousands of Dollars)	December 31, 1993	1992
Capitalization Common Shareholders' Equity		
Common Stock	$3,488,477	$3,459,131
Other Paid-In Capital	1,214	1,214
Retained Earnings	773,727	561,824
	4,263,418	4,022,169
Preferred and Preference Stock		
Without Mandatory Redemption	422,472	422,472
With Mandatory Redemption	186,500	231,130
Long-Term Debt	4,884,343	5,203,961
Total Capitalization	9,756,733	9,879,732
Current Liabilities		
Notes Payable, Bank	119,350	110,500
Long-Term Debt Due Within One Year	252,263	98,998
Capital Lease Obligations Due Within One Year	60,500	58,998
Accounts Payable	242,239	241,462
Taxes Accrued	24,939	24,334
Deferred Energy Costs	48,691	72,999
Interest Accrued	97,540	15,923
Dividends Payable	18,345	19,459
Other	90,710	87,887
Total Current Liabilities	954,577	830,560
Deferred Credits and Other Liabilities		
Capital Lease Obligations	134,202	150,996
Deferred Income Taxes	3,386,136	1,001,939
Unamortized Investment Tax Credits	386,162	302,508
Pension Obligation for Early Retirement Plan	135,286	141,675
Non-Pension Postretirement Benefits Obligation	51,781	----
Other	227,450	270,817
Total Deferred Credits and Other Liabilities	4,321,017	1,867,935
Commitments and Contingencies (Notes 2 and 3)		
Total	$15,032,327	$12,578,227

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

(Thousands of Dollars)	For the Years Ended December 31,		
Cash Flows From Operating Activities	1993	1992	1991

<S>	<C>	<C>	<C>
Net Income	$590,648	$478,941	$534,680
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	507,069	491,186	499,675
Deferred Income Taxes	139,846	81,943	77,836
Unrecovered Phase-In Plan Revenue	-----	142,267	96,705
Deferred Energy Costs	(24,308)	52,959	16,593
Sale of Accounts Receivable	-----	-----	125,000
Amortization of Leased Property	58,400	54,600	59,400
Changes in Working Capital:			
Accounts Receivable	31,102	82,151	(70,907)
Inventories	11,222	1,395	(26,926)
Accounts Payable	777	(47,403)	36,326
Other Current Assets and Liabilities	(34,694)	(136,627)	54,633
Other Items Affecting Operations	(18,287)	(28,569)	20,073
Net Cash Flows Provided by Operating Activities	1,261,775	1,172,843	1,423,088
Cash Flows From Investing Activities			
Investment in Plant	(568,076)	(571,829)	(473,448)
Increase in Other Investments	(16,214)	(32,769)	(43,827)
Net Cash Flows Used by Investing Activities	(584,290)	(604,598)	(517,275)
Cash Flows From Financing Activities			
Change in Short-Term Debt	8,850	10,500	(68,500)
Issuance of Common Stock	29,346	12,465	66,453
Issuance of Preferred Stock	142,700	140,000	----
Retirement of Preferred Stock	(187,330)	(224,462)	(15,330)
Issuance of Long-Term Debt	1,994,765	1,369,540	278,000
Retirement of Long-Term Debt	(2,148,963)	(1,504,877)	(692,867)
Loss on Reacquired Debt	(69,884)	(85,380)	(58,419)
Dividends on Preferred and Common Stock	(366,081)	(349,856)	(333,319)
Change in Dividends Payable	(1,114)	(16,607)	8,575
Expenses of Issuing Long-Term Debt and Preferred Stock	(24,820)	(11,660)	(68)
Capital Lease Payments	(58,400)	(54,600)	(59,400)
Net Cash Flows from Financing Activities	(680,931)	(614,937)	(874,875)
(Decrease) Increase in Cash and Cash Equivalents	(3,446)	(46,692)	30,938
Cash and Cash Equivalents at beginning of period	50,369	97,061	66,123
Cash and Cash Equivalents at end of period	$46,923	$50,369	97,061

</TABLE>
See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN
COMMON STOCKHOLDERS' EQUITY AND PREFERRED STOCK

<TABLE>
<CAPTION>

(All Amounts in Thousands)	Common Stock Shares	Common Stock Amount	Other Paid-In Capital	Retained Earnings	Preferred Stock Shares	Preferred Stock Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1991	216,953	$3,380,213	$1,214	$243,106	7,534	$753,394
Net Income				534,680		
Cash Dividends Declared						
Preferred Stock (at specified annual rates)				(65,966)		
Common Stock ($1.225 per share)				(267,353)		
Expenses of Capital Stock Activity				(68)		
Issuance of Stock						
Dividend Reinvestment and Stock Purchase Plan	2,925	63,207				
Long-Term Incentive Plan	152	3,246				
Redemptions					(153)	(15,330)
Balance, December 31, 1991	220,030	3,446,666	1,214	444,399	7,381	738,064
Net Income				478,941		
Cash Dividends Declared						
Preferred Stock (at specified annual rates)				(58,021)		
Common Stock ($1.325 per share)				(291,835)		
Expenses of Capital Stock Activity				(11,660)		
Issuance of Stock						
Long-Term Incentive Plan	504	12,465				

Issuances					1,400	140,000
Redemptions					(2,245)	(224,462)
Balance, December 31, 1992	220,534	3,459,131	1,214	561,824	6,536	653,602
Net Income				590,648		
Cash Dividends Declared						
Preferred Stock						
(at specified annual rates)				(49,919)		
Common Stock						
($1.43 per share)				(316,162)		
Expenses of Capital Stock Activity				(5,625)		
Issuance of Stock						
Long-Term Incentive Plan	982	29,346		(7,039)		
Issuances					1,427	142,700
Redemptions					(1,873)	(187,330)
Balance, December 31, 1993	221,516	$3,488,477	$1,214	773,727	6,090	$608,972

</TABLE>
See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

General

The consolidated financial statements of PECO Energy Company (Company), formerly known as Philadelphia Electric Company, include the accounts of its utility subsidiary companies, all of which are wholly owned. Non-utility subsidiaries are not material and are accounted for on the equity method. Accounting policies are in accord-ance with those prescribed by the regulatory authorities having jurisdiction, principally the Pennsylvania Public Utility Commission (PUC) and the Federal Energy Regulatory Commission (FERC).

Revenues

Customers' meters are read and bills are prepared on a cycle basis. At the end of each month, the Company accrues an estimate for the unbilled amount of energy delivered to customers.

Pursuant to a phase-in plan approved by the PUC in its electric base-rate order dated April 19, 1990, the Company recorded revenue equal to the full amount of the rate increase approved, based on kilowatthours rendered to customers. On April 5, 1991, that plan was amended by the PUC as part of the settlement of all appeals arising from the Limerick Generating Station (Limerick) Unit No. 2 rate proceeding to permit recovery of the remaining unrecovered revenue by December 31, 1992 (see note 2). As of December 31, 1993 and 1992, the Company had no unrecovered phase-in plan revenue.

Fuel and Energy Cost Adjustment Clauses

The Company's classes of service are subject to fuel adjustment clauses designed to recover or refund the differences between actual costs of fuel, energy interchange, and purchased power and gas, and the amounts of such costs included in base rates. Differences between the amounts billed to customers and the actual costs recoverable are deferred and recovered or refunded in future periods by means of prospective adjustments to rates. Generally, such rates are adjusted every twelve months. In addition to reconciling fuel costs and revenues, the Company's Energy Cost Adjustment (ECA), established by the PUC, incorporates a nuclear performance standard which allows for financial bonuses or penalties depending upon whether the Company's system nuclear capacity factor exceeds or falls below a specified range (see note 2).

Nuclear Fuel

Nuclear fuel is capitalized and charged to fuel expense on the unit of production method. Estimated costs of nuclear fuel disposal are charged to fuel expense as the related fuel is consumed. The Company's share of nuclear fuel at Peach Bottom Atomic Power Station (Peach Bottom) and Salem Generating Station (Salem) is accounted for as a capital lease. Nuclear fuel at Limerick is owned.

Depreciation and Decommissioning

The annual provision for depreciation is provided over the estimated service lives of plant on the straight-line method. Annual depreciation provisions for financial reporting purposes, expressed as a percent of average depreciable utility plant in service, were approximately 2.75% in 1993 and 1992 and 2.74% in 1991.

The Company's share of the estimated costs for decommissioning nuclear generating stations currently is being charged to operations over the expected service life of the related plant. The amounts recovered from customers are deposited in escrow and trust accounts and invested for funding of future costs and credited to accumulated depreciation (see note 3).

