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WRITER'S DIRECT NUMBER

312: 853-2666

January 31, 1994

10 CFR § 50.80

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

RE: Dresden Nuclear Power Station, Units 1, 2 and 3
(Docket Nos. 50-010; 50-237; 50-249)
Quad Cities Nuclear Power Station Units 1 and 2
(Docket Nos. 50-254; 50-265)
Zion Nuclear Power Station Units 1 and 2
(Docket Nos. 50-295; 50-304)
LaSalle County Nuclear Power Station Units 1 and 2
(Docket Nos. 50-373; 50-344)
Byron Nuclear Power Station Units 1 and 2
(Docket Nos. 50-454; 50-455)
Braidwood Nuclear Power Station Units 1 and 2
(Docket Nos. 50-456; 50-457)

Dear Commissioners:

We are counsel to Commonwealth Edison Company ("Edison") in connection with the proposed corporate restructuring described in this letter. On May 10, 1994, the shareholders of Edison are scheduled to vote on a proposed restructuring plan by which Edison will become a wholly owned subsidiary of a new holding company which currently is named CECo Holding Company ("Holding Company"). If Edison shareholders approve the plan, and necessary regulatory approvals are obtained, the proposed restructuring is expected to take place on or about July 1, 1994. The restructuring will have no effect upon the management, operation and financing of Edison's nuclear facilities. Pursuant to 10 CFR § 50.80 and the Commission's practice with respect to such transactions, Edison asks that you give consent to its proposed restructuring or disclaim jurisdiction over the restructuring.

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In 1987, your staff consented to a corporate restructuring proposed by Consumers Power Company which was nearly identical to Edison's proposed restructuring. Other restructurings to which the staff has consented include those for Entergy, Inc. and WEPCo. An application for consent to a similar restructuring for IP Holding Company is currently pending.

1. Description of the Restructuring

If Edison's shareholders approve of the proposed restructuring, Edison common stock will be converted in a merger, on a share-for-share basis, into common stock of Holding Company. Holding Company will be the only Edison common shareholder. All Edison bonds and preferred stock will be unaffected, and will continue to be outstanding securities of Edison. The only outstanding securities of Holding Company will be its common stock.

The proposed restructuring is more fully described in the enclosed draft Preliminary Prospectus for CECo Holding Company and Proxy Statement for Commonwealth Edison Company, dated January 31, 1994 (hereinafter referred to as "Attachment A").

2. Effect on Edison's Financial Resources

The proposed restructuring will not reduce the funds available to Edison to carry out activities under its operating licenses for the above-referenced nuclear plants. Under legislation enacted in Illinois in July 1993, Edison is authorized to loan the lesser amount of $10 million or to up to 2.5% of its retained earnings to the Holding Company, and any such loan must be repaid within 240 days after the day on which the restructuring occurs with interest at 10% annually. See Attachment A, p. 24. After the restructuring Holding Company will also become the owner of 100% of the shares of CECo Enterprises, Inc. ("Enterprises") which is currently a wholly owned subsidiary of Edison. Ibid. Enterprises was formed as an Edison subsidiary in 1993 and is itself a holding company. Enterprise's sole subsidiary is Northwind Inc., which was formed to provide district cooling services to office and other commercial and industrial buildings in Chicago. The 1993 Illinois legislation referred to above requires that Edison transfer or liquidate its interest in Enterprises on the date that Edison becomes a subsidiary of Holding Company;

consequently, Edison intends to transfer to Holding Company on such date, the stock of Enterprises as a dividend on the Edison Common Stock held by Holding Company.

Edison's utility operations will continue to be the primary source of revenue and income for Edison, and will also constitute the majority of the Holding Company's earning power for the foreseeable future. The Federal Energy Regulatory Commission will continue to regulate Edison's wholesale electric rates. The Illinois Commerce Commission will retain jurisdiction over Edison's retail electric rates. See Attachment A, p. 22.

The proposed restructuring, including any Holding Company investments in non-utility affiliates, will not affect Edison's ability to meet future financial requirements related to its nuclear units through the revenues produced by its utility business and by the issuance of debt and other securities. Thus, no change in the amount of revenues, the source of funds, or the ability to obtain the funds necessary to operate Edison's nuclear plants will result from the restructuring.

To assist you in reviewing the financial aspects of the restructuring, there is enclosed, as Attachment B, a copy of Edison's Annual Report for the year ended December 31, 1992.

3. Effect on Edison Management

The restructuring will have no effect on the management of Edison's utility operations. Officer responsibilities at the Holding Company level will have no direct effect on Nuclear Operations. See Attachment A, p. 22.

4. Citizenship of Licensee

The proposed restructuring will not result in Edison becoming owned, controlled or dominated by an alien, a foreign corporation, or a foreign government. Under the restructuring proposal, the present common shareholders of Edison will become the common shareholders of Holding Company in the same proportion in which they currently hold Edison common stock. Holding Company will become the sole holder of the common stock of Edison. Edison is and will remain an Illinois corporation. Holding Company, incorporated on January 28, 1994, is also an Illinois corporation. At the time the restructuring becomes effective, the Board of Directors of Holding Company will be comprised of the same persons who are members of Edison's Board of Directors at such time. See Attachment A, p. 29.

5. Conclusion

Based on the above factors, we conclude that the proposed restructuring will not affect Edison's qualifications as a holder of the operating licenses for the above-named nuclear plants. The proposed restructuring is also consistent with applicable provisions of law and the Commission's regulations and orders.

Accordingly, we respectfully request that you consent to the proposed restructuring, or, in the alternative, disclaim jurisdiction, as soon as practicable prior to April 1, 1994. Please advise the undersigned if there is anything Edison can do to assist you in accommodating this request. We will promptly notify you of the results of the shareholder vote on May 10, 1994.

Yours truly,

SIDLEY & AUSTIN

Michael I. Miller

Michael I. Miller

Enclosures

CC: J. Zwolinski, Office of Nuclear Reactor Regulation
J.E. Dyer, Office of Nuclear Reactor Regulation
J.B. Martin, Regional Administrator, Region 3
Joseph Rutberg, Esq.

STATE OF ILLINOIS)
)
COOK COUNTY)

The undersigned hereby affirms to the best of his knowledge and belief that the information contained in the foregoing application is truthful and accurate as of the date hereof.

Michael R. Miller

Subscribed and sworn before me this 31st day of January, 1994.

Sue Edwards
Notary Public

"OFFICIAL SEAL"
SUE EDWARDS
Notary Public, State of Illinois
My Commission Expires May 14, 1996

ATTACHMENT B

COMMONWEALTH EDISON

Navigating Challenges with Confidence

1992

Annual Report

9303230110

Scope of Business

Commonwealth Edison, a company owned by about 4 [illegible] of a million shareholders, is engaged in the production, transmission, distribution and sale of electricity in [illegible] and retail customers. The geographical area in which the Company supplies retail service [illegible] about one-tenth of the land of Illinois and includes the City of Chicago. The Company serves nearly 3.1 million customers, approximately 8.5 million people or approximately 70% of the State's population.

■ Commonwealth Edison Service Area

To Our Shareholders:

> *"Your management is firmly resolved to continue its pursuit of fair and equitable rate treatment."*

Implementing a new way of managing your Company is one of our primary objectives—indeed a necessity—following perhaps the most difficult year in the history of Commonwealth Edison. For a number of years now, our financial performance has not met expectations. Nevertheless, we are committed to restoring the value of your equity investment in the Company.

A Review of 1992

A low point of 1992 came on September 10 when the Company's Board of Directors, after careful deliberations, reduced the quarterly dividend on each share of common stock from 75¢ to 40¢. The Board concluded that current earnings and future uncertainties required drastic action. The new rate became effective with the November 1 dividend payment.