Income Taxes
In 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires an asset and liability approach for financial accounting and reporting of income taxes. In addition, the effects of the Alternative Minimum Tax (AMT) are normalized. Investment Tax Credit (ITC) is deferred and amortized to income over the estimated useful lives of the related utility plant. ITC related to plant in service, not included in rate base, is accounted for on the flow-through method.

Allowance for Funds Used During Construction (AFUDC)
AFUDC is the cost, during the period of construction, of debt and equity funds used to finance construction pro-jects. AFUDC is recorded as a charge to Construction Work in Progress, and the credits are to Interest Charges for the pre-tax cost of borrowed funds and to Other In-come and Deductions for the remainder as the allowance for other funds. The rates used for capitalizing AFUDC, which averaged 9.39% in 1993, 10.61% in 1992 and 10.88% in 1991, are computed under a method prescribed by the regulatory authorities. AFUDC is not included in regular taxable income and the depreciation of capitalized AFUDC is not tax deductible.

Nuclear Outage Costs
Incremental nuclear maintenance and refueling outage costs are accrued over the unit operating cycle. For each unit, an accrual for incremental nuclear maintenance and refueling outage expense is estimated based upon the latest planned outage schedule and estimated costs for the outage. Differences between the accrued and actual expense for the outage are recorded when such differences are known.
Capitalized Software Costs
Software projects which exceed $5 million are capitalized. At December 31, 1993 and 1992, capitalized software costs totalled $56 million and $40 million (net of $3 million and $1 million accumulated amortization), respectively. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, not to exceed 10 years.

Gains and Losses on Reacquired Debt
Gains and losses on reacquired debt are deferred and amortized to interest expense over the period approved for ratemaking purposes.

SFAS No. 112
SFAS No. 112, "Employers' Accounting for Postemployment Benefits," must be adopted by the first quarter of 1994. The Company cannot currently determine the effect of this statement upon the results of operations.

Reclassifications
Certain prior-year amounts have been reclassified for comparative purposes. These reclassifications had no effect on net income.

2. Rate Matters
Limerick Unit No. 2 Electric Rate Order As part of the April 19, 1990 PUC order, the PUC approved recovery of $285 million of deferred Limerick costs representing carrying charges and depreciation associated with 50% of Limerick common facilities. These costs are included in base rates and are being recovered over the life of Limerick. The PUC also approved recovery of $137 million of Limerick Unit No. 1 costs which had previously been deferred pursuant to a Declaratory Order dated September 28, 1984. These costs are being recovered over a ten-year period without a return on investment.

On April 5, 1991, the PUC approved the settlement of all appeals arising from the Limerick Unit No. 2 rate order. Under the terms of the settlement, the Company is allowed to retain for shareholders any proceeds above the average energy cost for sales of up to 399 megawatts (mW) of capacity and/or associated energy, since the PUC had ruled that the Company had 399 mW of near-term excess capacity in the Limerick Unit No. 2 rate order. Beginning on April 1, 1994, the settlement provides for the Company to share in the benefits which result from the operation of both Limerick Unit No. 1 and Unit No. 2 through the retention of 16.5% of the energy savings. Through 1994, the Company's potential benefit from the sale of up to 399 mW of capacity and/or associated energy and the retained Limerick energy savings is limited to $106 million per year, with any excess accruing to customers. Beginning in 1995, in addition to retaining the first $106 million, the Company will share in any excess above $106 million with the Company's share of the excess being 10% in 1995, 20% in 1996 and 30% in 1997 and thereafter. During 1993, 1992 and 1991, the Company recorded as revenue net of fuel costs $38, $34 and $25 mil- lion, respectively, as a result of the sale of the 399 mW of capacity and/or associated energy.
As a part of the settlement, the Company agreed not to file an electric base-rate increase before April 1, 1994, except as allowed by the PUC or for

emergency or single-issue rate filings to recover costs associated with new legislation or regulations.

Single-Issue Electric Base-Rate Increase Filed On September 11, 1992, the Company filed with the PUC a request for a 1.5% electric base-rate increase designed to recover the increased costs associated with the implementation of SFAS No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions." See notes 4 and 6.

On March 25, 1993, the PUC issued a policy statement for implementation of SFAS No. 106 which states that the PUC "intends to move all jurisdictional utilities to SFAS No. 106 accrual accounting for ratemaking purposes with-in approximately five years and to allow the recovery in base rates of all deferred amounts in approximately 20 years to the extent that costs are prudently incurred and examined in a base-rate proceeding prior to rate recognition."

On September 2, 1993, the PUC issued an order denying the Company current recovery of these costs, stating that the settlement of all appeals arising from the PUC's 1990 Limerick Unit No. 2 order precluded the Company from seeking an increase in electric base rates for these costs before April 1, 1994. The September 2, 1993 order authorized the Company to defer the additional SFAS No. 106 expense as a regulatory asset in accordance with the PUC policy statement. On September 30, 1993, the Company filed with the Commonwealth Court of Pennsylvania a petition for review of the PUC's final order.

Recovery through rates of the Company's SFAS No. 106 transition obligation of $505 million and amounts deferred pursuant to the PUC's September 2, 1993 Order will be permitted only if included in a general base-rate case within approximately five years and deemed prudently incurred. The Company's future earnings will be adversely affected to the extent that the Company is not ultimately permitted to recover the additional non-pension postretirement benefits costs resulting from the adoption of SFAS No. 106 through the ratemaking process. While non-pension postretirement benefits costs traditionally have been allowed for ratemaking on a pay-as-you-go basis, recovery of the deferred costs through the rate making process is not assured.

Limerick Unit No. 2 Declaratory Order
Pursuant to a Declaratory Order of the PUC, the Company deferred the operating and maintenance expenses, depreciation and accrued carrying charges on its capital investment in Limerick Unit No. 2 and 50% of Limerick common facilities during the period from January 8, 1990, the commercial operation date of Limerick Unit No. 2, until April 20, 1990, the effective date of the Limerick Unit No. 2 rate order. At December 31, 1993 and 1992, such costs included in Deferred Limerick Costs totalled $91 million. Recovery of such costs deferred pursuant to the Declaratory Order will be addressed by the PUC in a subsequent electric base-rate case, although such recovery is not assured. Any amounts not recovered would be charged against income.

Energy Cost Adjustment
The Company is subject to a PUC-established electric ECA which, in addition to reconciling fuel costs and revenues, incorporates a nuclear performance standard which allows for financial bonuses or penalties depending on whether the Company's system nuclear capacity factor exceeds or falls below a specified range. The bonuses or penalties are based upon average system replacement energy costs. If the capacity factor is within the range of 60-70%, there is no bonus or penalty. If the capacity factor exceeds the specified range, progressive incremental bonuses are earned and, if the capacity factor falls below the specified range, progressive incremental penalties are incurred.

For the years ended December 31, 1993, 1992 and 1991, the Company's nuclear capacity factors were 78%, 71% and 75%, respectively. This entitled the Company to bonuses reflected in 1993, 1992 and 1991 income of $10, $1 and $5 million, respectively.

3. Commitments and Contingencies
Construction Expenditures
Construction expenditures are estimated to be $575 million for 1994 and $1.5 billion for 1995-1997. For 1994-1997, the Company expects that all of its capital needs will be provided through internally generated funds. These construction expenditure estimates are reviewed and revised periodically to reflect changes in economic conditions, re-vised load forecasts and other appropriate factors. Certain facilities under construction and to be constructed may require permits and licenses which the Company has no assurance will be granted.

The Company's operations have in the past and may in the future require substantial capital expenditures in order to comply with environmental laws. The Company expects that any capital expenditures to construct facilities for compliance with environmental laws and the operating costs of such facilities would be recoverable through the rate-making process, although such recovery is not assured.

Nuclear Insurance

The Price-Anderson Act, as amended (Price-Anderson Act), sets the limit of liability of approximately $9.4 billion for claims that could arise from an incident involving any licensed nuclear facility in the nation. The limit is subject to increase to reflect the effects of inflation and changes in the number of licensed reactors. All utilities with nuclear generating units, including the Company, have obtained coverage for these potential claims through a combination of private insurances of $200 million and mandatory participation in a financial protection pool. Under the Price-Anderson Act, all nuclear reactor licensees can be assessed up to $76 million per reactor per incident, payable at $10 million per reactor per incident per year. This

assessment is subject to inflation, state premium taxes and an additional surcharge of 5% if the total amount of claims and legal costs exceeds the basic assessment.