Our earnings per share on common stock in 1992 were $2.08 versus 8¢ in 1991. However, non-recurring items had a substantial impact on results in both years. Excluding non-recurring items, earnings in 1992 would have been $2.32 per share and in 1991, $2.67 per share. Therefore, earnings, prior to these non-recurring adjustments, show a decrease of 35¢ per share, or 13%.

Primarily responsible for this year-to-year decline are lower revenues and higher operation and maintenance expenses. Revenues were down $249 million, almost 4%, largely due to the depressed demand for electricity resulting from a very cool summer in 1992 in contrast to a hot summer in 1991. On the expense side, operation and maintenance expenses were up $178 million, or 9%, in 1992 as compared to 1991. This increase results in large part from increases in the cost of nuclear operations due to regulatory and other requirements; from increases in the cost of pension and other employe benefits, including the expense of the work force reduction program, for which savings did not begin to accrue until 1993; and from the general effects of inflation.

In the third quarter of 1992 rating agencies downgraded the ratings of the Company's outstanding debt, and preferred and preference stock. The reasons cited related principally to the regulatory uncertainty concerning the recovery of costs incurred by the Company. Further downgradings by Standard & Poor's Corporation and Moody's Investors Service, Inc. were announced following the Illinois Commerce Commission's order of January 6, which is discussed later.

• Far-ranging measures to reduce expenses were implemented in 1992 to offset the loss of expected revenues from unfavorable regulatory and judicial decisions. The often painful cutbacks were necessary to enable Edison to maintain the highest possible standard of service in an increasingly uncertain regulatory environment.

• The *Vision through Quality* process drew more than 10,000 suggestions for improvement from employes across the Edison system. Many hundreds were implemented in 1992, enabling Edison to improve service while saving additional millions in operating costs annually.

• Contracts were successfully renegotiated for the production and transport of low sulfur western coal. Projected savings of more than $2 billion over the life of the contracts will be achieved by shifting production of coal to mines whose costs are lower and utilizing lighter weight rail cars to move coal at lower cost.

• During 1992, Edison offered an innovative standard electric service franchise agreement to each of the nearly 400 municipalities it serves outside Chicago. Nearly 90% of the communities have adopted the new agreement for terms of at least 50 years, a strong vote of confidence in the Company and its future.

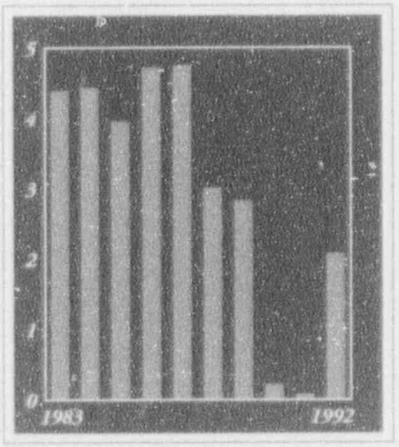
• Edison's round-the-clock efforts to help contain the effects of Chicago's Loop flooding crisis, *and* restore service to a total of more than 600,000 customers after two devastating summer storms, earned renewed public confidence in the dedication and professionalism of the Company's employes.

• Our commercial division began a broad restructuring, which will enable us to serve our 3.3 million customers even more effectively with fewer resources. The driving forces for organizational change: to better confront the emerging competition in the electric utility business *and* meet the growing expectations of our customers.

• Site vice presidents were appointed for Edison's six nuclear stations. Their mission: to provide increased focus, managerial oversight and performance accountability at each of our nuclear generating stations, which combined in 1992 to provide over 80% of the electricity used by our customers.

We are committed to restoring the value of your equity investment in the Company.

*Earnings Per Share**
(dollars)



**1990, 1991 and 1992 earnings each reflect non-recurring charges of $2.17 per share, $2.59 per share and $0.24 per share, respectively.*

Other financial developments were more encouraging. Fuel cost declined $127 million, or over 13%, in 1992 as compared to 1991. While this is partly attributable to lower kilowatthour sales, the decline in fuel cost is due mainly to increased use of lower-cost nuclear fuel, which was responsible for 83% of Edison's kilowatthour generation in 1992—up from 77% in 1991.

Our retained earnings at year-end were $847 million, up from the mid-year level of $712 million but somewhat less than the $894 million recorded a year ago. Nevertheless, we hope we have arrested the decline.

Although last year was a difficult one, events in 1992 alone do not account for our current financial condition. Earnings per share on common stock have declined since 1987. Much of the decline can be attributed to the difficulties we have experienced in obtaining and sustaining prices to cover our costs, including the cost of new electric generating units placed in service from 1985 to 1988. We had planned and built those units, with the ongoing concurrence of the Illinois Commerce Commission, to meet the energy requirements of our customers. With construction completed and the units placed in service, it became essential to revise our price levels. Although we have encountered unprecedented obstacles in this effort, we have vigorously sought resolution of the regulatory issues concerning our substantial investment in these units—an obligation we have as stewards of the funds you have invested in the Company.

In this regard, the Illinois Commerce Commission issued an order on January 6, 1993 at the conclusion of a proceeding in which the Commission reconsidered its March 1991 rate order at the direction of the Illinois Supreme Court. The new order (as subsequently amended) reduced the multi-year, phased-in increase of $750 million, approved by the Commission in March 1991, to $144 million. Since only the first step of the multi-year increase, $483 million, had been implemented, the effect of the Commission's January 6 order would reduce current revenues by $339 million, representing a 6% reduction in present rates. The rate order would, in effect, lower the Company's average charge per kilowatthour to a level lower than in 1986, despite about 30% general price inflation since then.

The Commission further ordered Edison to refund an estimated $600 million plus interest, representing the overcollection of revenues since

March 1991 when the $483 million increase took effect.

The majority of the rate reduction comes as a result of the Commission's most recent findings on the need for the three newest nuclear units. The Commission in its rate order determined that Byron Unit 2 is 93% "used and useful," Braidwood Unit 1 is 21% "used and useful" and Braidwood Unit 2 is zero percent "used and useful," even though these three units provide the energy needed to meet fully one fourth of our customers' electricity requirements. It is worth remembering that the March 1991 rate order, in which the Commission granted Edison rate relief totalling $750 million, was based on the assumption that all three of the newest generating units were 100% "used and useful."

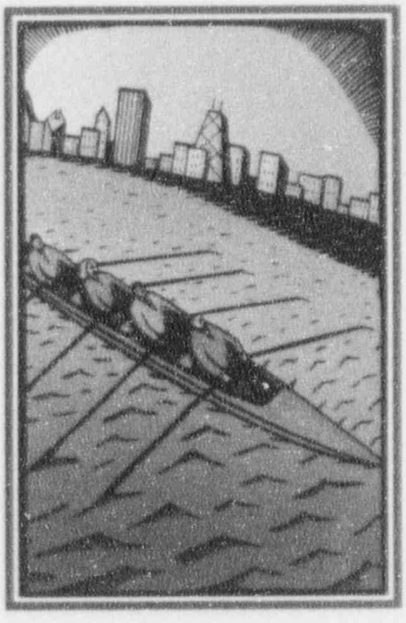
"Teamwork will be our way of assuring Quality through continuous improvement."

The Company requested an emergency stay of implementation of the Commission's January order and asked the Illinois Supreme Court to accept a direct appeal of the rate decision. A stay was granted by the Supreme Court on January 21, but the high court elected not to hear Edison's appeal directly. Instead, the Company was directed to file for a rehearing with the Commission and, if necessary, take an appeal to the Illinois Appellate Court. It is expected that the stay will remain in effect throughout the review process.