If the damages from an incident at a licensed nuclear facility exceed $9.4 billion, the President of the United States is to submit to Congress a plan for providing additional compensation to the injured parties. Congress could impose further revenue-raising measures on the nuclear industry to pay claims. The Price-Anderson Act and the extensive regulation of nuclear safety by the Nuclear Regulatory Commission (NRC) do not preempt claims under state law for personal, property or punitive damages related to radiation hazards.

The Company maintains property insurance, including decontamination expense coverage and premature decommissioning coverage, for loss or damage to its nuclear facilities. Although it is not possible to determine the total amount of the loss that may result from an occurrence at these facilities, the Company maintains its $2.75 billion proportionate share for each station. Under the terms of the various insurance agreements, the Company could be assessed up to $35 million for losses incurred at any plant insured by the insurance companies. The Company is self-insured to the extent that any losses may exceed the amount of insurance maintained. Any such losses, if not recovered through the ratemaking process, could have a material adverse effect on the Company's financial condition.

The Company is a member of an industry mutual insurance company which provides replacement power cost insurance in the event of a major outage at a nuclear station. The premium for this coverage is subject to an assessment for adverse loss experience. The Company's maximum share of any assessment is $17 million per year.

Nuclear Decommissioning and Spent Fuel Storage

In conjunction with the PUC's April 19, 1990 electric baserate order, the PUC recognized a revised decommissioning cost estimate based upon total cost. The Company's share of this revised cost is $643 million expressed in 1990 dollars, which the Company believes would be substantially unchanged at December 31, 1993.

Under a contract with the U.S. Department of Energy (DOE), the DOE is obligated ultimately to take possession of all spent nuclear fuel generated by the Company's nuclear units for long-term storage by no later than 1998. The contract currently requires that a spent fuel disposal fee of one mill ($.001) per net kilowatthour generated be paid to the DOE. The fee may be adjusted prospectively in order to ensure full cost recovery.

The DOE has stated that it will not be able to open a permanent, high-level nuclear waste storage facility until 2010, at the earliest. The DOE stated that the delay was a result of its seeking new data about the suitability of the proposed storage facility site at Yucca Mountain, Nevada, opposition to this location for the respository and the DOE's revision of its civilian nuclear waste program. The DOE stated that it would seek legislation from Congress for the construction of a temporary storage facility which would accept spent nuclear fuel from utilities in 1998 or soon thereafter. Although progress is being made at Yucca Mountain and several communities have expressed interest in providing a temporary storage site, the Company cannot predict when the temporary and permanent federal storage facilities will become available.

Peach Bottom and Limerick have on-site storage facilities with the capacity to store spent fuel discharged from the units through the late 1990's and, by further modifying spent fuel storage facilities, capacity could be provided until approximately 2010. Salem has spent fuel storage capacity through 1998 for Unit No. 1 and 2002 for Unit No. 2. Public Service Electric and Gas (PSE&G) is planning expansion of the fuel storage capacity of Salem.

The National Energy Policy Act of 1992 (Energy Act) provides, among other things, that utilities with nuclear reactors must pay for the decommissioning and decontamination of the DOE nuclear fuel enrichment facilities. The total costs are estimated to be $150 million per year for 15 years, of which the Company's share was estimated at December 31, 1992 to be $6 million per year, subsequently revised to $5 million in September 1993. The Energy Act provides that these costs are to be recoverable in the same manner as other fuel costs.

The Company has recorded the liability and a related regulatory asset, which at December 31, 1993 and 1992 was $69 and $96 million, respectively.

The Company is currently recovering in rates costs for nuclear decommissioning and decontamination and spent fuel storage. The Company believes that the ultimate costs of decommissioning and decontamination, spent fuel disposal and any assessment under the Energy Act will continue to be recoverable through rates, although such recovery is not assured.

Environmental Issues

Under federal and state environmental laws, the Company is generally liable for the costs of remediating environmental contamination of property now or formerly owned by the Company and of property contaminated by hazardous waste generated by the Company. The Company owns or leases a substantial number of real estate parcels, including parcels on which its operations or the operations of others may have resulted in contamination by substances which are considered hazardous under the environmental laws. The Company is currently involved in a number of proceedings relating to sites where hazardous waste has been deposited and may be subject to additional proceedings in the future. An evaluation of Company sites for potential environmental clean-up liability is on-going, including approximately 20 sites where manufactured gas plant activities may have resulted in site contamination. Past activities at several sites have resulted in actual site contamination. The Company is presently engaged in performing detailed evaluations at certain of these sites to define the nature and extent of the contamination, to determine the necessity of remediation and to identify possible remediation alternatives. As of December 31, 1993 and 1992, the Company had accrued $17 and $13 million, respectively, for various investigation and remedi-ation costs that currently can be reasonably estimated. The Company cannot currently predict whether it will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Company, environmental agencies or others, or whether any such costs will be recoverable through rates or from third parties.

Other Litigation

On April 11, 1991, 33 former employees of the Company filed an amended class action suit against the Company in the United States District Court for the Eastern District of Pennsylvania (Eastern District Court) on behalf of approximately 141 persons who retired from the Company between January and April 1990. The lawsuit, filed under the Employee Retirement Income Security Act (ERISA), alleges that the Company fraudulently and/or negligently misrepresented or concealed facts concerning the Company's 1990 Early Retirement Plan and thus induced the plaintiffs to retire or not to defer retirement immediately before the initiation of the Early Retirement Plan, thereby depriving the plaintiffs of substantial pension and salary benefits. On June 6, 1991, the plaintiffs filed amended complaints adding additional plaintiffs. The lawsuit names the Company, the Company's Service Annuity Plan (SAP) and two Company officers as defendants. The plaintiffs seek approximately $20 million in damages representing, among other things,

increased pension benefits and nine months' salary pursuant to the terms of the Early Retirement Plan, as well as punitive damages. The ultimate outcome of this matter is not expected to have a material adverse effect on the Company's financial condition.

On May 2, 1991, 37 former employees of the Company filed an amended class action suit against the Company, the SAP and three former Company officers in the Eastern District Court, on behalf of 147 former employees who retired from the Company from January through June 1987. The lawsuit was filed under ERISA and concerns the August 1, 1987 amendment to the SAP. The plaintiffs claim that the Company concealed or misrepresented the fact that the amendment to the SAP was planned to increase retirement benefits and, as a consequence, they retired prior to the amendment to the SAP and were deprived of significant retirement benefits. The complaint does not specify any dollar amount of damages. The ultimate outcome of this matter is not expected to have a material adverse effect on the Company's financial condition.

On May 25, 1993, the Company received a letter from attorneys on behalf of a shareholder demanding that the Company's Board of Directors commence legal action against certain Company officers and directors with respect to the Company's credit and collections practices. The basis of the demand is the findings and conclusions contained in the Credit and Collection section of the May 1991 PUC Management Audit Report prepared by Ernst & Young. At its June 28, 1993 meeting, the Board of Directors appointed a special committee of directors to consider whether such legal action is in the best interest of the Company and its shareholders.

On July 26, 1993, attorneys on behalf of two shareholders reinstituted a shareholder derivative action against several of the Company's present and former officers alleging mismanagement, waste of corporate assets and breach of fiduciary duty in connection with the Company's credit and collections practices. This action is also based on the findings and conclusions contained in the Credit and Collections section of the May 1991 PUC Management Audit

Report prepared by Ernst & Young. The plaintiffs seek, among other things, an unspecified amount of damages and the awarding to the plaintiffs of the costs and disbursements of the action, including attorneys' fees.

Any monetary damages which may be recovered, net of expenses, would be paid to the Company because the lawsuit is brought derivatively by shareholders on behalf of the Company.

The Company is involved in various other litigation matters, the ultimate outcomes of which, while uncertain, are not expected to have a material adverse effect on the Company's financial condition; however, they could have a material effect on quarterly operating results when resolved in a future period.

4. Changes in Accounting

Effective January 1, 1993, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires the recognition of the expected costs of the benefits during the years employees render service, but not later than the date eligible for retirement using the prescribed accrual method. For 1992 and prior, the Company recognized these costs on a pay-as-you-go basis. The Company is currently recovering in base rates the pay-as-you-go costs. Adoption of SFAS No. 106 resulted in a transition obligation of $505 million, which is being amortized on a straight-line basis over 20 years. Adoption of SFAS No. 106 had no impact on the Company's results of operations as the Company is deferring these increased costs (see note 6).