Beyond 1992

We would expect 1993 kilowatthour sales to exceed 1992 sales if the weather in northern Illinois is near historical averages. A firm hand on operation and maintenance expenses should keep them at a level no greater than they were in 1992. Despite these more positive expectations, we still face financial risks, principally in regard to the outcome of our appeal of the January 1993 rate order; the ultimate effects arising from the still pending resolution of the Byron Unit 1 rate proceedings; and any refunds related to revenues the Company collected under its fuel adjustment clause since 1985, based on claims related to the Company's western coal contracts. Although the financial results in 1993 may be mixed, I am optimistic and confident about the long-term. The following section of this report describes a number of the important actions we are taking to meet the challenges of the future.

Our commitment to quality will create a Company that is valued by its customers; rewards its shareholders; recognizes the contributions of its employes; and is respected by regulators, competitors and peers.



In closing, I am pleased to welcome Samuel K. Skinner, who was elected by your Board of Directors to serve as President of Commonwealth Edison, succeeding Bide Thomas, who took early retirement in December of 1992. Former White House Chief of Staff and United States Secretary of Transportation, Mr. Skinner is highly respected throughout Illinois and the nation. With his exceptional leadership qualities, and distinguished record in the legal community, I view him as an extremely valuable addition to the Commonwealth Edison management team.

In addition, Mr. Skinner will serve as a member of the Board of Directors, filling the vacancy left by Bide Thomas' retirement.

I am also pleased to announce the appointment as an Edison Director of Frank A. Olson, Chairman and Chief Executive Officer of The Hertz Corporation. Mr. Olson is a nationally recognized business leader whose company is widely known for its total commitment to customer satisfaction. For that reason, among others, Frank Olson will be an ideal addition to our Board, since meeting our customers' needs in a changing business environment will be one of our top priorities in the years to come.

Also new on our Board of Directors this year is food service, restaurant and real estate executive Sue L. Gin. As founder, Chairman and Chief Executive Officer of Flying Food Fare, Inc., an in-flight catering firm serving airlines worldwide, she is widely regarded as one of the most successful entrepreneurs in the nation. Her innovative style and diversified business background will make a welcome addition to our Board.

In July, 1992 Director R. Robert Funderburg passed away after a lengthy illness. Bob Funderburg made numerous contributions to Commonwealth Edison during the four years he served on our Board of Directors. He was deeply committed to Edison and remained an active Board member during his illness. We will miss his dedicated service.

James J. O'Connor

James J. O'Connor
Chairman

March 15, 1993

> *"Competition is increasing, while customer expectations are rising. . . Our success is dependent on meeting these new challenges."*

A Year of Tribulation . . .

Could there have been a more challenging year for a company which, since its beginning over a century ago, has prided itself on its ability to deliver reliable electric service *and* provide a fair return on its shareholders' investment?

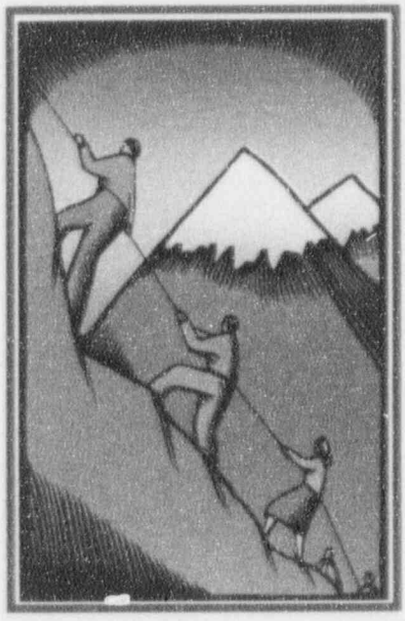
1992 was indeed a year of trial for Commonwealth Edison, which again experienced the effects of continuing adverse regulatory decisions. As if that weren't enough, a series of unprecedented man-made and natural disasters put our employes' professionalism to the test on several occasions. If there was a bright side to such ordeals, it was that it gave our customers many opportunities to see Edison employes at their best, working round-the-clock to restore electric service under the most difficult circumstances.