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability approach for financial accounting and reporting for income taxes utilizing the cumulative method of adoption. As a result, the Company recognized a charge of $3 million or $0.02 per share during 1993. The Company has also recorded an additional accumulated deferred income tax liability along with a corresponding recoverable deferred income tax asset of $2.3 billion at December 31, 1993 (see note 12).

5. Retirement Benefits

The Company and its subsidiaries have non-contributory trusteed retirement plans applicable to all regular employees. The benefits are based primarily upon employees' years of service and average earnings prior to retirement. The Company's funding policy is to contribute, at a minimum, amounts sufficient to meet ERISA requirements. Approximately 71%, 78% and 79% of pension costs were charged to operations in 1993, 1992 and 1991, respectively, and the remainder, associated with construction labor, to the cost of new utility plant.

Pension costs for 1993, 1992 and 1991 included the following components:

(Thousands of Dollars)	1993	1992	1991
Service cost * benefits earned during the period	$33,673	$ 30,191	$ 23,692
Interest cost on projected benefit obligations	134,658	129,000	121,826
Actual return on plan assets	(226,240)	(122,869)	(345,677)
Amortization of transition asset	(4,538)	(4,539)	(4,539)
Amortization and deferral	87,733	(5,741)	227,038
Net pension cost	$25,286	$26,042	$ 22,340

The changes in net periodic pension costs in 1993, 1992 and 1991 were as follows:

(Thousands of Dollars)	1993	1992	1991
Change in number, characteristics and salary levels of participants and net actuarial gain	$(756)	$ (840)	$ 3,402
Change in plan provisions	----	----	1,978
Change in actuarial assumptions	----	4,542	4,754
Net change	(756)	$ 3,702	$10,134

Plan assets consist principally of common stock, U.S. government obligations and other fixed income instruments. In determining pension costs, the assumed long-term rate of return on assets was 9.50% for 1993, 1992 and 1991.

The weighted-average discount rate used in determin-ing the actuarial present value of the projected benefit obligation was 7% at December 31, 1993 and 7.75% at December 31, 1992 and 1991. The average rate of increase in future compensation levels ranged from 4% to 6% at December 31, 1993 and ranged from 4.5% to 6.5% at December 31, 1992 and 1991.

Prior service cost is amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan. The funded status of the plan at December 31, 1993 and 1992 is summarized as follows:

(Thousands of Dollars)	1993	1992
Actuarial present value of accumulated plan benefit obligations:		
Vested benefit obligations	$(1,482,868)	$(1,315,292)
Accumulated benefit obligation	$(1,600,768)	(1,410,777)
Projected benefit obligation for services rendered to date	(1,972,332)	$(1,740,013)
Plan assets at fair value	1,844,281	1,709,802
Funded status	(128,051)	(30,211)
Unrecognized transition asset	(53,865)	(58,402)
Unrecognized prior service costs	95,728	101,955
Unrecognized net gain	(77,245)	(183,820)
Pension liability	$(163,433)	$ (170,478)

6. Non-Pension Postretirement Benefits

The Company provides certain health care and life insurance benefits for retired employees. Company employees will become eligible for these benefits if they retire from the Company with ten years of service. These benefits and similar benefits for active employees are provided by an insurance company whose premiums are based upon the benefits paid during the year. In the past, the Company has recognized the cost of providing these benefits by charging the annual insurance premiums to expense.

The transition obligation resulting from the adoption of SFAS No. 106 was $505 million at December 31, 1993, which represents the previously unrecognized accumulated non-pension postretirement benefit obligation. The transition obligation is being amortized on a straight-line basis over an allowed 20-year period. The annual accrual for non-pension postretirement benefits costs (including amortization of the transition obligation) is $83 million. The Company's comparable pay-as-you-go costs for these benefits, which are currently being recovered in base rates, were $31 million in 1993. On September 11, 1992, the Company filed with the PUC a request for a 1.5% electric base-rate increase designed to recover the costs associated with the implementation of SFAS No. 106 (see note 2).

The transition obligation was determined by applica-tion of the terms of medical, dental and life insurance plans, including the effects of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates, which are projected to range from 12% in 1993 to 5% in 2002. The effect of a 1% annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation by $50 million and the annual service and interest costs by $8 million.

Total costs for all plans amounted to $83, $17 and $15 million in 1993, 1992 and 1991, respectively, for 6,000 retirees during 1993, 1992 and 1991 and for 9,723 active employees during 1993. The cost was higher in 1993 than in 1992 primarily due to the adoption of SFAS No. 106.

The net periodic benefits costs for 1993 included the following components:

(Thousands of Dollars)	
Service cost - benefits earned during the period	$15,615
Interest cost on projected benefit obligations	41,708
Amortization of the transition obligation	25,251
Actual return on plan assets	----
Amortization and deferral	----
Net periodic postretirement benefits costs	$82,574

The funded status of the plan at December 31, 1993 is summarized as follows:

(Thousands of Dollars)	
Accumulated postretirement benefit obligation:	
Retirees	$476,059
Fully eligible active plan participants	39,367
Other active plan participants	79,808
Total	595,234
Plan assets at fair value	----
Accumulated postretirement benefit obligation in excess of plan assets	595,234
Unrecognized transition obligation	(479,778)
Unrecognized net gain	(63,675)
Accrued postretirement benefits cost recognized on the balance sheet	$51,781

Measurement of the accumulated postretirement benefits obligation was based on a 7.25% assumed discount rate.

7. Accounts Receivable

Accounts receivable at December 31, 1993 and 1992 in-cluded unbilled operating revenues of $115 and $111 million, respectively. Accounts receivable at December 31, 1993 and 1992 were net of an allowance for uncollectible accounts of $15 and $18 million, respectively.

The Company is party to an agreement with a financial institution whereby it

can sell on a daily basis and with limited recourse an undivided interest in up to $325 million of designated accounts receivable until January 24, 1996. At December 31, 1993 and 1992, the Company had sold a $325 million interest in accounts receivable under this agreement. The Company retains the servicing responsibility for these receivables.

By terms of this agreement, under certain circumstances, a portion of deferred Limerick costs may be included in the pool of eligible receivables. At December 31, 1993, $43 million of deferred Limerick costs were included in the pool of eligible receivables.

8. Common Stock

At December 31, 1993 and 1992, common stock without par value consisted of 500,000,000 shares authorized and 221,516,299 and 220,534,048 shares outstanding, respectively. At December 31, 1993, there were 4,800,000 shares reserved for issuance under stock purchase plans.

The Company maintains a Long-Term Incentive Plan (LTIP) for certain full-time salaried employees of the Company. The types of long-term incentive awards which may be granted under the LTIP are non-qualified options to purchase shares of the Company's common stock, dividend equivalents and shares of restricted common stock. Pursuant to the LTIP, 1,961,882 shares of stock were authorized for issuance upon exercise of options at December 31, 1993.

The following table summarizes option activity during 1993, 1992 and 1991:

	1993	1992	1991
Balance at January 1	2,445,833	1,656,244	1,126,675
Options granted	533,800	1,380,000	1,018,500
Options exercised	(981,551)	(504,411)	(151,996)
Options cancelled	(36,200)	(86,000)	(336,935)
Balance at December 31	1,961,882	2,445,833	1,656,244
Exercisable at December 31	1,447,282	1,162,833	800,744

Options were exercised at average option prices of $22.66 per share, $24.73 per share and $21.35 per share in 1993, 1992 and 1991, respectively. The average exercise prices of shares under option were $25.12 per share, $23.18 per share and $20.34 per share at December 31, 1993, 1992 and 1991, respectively.

9. Preferred and Preference Stock

At December 31, 1993 and 1992, Series Preference Stock consisted of 100,000,000 shares authorized, of which no shares were outstanding. At December 31, 1993 and 1992, cumulative Preferred Stock, no par value, consisted of 15,000,000 shares authorized.

<TABLE>
<CAPTION>

	Current Redemption Price (a)	Shares Outstanding 1993	Shares Outstanding 1992	Amount (Thousands of Dollars) 1993	Amount (Thousands of Dollars) 1992
<S>	<C>	<C>	<C>	<C>	<C>
Series (without mandatory redemption)					
$10.75	----	----	500,000	----	50,000
$7.85	101.00	500,000	500,000	$ 50,000	50,000
$7.80	101.00	750,000	750,000	75,000	75,000
$7.75	101.00	200,000	200,000	20,000	20,000
$4.68	104.00	150,000	150,000	15,000	15,000
$4.40	112.50	274,720	274,720	27,472	27,472
$4.30	102.00	150,000	150,000	15,000	15,000
$3.80	106.00	300,000	300,000	30,000	30,000
$7.96(b)	(c)	1,400,000	1,400,000	140,000	140,000
$7.48	(d)	500,000	----	50,000	----
		4,224,720	4,224,720	422,472	422,472
Series (with mandatory redemption) (e)					
$9.875	102.50	390,000	650,000	39,000	65,000
$9.52	----	----	200,000	----	20,000
$9.50 1986 Series	----	----	675,000	----	67,500
$8.75 1978 Series	----	----	200,300	----	20,030
$7.325	101.46	300,000	330,000	30,000	33,000
$7.00	101.00	248,000	256,000	24,800	25,600
$6.12	(f)	927,000	----	92,700	----
		1,865,000	2,311,300	186,500	231,130
Total Preferred Stock		6,089,720	6,536,020	$608,972	$653,602

</TABLE>

(a) Redeemable, at the option of the Company, at the indicated dollar amounts per share, plus accrued dividends.
(b) Ownership of this series of preferred stock is evidenced by depositary receipts, each representing one-fourth of a share of preferred stock.
(c) None of the shares of this series are subject to redemption prior to October 1, 1997.
(d) None of the shares of this series are subject to redemption prior to April 1, 2003.
(e) Sinking fund requirements ($100 per share) in the period 1994-1996 are $16,800,000 annually and $3,800,000 annually in the period 1997-1998.
(f) None of the shares of this series are subject to redemption prior to August 1, 1999.

10. Long-Term Debt

(Thousands of Dollars)			At December 31,		
	Series	Due	1993	1992	
<S>	<C>	<C>	<C>	<C>	<C>
First and Refunding Mortgage Bonds (a)		6 1/2%	1993	----	$60,000
		4 1/2% - 13.05%	1994	$170,000	170,000
		9%	1995	----	51,200
		8 1/4%	1996	----	80,000
		6 1/8%	1997	75,000	75,000
		5 3/8% - 10%	1998	225,000	250,000
		5 5/8% - 11%	1999-2003	1,635,069	1,255,200
		6% - 10 1/4%	2004-2008	131,875	384,437
		(b)	2009-2013	154,200	----
		8 7/8% - 11%	2014-2018	129,900	479,900
		6 5/8% - 10 1/2%	2019-2024	1,776,561	1,207,130
Total First and Refunding Mortgage Bonds				4,297,605	4,012,867
Notes Payable -- Banks		(c)	1993-1996	167,000	372,000
Revolving Credit and Term Loan Agreements		(d)	1995-1997	425,000	525,000
Pollution Control Notes		(e)	1997-2025	65,565	173,700
Debentures		10.05% - 11%	1993-2011	62,000	87,000
Medium-Term Notes		(f)	1994-2005	150,000	150,000
Sinking Fund Debentures --					
PECO Energy Power Company, a Subsidiary		4 1/2%	1995	10,550	11,350
Unamortized Debt Discount and Premium, Net				(41,114)	(28,958)
Total Long-Term Debt				5,136,606	5,302,959
Due Within One Year (g)				252,263	98,998
Long-Term Debt included in Capitalization (h)				$ 4,884,343	$5,203,961

(a) Utility Plant is subject to the lien of the Company's mortgage.
(b) Floating rates, which were an average annual interest rate of 2.40% at December 31, 1993.
(c) The Company has entered into interest rate swap agree-ments to fix the effective interest rates on certain of these notes. At December 31, 1993 and 1992, the Company had two and three interest rate swap agreements outstanding with commercial banks, for a total notional principal amount of $167 and $242 million, respectively. These agreements are subject to performance by the commercial banks, which are counterparties to the interest rate swaps. However, the Company does not anticipate nonperformance by the counterparties. The annual interest rate for these notes, giving effect to the interest rate swaps, was 10.61% at December 31, 1993.

(d) The Company has a $525 million revolving credit and term loan agreement with a group of banks. The revolving credit arrangement converts into a term loan on October 3, 1994. The borrowings are due in six semi-annual installments with the first payment due six months after the conversion into the term loan. Interest on outstanding borrowings is based on specific formulas selected by the Company involving yields on several types of debt instruments. There is an annual commitment fee of 0.15% on the unused amount. The average annual interest rate for this revolving credit agreement was 3.64% at December 31, 1993. The Company also has a $150 million revolving credit and term loan agree-ment with a group of banks. The revolving credit agreement converts into a term loan in July 1995 and the commitment terminates in 1997. There is an annual commitment fee of 0.2% on the unused amount. At December 31, 1993 and 1992, no amount was outstanding under this agreement.
(e) Floating rates, which were an average annual interest rate of 2.24% at December 31, 1993.
(f) Medium-term notes collateralized by mortgage bonds. The average annual interest rate was 7.61% at December 31, 1993.
(g) Long-term debt maturities, including mandatory sink-ing fund requirements, in the period 1995-1998 are as follows: 1995-$201,213,000; 1996-

$393,463,000; 1997-$266,463,000; 1998-$241,463,000.

(h) The annualized interest on long-term debt at December 31, 1993, was $368 million, of which $326 million was associated with mortgage bonds and $42 million was associated with other long-term debt.

11. Short-Term Debt

(Thousands of Dollars)	1993	1992	1991
Average Borrowings	$113,193	$50,161	$13,493
Average Interest Rates, Computed on Daily Basis	3.35%	3.72%	6.17%
Maximum Borrowings Outstanding	$368,400	$255,500	$81,000
Average Interest Rates at December 31	3.45%	3.72%	----

At December 31, 1993, the Company had formal and informal lines of credit with banks aggregating $351 million against which $119 million of short-term debt was outstanding. The Company does not have formal compensating balance arrangements with these banks. The Company has a $150 million commercial paper program and at December 31, 1993, there was no commercial paper outstanding.

12. Income Taxes

(Thousands of Dollars)	1993	1992	1991
Included in Operating Income:			
Federal			
Current	$117,535	$131,054	120,646
Deferred	113,054	66,281	67,914
Investment Tax Credit, Net	43,344	(3,495)	58,078
State			
Current	70,740	78,546	71,516
Deferred	9,718	(7,903)	(9,209)
	354,391	264,483	308,945
Included in Other Income and Deductions:			
Federal			
Current	(3,650)	(45,295)	(1,957)
Deferred	15,926	20,237	16,483
State			
Current	(1,615)	(18,430)	(732)
Deferred	1,147	3,328	2,648
	11,808	(40,160)	16,442
Total	$366,199	$224,323	$325,387

In accordance with SFAS No. 109, the Company has also recorded an additional accumulated net deferred income tax liability and pursuant to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," a corresponding recoverable deferred income tax asset of $2.3 billion at December 31, 1993, representing primarily the cumulative amount of federal and state income taxes associated with the elimination of the net-of-tax AFUDC accounting methodology.

The $2.3 billion accumulated net deferred income tax liability reflects the tax effect of anticipated revenues and reverses as the related temporary differences reverse over the life of the related depreciable assets concurrent with the recovery of their cost in rates.

Also included in the accumulated deferred income tax liability are other accumulated deferred income taxes, principally associated with liberalized tax depreciation, established in accordance with the ratemaking policies of the PUC based on flow-through accounting.

ITC and other general business credits reduced federal income taxes currently payable by $60, $41 and $71 million in 1993, 1992 and 1991, respectively. Under the Tax Reform Act of 1986, ITC was repealed effective January 1, 1986 with the exception of transition property. The Company believes that Limerick Unit No. 2 qualifies as transition property eligible for ITC.

Approximately $36 million of additional business credits generated from 1988 through 1992 have not been utilized due to limitations based on taxable income. These credits, which expire between 2003 and 2007, may be used to reduce federal income taxes in future years.

The Internal Revenue Service (IRS) has completed its examinations of the Company's federal income tax returns through 1986. The 1987 federal income tax return has not been audited and the 1988 through 1990 federal income tax returns are currently under examination.

For the years 1987 through 1990, the Company's current tax liability was determined under the AMT method resulting in a cumulative tax credit of $176 million which can be utilized in future years when regular tax liability exceeds AMT liability.

The tax effect of temporary differences which give rise to the Company's net deferred tax liability as of December 31, 1993 are as follows:

(Millions of Dollars) Nature of Temporary Difference:	Liability or (Asset)
Utility Plant	
Accelerated Depreciation	$1,270
Deferred Investment Tax Credits	346
AMT Credits	(176)
Other Plant Related Temporary Differences	1,335
Taxes Recoverable Through Future Rates, Net	980
Deferred Debt Refinancing Costs	142
Other, Net	(155)
Deferred Income Taxes per the Balance Sheet	$3,742

The net deferred tax liability shown above is comprised of $4.182 billion of deferred tax liabilities partly offset by $440 million of deferred tax assets.

The Omnibus Budget Reconciliation Act of 1993 changed the federal income tax rate for corporations to 35% from 34%, effective January 1, 1993. This change resulted in an $8 million increase in Income Taxes in the Consolidated Statement of Income for the year ended December 31, 1993. This change also resulted in a $107 million increase in the Deferred Income Taxes liability on the December 31, 1993 Consolidated Balance Sheet, because the Company expects to receive recovery of all taxes when paid.

Provisions for deferred income taxes consist of the tax effects of the following timing differences:

(Thousands of Dollars)	1993	1992	1991
Depreciation and Amortization	$ 78,324	$93,469	$89,760
Deferred Energy Costs	19,013	(18,033)	(19,916)
Early Retirement Plan	----	1,865	16,024
Incremental Nuclear Maintenance and Refueling Outage Costs	(827)	(1,627)	(5,629)
Uncollectible Accounts	625	(2,629)	(7,750)
Reacquired Debt	28,959	39,123	18,688
Unrecovered Revenue	(806)	(56,050)	(43,983)
Alternative Minimum Tax	----	----	6,331
Limerick Plant Disallowances and Phase-In Plan	17,073	15,118	16,634
Other	(2,516)	10,707	7,677
Total	$139,845	$81,943	$77,836

The total income tax provisions differed from amounts computed by applying the federal statutory tax rate to income and adjusted income before income taxes as shown below:

(Thousands of Dollars)	1993	1992	1991
Net Income	$590,648	$478,941	$534,680
Total Income Tax Provisions	366,199	224,323	325,387
Income Before Income Taxes	956,847	703,264	860,067
Deduct: Allowance for Funds Used During Construction	23,774	20,663	23,084
Adjusted Income Before Income Taxes	$933,073	$682,601	$836,983
Income Taxes on Above at Federal Statutory Rate of 35% in 1993 and 34% in 1992 and 1991	$326,576	$232,084	$284,574
Increase (Decrease) due to:			
Depreciation Timing Differences Not Normalized	9,721	10,427	15,258
Limerick Plant Disallowances and Phase-In Plan	5,094	2,159	3,490
Unbilled Revenues Not Normalized	----	(5,766)	5,620
State Income Taxes, Net of Federal Income Tax Benefits	51,994	36,657	42,387
Amortization of Investment Tax Credits	(13,470)	(24,624)	(17,030)
Prior Period Income Taxes	(3,942)	(20,655)	(13,227)
Other, Net	(9,774)	(5,959)	4,315
Total Income Tax Provisions	$366,199	$224,323	$325,387
Provisions for Income Taxes as a Percent of:			
Income Before Income Taxes	38.3%	31.9%	37.8%
Adjusted Income Before Income Taxes	39.2%	32.9%	38.9%

13. Taxes, Other Than Income - Operating

(Thousands of Dollars)	1993	1992	1991
Gross Receipts	$155,407	$158,314	$158,719
Capital Stock	38,990	28,013	34,924
Real Estate	71,445	63,593	43,023
Payroll	31,490	29,410	31,439
Other	800	2,538	6,456
Total	$298,132	$281,868	$274,561

14. Leases
Leased property included in Utility Plant at December 31, was as follows:

(Thousands of Dollars)	1993	1992
Nuclear Fuel	$448,203	$471,276
Electric Plant	2,169	2,234
Gross Leased Property	450,372	473,510
Accumulated Amortization	(255,670)	(263,516)
Net Leased Property	$194,702	$209,994

The nuclear fuel obligation is amortized as the fuel is consumed. Amortization of leased property totalled $58, $55 and $59 million for the years ended December 31, 1993, 1992 and 1991, respectively. Other operating expenses included interest on capital lease obligations of $8, $7 and $10 million in 1993, 1992 and 1991, respectively. Minimum future lease payments as of December 31, 1993 were:

Year Ending December 31, (Thousands of Dollars)	Capital Leases	Operating Leases	Total
1994	$70,413	$97,982	$168,395
1995	65,988	96,821	162,809
1996	59,273	60,501	119,774
1997	18,220	59,538	77,758
1998	92	55,861	55,953
Remaining Years	1,181	616,834	618,015
Total Minimum Future Lease Payments	$215,167	$987,537	$1,202,704
Imputed Interest (rates ranging from 6.5% to 17.0%)	(20,465)		
Present Value of Net Minimum Future Lease Payments	$194,702		

Rental expense under operating leases totalled $99, $94 and $89 million in 1993, 1992 and 1991, respectively.

15. Jointly Owned Electric Utility Plant
The Company's ownership interests in jointly owned electric utility plant at December 31, 1993 were as follows:

<TABLE>
<CAPTION>

	Production Plants				Transmission and Other Plant
Operator	Peach Bottom PECO Energy Company	Salem Public Service Electric and Gas Company	Keystone Pennsylvania Electric Company	Conemaugh Pennsylvania Electric Company	Various Companies
<S>	<C>	<C>	<C>	<C>	<C>
Participating Interest	42.49%	42.59%	20.99%	20.72%	21% to 43%
Company's share of		(Thousands of Dollars)			
Utility Plant	708,532	$1,174,379	$86,742	$91,299	$87,809
Accumulated Depreciation	253,057	370,825	42,735	43,443	26,795
Construction Work in Progress	21,764	40,562	10,850	54,252	991

</TABLE>

The Company's participating interests are financed with Company funds and, when placed in service, all operations are accounted for as if such participating interests were wholly owned facilities.

On April 2, 1992, the United States District Court for the District of New Jersey approved a settlement of the lawsuits filed against the Company by the other co-owners of Peach Bottom concerning the 1987 shutdown of Peach Bottom ordered by the NRC. As part of the settlement, the Company paid $131 million to the other co-owners on October 1, 1992 and the Company recognized a charge against income ($76 million, net of taxes) in the first quarter of 1992.

In 1990, the Company received net proceeds of $28 million ($16 million, net of taxes) in settlement of a shareholders' derivative suit in connection with the 1987 Peach Bottom shutdown. Recognition of the $28 million had been deferred pending the resolution of the co-owners' litigation. As a result of the settlement of the co-owners' litigation, the $28 million was recognized as other income in the first quarter of 1992 and reported as an offset against the amount of the above-mentioned charge relating to the settlement of the co-owners' litigation.

16. Segment Information

(Thousands of Dollars)	1993	1992	1991
Electric Operations			
Operating Revenues	$3,605,425	$3,597,141	$3,662,573
Operating Expenses, excluding			

Depreciation	2,228,507	2,236,907	2,253,159
Depreciation	400,851	90,846	379,607
Operating Income	$976,067	$969,388	$1,029,807
Utility Plant Additions	$458,125	$461,407	$422,780
Gas Operations			
Operating Revenues	$382,704	$365,328	$356,013
Operating Expenses, excluding Depreciation	299,259	278,407	283,665
Depreciation	24,101	22,933	20,965
Operating Income	$59,344	$63,988	$51,383
Utility Plant Additions	$72,481	$74,858	$55,098
Identifiable Assets*			
Electric	$10,395,488	$10,393,449	$10,213,296
Gas	727,690	658,825	590,151
Nonallocable Assets	3,909,149	1,525,953	1,720,013
Total Assets	$15,032,327	$12,578,227	$12,523,460

*Includes Utility Plant less accumulated depreciation, inventories and allocated common utility property.

17. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The following disclosures supplement the accompanying Statements of Cash Flows:

(Thousands of Dollars)	1993	1992	1991
Cash Paid During the Year:			
Interest (net of amount capitalized)	$474,735	$515,696	$551,944
Income taxes (net of refunds)	182,751	224,352	193,340
Noncash Investing and Financing:			
Capital lease obligations incurred	42,484	40,757	41,905

18. Investments

(Thousands of Dollars)	December 31, 1993	1992
Trusts and Escrow Deposits for Decommissioning Nuclear Plants	$149,932	$125,703
Real Estate Developments and Other Ventures	46,741	48,273
Nonutility Property	21,262	23,141
Gas Exploration and Development Joint Ventures	625	5,026
Other Deposits	76	279
Total	$218,636	$202,422

19. Financial Instruments

SFAS No. 107, "Disclosure About Fair Value of Financial Instruments," requires additional disclosure about the fair value of financial instruments, including liabilities, for which it is practicable to estimate fair value.

Fair values are estimated based on quoted market prices for the same or similar issues. The carrying amounts and fair values of the Company's financial instruments as of December 31, 1993 and 1992 were as follows:

<TABLE>
<CAPTION>

	1993		1992	
(Thousands of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Cash and Temporary Cash Investments	$46,923	$46,923	$50,369	$50,369
Long-Term Debt (including amounts due within one year)	5,136,606	5,375,427	5,302,959	5,546,896
Trusts and Escrow Accounts for Decommissioning Nuclear Plants	149,932	160,141	125,703	131,138

</TABLE>

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and customer accounts receivable. The Company places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Depository Insurance Corporation limit. Concentrations of credit risk with respect to customer accounts receivable are limited due to the Company's large number of customers and their dispersion across many industries.

20. Nuclear Fuel Agreement with Long Island Power Authority (LIPA)

On March 1, 1993, the Company entered into an agreement with LIPA and other parties, subsequently revised on September 14, 1993, to receive $46 million as compensation for accepting slightly irradiated nuclear fuel from Shoreham Nuclear Power Station. The Company is to receive the $46 million in installments as the shipments of nuclear fuel are accepted. The first of the thirty-three shipments arrived at Limerick on September 28, 1993. As of

December 31, 1993, the Company had received 18 shipments of the nuclear fuel.

The payments from LIPA, in excess of related costs, are being recognized in income. The Company recognized $20 million as other income in the Consolidated Statement of Income for the year ended December 31, 1993, and deferred $6 million of payments received on the December 31, 1993 Consolidated Balance Sheet, pursuant to this agreement. The Company estimates that the acquisition of the fuel will result in benefits to the Company's customers of $70 million over the next 12 to 15 years due to reduced fuel-purchase requirements.

21. Quarterly Data (Unaudited)

The data shown below include all adjustments which the Company considers necessary for a fair presentation of such amounts:

(Thousands of Dollars) Quarter Ended	Operating Revenues 1993	Operating Revenues 1992	Operating Income 1993	Operating Income 1992	Net Income 1993	Net Income 1992
March 31	$1,071,492	$1,079,890	$281,734	$274,580	$162,356	$ 88,401
June 30	901,703	903,245	223,196	222,426	107,691	94,325
September 30	1,073,134	996,138	290,937	268,699	181,683	142,338
December 31	941,800	983,196	239,544	267,671	138,918	153,877

(Thousands of Dollars) Quarter Ended	Earnings Applicable to Common Stock 1993	Earnings Applicable to Common Stock 1992	Average Shares Outstanding 1993	Average Shares Outstanding 1992	Earnings Per Average Share 1993	Earnings Per Average Share 1992
March 31	$149,305	$ 72,013	220,609	220,068	$0.68	$0.33
June 30	94,540	78,207	220,856	220,170	0.43	0.35
September 30	169,727	128,754	221,318	220,327	0.77	0.59
December 31	128,018	139,236	221,493	220,411	0.58	0.63

1992 first quarter results include a net charge of $103 million ($60 million, net of taxes), or $0.27 per share, as a result of the settlement of the litigation concerning the 1987 shutdown of Peach Bottom (see note 15).

1992 fourth quarter results include a net benefit of $24 million, or $0.11 per share, as a result of the settlement of the Company's 1984-1986 federal income tax returns.

FINANCIAL STATISTICS

Summary of Earnings and Financial Condition (Millions of Dollars)

For the Year Ended	1993	1992	1991	1990	1989	1988
Operating Revenues	$3,988.1	$3,962.5	$4,018.6	$3,786.7	$3,473.8	$3,246.3
Operating Income	1,035.4	1,033.4	1,081.2	767.7	809.3	742.6
Income from Continuing Operations	590.6	478.9	534.7	105.8	590.5	566.0
Net Income	590.6	478.9	534.7	214.2	590.5	566.0
Earnings Applicable to Common Stock	541.6	418.2	468.6	123.9	493.9	468.8
Earnings Per Average Common Share From Continuing Operations (Dollars)	2.45	1.90	2.15	0.07	2.36	2.33
Earnings Per Average Common Share (Dollars)	2.45	1.90	2.15	0.58	2.36	2.33
Dividends Per Common Share (Dollars)	1.43	1.325	1.225	1.45	2.20	2.20
Common Stock Equity (Per Share)	19.25	18.24	17.69	16.71	17.67	17.39
Average Shares of Common Stock Outstanding (Millions)	221.1	220.2	218.2	214.4	208.9	201.5
At December 31						
Net Utility Plant, at Original Cost	$10,763.0	$10,691.2	$10,598.4	$10,591.3	$10,720.8	$10,048.5
Leased Property, Net	194.7	210.0	223.8	241.3	273.5	287.5
Total Current Assets	514.8	550.0	783.2	745.0	655.0	502.5
Total Deferred Debits and Other Assets	3,559.8	1,127.0	918.1	938.6	972.8	953.9
Total Assets	$15,032.3	$12,578.2	$12,523.5	$12,516.2	$12,622.1	$11,792.4
Common Shareholders' Equity	$ 4,263.4	$ 4,022.2	$ 3,892.3	$ 3,624.5	$ 3,744.8	$ 3,592.6
Preferred and Preference Stock Without Mandatory Redemption	422.5	422.5	422.5	422.5	622.4	622.4
With Mandatory Redemption	186.5	231.1	315.6	330.9	351.1	368.1
Long-Term Debt	4,884.3	5,203.9	5,415.6	5,830.8	5,762.7	5,219.5
Total Capitalization	9,756.7	9,879.7	10,046.0	10,208.7	10,481.0	9,802.6
Total Current Liabilities	954.6	830.6	823.4	783.8	790.5	662.4

Total Deferred Credits and Other Liabilities	4,321.0	1,867.9	1,654.1	1,523.7	1,350.6	1,327.4
Total Capitalization and Liabilities	$15,032.3	$12,578.2	$12,523.5	$12,516.2	$12,622.1	$11,792.4

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OPERATING STATISTICS

Electric Operations

	1993	1992	1991	1990	1989	1988
Output (Millions of Kilowatthours)						
Fossil	10,352	8,082	7,376	7,913	10,470	10,225
Nuclear	27,026	24,428	25,735	23,715	12,890	12,328
Hydro	1,699	1,803	1,388	2,266	1,743	1,307
Pumped Storage Output	1,478	1,597	1,653	1,437	1,354	1,515
Pumped Storage Input	(2,192)	(2,217)	(2,355)	(2,059)	(1,937)	(2,163)
Purchase and Interchange	6,447	8,675	8,603	5,787	11,192	11,802
Internal Combustion	56	29	79	152	348	285
Other	----	----	----	180	1,063	----
Total Electric Output	44,866	42,397	42,479	39,391	37,123	35,299
Sales (Millions of Kilowatthours)						
Residential	10,657	9,894	10,311	9,815	9,974	10,058
Small Commercial and Industrial	5,773	5,367	5,284	5,066	4,921	4,666
Large Commercial and Industrial	15,935	15,770	16,177	16,554	16,749	16,516
Other	771	962	1,029	1,010	1,031	999
Service Territory	33,136	31,993	32,801	32,445	32,675	32,239
Interchange Sales	457	1,231	1,612	2,751	2,027	435
Sales to Other Utilities	8,670	6,699	5,445	1,865	----	----
Total Electric Output	42,263	39,923	39,858	37,061	34,702	32,674
Number of Customers, December 31						
Residential	1,341,873	1,333,926	1,324,795	1,320,126	1,309,717	1,296,784
Small Commercial and Industrial	142,363	141,253	140,901	140,305	138,244	135,274
Large Commercial and Industrial	3,742	3,972	4,162	4,344	4,449	4,520
Other	888	857	840	817	775	779
Total Electric Customers	1,488,866	1,480,008	1,470,698	1,465,592	1,453,185	1,437,357
Operating Revenues (Millions of Dollars)						
Residential	$ 1,354.1	$ 1,304.5	$ 1,342.3	$ 1,229.8	$ 1,157.0	$ 1,127.8
Small Commercial and Industrial	678.9	669.8	641.0	595.2	537.1	489.4
Large Commercial and Industrial	1,164.0	1,223.2	1,278.9	1,247.1	1,182.0	1,089.3
Other	161.2	168.0	170.4	166.9	143.9	143.8
Service Territory	3,358.2	3,365.5	3,432.6	3,239.0	3,020.0	2,850.3
Interchange Sales	14.3	32.1	42.8	81.5	68.2	17.6
Sales to Other Utilities	232.9	199.5	187.2	81.1	----	----
Total Electric Revenues	$ 3,605.4	$ 3,597.1	$ 3,662.6	$ 3,401.6	$ 3,088.2	$ 2,867.9
Operating Expenses (Millions of Dollars)						
Operating Expenses, excluding Depreciation	$ 2,228.5	$ 2,236.9	$ 2,253.2	$ 2,325.2	$ 2,077.4	$ 1,931.3
Depreciation	400.8	390.8	379.6	337.7	257.4	245.5
Total Operating Expenses	$ 2,629.3	$ 2,627.7	$ 2,632.8	$ 2,662.9	$ 2,334.8	$ 2,176.8
Electric Operating Income	$ 976.1	$ 969.4	$ 1,029.8	$ 738.7	$ 753.4	$ 691.1
Average Use per Residential Customer (kilowatthours)						
Without Electric Heating	6,727	6,259	6,707	6,376	6,488	6,667
With Electric Heating	17,096	16,298	16,201	16,038	17,250	17,738
Total	7,970	7,443	7,801	7,464	7,655	7,807
Electrical Peak Load, Demand (thousands of kilowatts)	7,100	6,617	7,096	6,755	6,467	6,826
Net Electric Generating Capacity -- Year-End Summer Rating (thousands of kilowatts)	8,877	8,836	8,766	8,766	7,759	7,762
Cost of Fuel per Million Btu	$ 0.90	$ 0.82	$ 0.92	$ 1.13	$ 1.37	$ 1.19
Btu per Net Kilowatthour Generated	10,675	10,657	10,849	10,844	10,894	10,881

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OPERATING STATISTICS

Gas Operations

	1993	1992	1991	1990	1989	1988
Sales (Millions of Cubic Feet)						
Residential	1,637	1,819	1,746	1,778	1,951	1,933

House Heating	30,687	29,750	26,423	25,303	28,301	28,112
Commercial and Industrial	22,943	21,497	20,492	23,228	30,038	39,073
Other	5,656	2,146	534	1,567	2,344	2,228
Total Gas Sales	60,923	55,212	49,195	51,876	62,634	71,346
Gas Transported for Customers	22,946	22,060	21,414	24,413	18,033	9,272
Total Gas Sales & Transported	83,869	77,272	70,609	76,289	80,667	80,618
Number of Customers, December 31						
Residential	59,573	59,859	62,444	63,267	65,544	66,599
House Heating	277,500	269,577	260,473	254,564	246,273	239,022
Commercial and Industrial	31,573	30,956	30,204	29,456	28,369	27,119
Total Gas Customers	368,646	360,392	353,121	347,287	340,186	332,740
Operating Revenues (Millions of Dollars)						
Residential	$ 15.0	$ 16.4	$ 17.0	$ 18.1	$ 18.0	$ 17.0
House Heating	205.5	201.9	192.4	200.8	195.8	180.6
Commercial and Industrial	124.2	121.1	123.6	144.7	152.5	165.1
Other	15.2	2.8	2.2	5.6	7.3	6.6
Subtotal	$ 359.9	$ 342.2	$ 335.2	$ 369.2	$ 373.6	$ 369.3
Other Revenues (including Transported for Customers)	22.8	23.1	20.8	15.8	12.1	9.1
Total Gas Revenues	$ 382.7	$ 365.3	$ 356.0	$ 385.0	$ 385.7	$ 378.4
Operating Expenses (Millions of Dollars)						
Operating Expenses, excluding Depreciation	$ 299.3	$ 278.4	$ 283.7	$ 336.2	$ 310.2	$ 308.3
Depreciation	24.1	22.9	21.0	19.8	19.6	18.6
Total Operating Expenses	$ 323.4	$ 301.3	$ 304.7	$ 356.0	$ 329.8	$ 326.9
Gas Operating Income (Millions of Dollars)	$ 59.3	$ 64.0	$ 51.3	$ 29.0	$ 55.9	$ 51.5

</TABLE>

Securities Statistics

Ratings on PECO Energy Company's Securities

<TABLE>

<CAPTION>

	Mortgage Bonds		Debentures		Preferred Stock	
Agency	Rating	Date Established	Rating	Date Established	Rating	Date Established
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Duff and Phelps, Inc.	BBB+	4/92	BBB	4/92	BBB-	8/91
Fitch Investors Service, Inc.	A-	9/92	BBB+	9/92	BBB+	9/92
Moody's Investors Service	Baal	4/92	Baa2	4/92	baa2	4/92
Standard & Poor's Corporation	BBB+	4/92	BBB	4/92	BBB	4/92

</TABLE>

NYSE-Composite Common Stock Prices, Earnings and Dividends By Quarter (Per Share)

<TABLE>

<CAPTION>

	1993				1992			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
High Price	$32-7/8	$33-1/2	$31-1/8	$30-3/8	$26-3/4	$26-3/4	$26-5/8	$26
Low Price	$27-3/8	$30-3/8	$27-3/4	$25-1/2	$25	$25	$23-5/8	$22-5/8
Close	$30-1/4	$32-3/4	$30-5/8	$30	$26-1/8	$26-3/8	$26-3/8	$24-5/8
Earnings	58c	77c	43c	68c	63c	59c	35c	33c
Dividends	38c	35c	35c	35c	35c	32.5c	32.5c	32.5c

</TABLE>

Exhibit 22

SUBSIDIARIES OF THE REGISTRANT

Subsidiary	State of Incorporation
Adwin Equipment Company	Pennsylvania
Adwin Realty Company	Pennsylvania
Adwin Investment Company	Delaware
Buttonwood Associates, Inc.	Delaware
Conowingo Power Company	Maryland
Heatac Energy Performance Services, Inc.	Pennsylvania
PECO Energy Power Company (formerly known as Philadelphia Electric Power Company)	Pennsylvania
Eastern Pennsylvania Development Company	Pennsylvania
Eastern Pennsylvania Exploration Company	Pennsylvania
The Proprietors of the Susquehanna Canal	Maryland
Susquehanna Electric Company	Maryland
Susquehanna Power Company	Maryland

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the registration statements of PECO Energy Company on Form S-3 (File Nos. 33-49887, 33-59152, 33-31436, and 33-43523) and on Form S-8 (File No. 33-30317) of our reports dated January 31, 1994, on our audits of the consolidated financial statements and financial statement schedules of PECO Energy Company as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993, which reports are incorporated by reference and included, respectively, in this Annual Report on Form 10-K.

COOPERS & LYBRAND

2400 Eleven Penn Center
Philadelphia, Pennsylvania
February 24, 1994

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Exhibit 24

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Susan W. Catherwood of Bryn Mawr, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ SUSAN W. CATHERWOOD (L.S.)

154

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, M. Walter D'Alessio of Philadelphia, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ M. WALTER D'ALESSIO (L.S.)

155

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Richard G. Gilmore of Sarasota, FL, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ R. G. GILMORE (L.S.)

156

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Richard H. Glanton of Philadelphia, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ RICHARD H. GLANTON (L.S.)

157

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, James A. Hagen of Villanova, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ JAMES A. HAGEN (L.S.)

158

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Nelson G. Harris of Lafayette Hill, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ NELSON G. HARRIS (L.S.)

159

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Robert D. Harrison of Bryn Mawr, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy

Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ ROBERT D. HARRISON (L.S.)

160

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Joseph C. Ladd of Rosemont, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ JOSEPH C. LADD (L.S.)

161

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Edithe J. Levit of Philadelphia, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects

as I could do if personally present.

DATE:February 28, 1994 /s/ EDITHE J. LEVIT (L.S.)

162

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Kinnaird R. McKee of Oxford, MD, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ KINNAIRD R. McKEE (L.S.)

163

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Joseph J. McLaughlin of Rosemont, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ JOSEPH J. McLAUGHLIN (L.S.)

164

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Dr. John M. Palms of Columbia, SC, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ JOHN M. PALMS (L.S.)

165

P O W E R O F A T T O R N E Y

KNOW ALL MEN BY THESE PRESENTS That I, Ronald Rubin of Narberth, PA, do hereby appoint J. F. PAQUETTE, JR., and C. A. MC NEILL, JR., or either of them, attorney for me and in my name and on my behalf to sign the annual Securities and Exchange Commission report on Form 10-K for 1993 of PECO Energy Company (formerly Philadelphia Electric Company), to be filed with the Securities and Exchange Commission, and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as I could do if personally present.

DATE:February 28, 1994 /s/ RONALD RUBIN (L.S.)