Ironically, at the same time the swift and professional response of our employes was being noted far and wide, Commonwealth Edison was forced to take draconian steps to offset the continuing erosion in the Company's financial condition. In late July, drastic measures were announced to help restore the Company's financial health. They included the most severe cutbacks implemented by the Company since the dark days of the Great Depression. The measures were far ranging, but absolutely essential to enable Edison to continue to meet basic service requirements in an increasingly uncertain and constantly changing regulatory environment.

Our highest priority, throughout the year, was to strive to maintain the highest standard of service possible while fully exploiting savings potential in all areas of the Company. Among measures taken to reduce operating costs were a reduction of about 1,500 existing management and contractor positions, the result of an early retirement program and voluntary and involuntary separation programs. Furthermore, reductions in capital spending of about $400 million were announced, largely impacting planned transmission and distribution improvements. In addition, the Company's research budget was cut by 90%, and management salaries were frozen at, and in some cases below, 1992 levels.

Equally important, the management and employes of Commonwealth Edison remain committed to our *Vision through Quality* process. This process is a strategic effort designed to identify, evaluate and implement new processes for doing our jobs better—one step at a time.

The adoption of Edison's model franchise agreement by 89% of the municipalities we serve is a true measure of confidence in our Company's future.



In 1992 alone, more than 10,000 opportunities for improvement were submitted by employes from across the Edison system. The many suggestions implemented last year enabled your Company to improve its operations and service, while saving millions of dollars annually.

Other industries have changed and the electric utility industry is changing, too. Competition is increasing; customer expectations are rising; and the success of the Company is dependent on meeting these new challenges by employing the *Vision through Quality* process day in and day out.

It isn't often that a catastrophe can be described as the 'high point' of a company's year. But 1992 clearly was not a typical year for Commonwealth Edison. The swift and professional response of Edison employes during Chicago's unprecedented flooding crisis in April helped limit damage to the City's vital electrical infrastructure, enabling quick restoration of service as the flood waters receded. Edison's round-the-clock efforts to contain the effects of the flood earned plaudits from our customers, the media, and government officials from Chicago's City Hall to Capitol Hill, where a tribute to our employes' efforts was placed into the Congressional Record by United States Senator Alan Dixon.

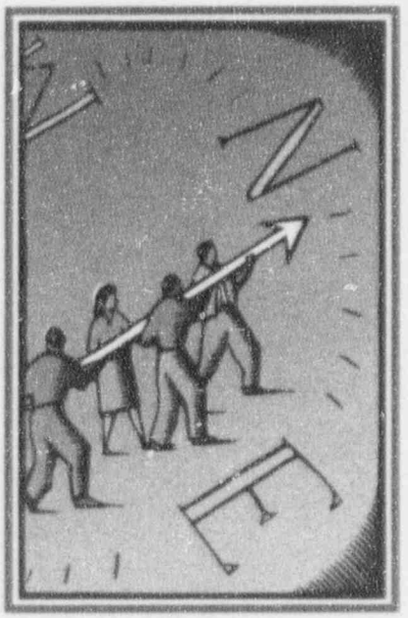
Your Company was tested twice by Mother Nature as back-to-back megastorms in June and July ravaged extensive portions of the Company's distribution system. Each storm left approximately 300,000 of our customers in the dark. But our employes' efficient emergency response enabled restoration of service to all customers, with the exception of scattered residences, within 48 hours after each storm struck.

As the difficult year came to an end, the Company's long-standing quest for fair rate treatment, unfortunately, had still not been resolved. And even greater challenges, it was clear, lie ahead.

Charting a course for tomorrow . . .

As 1993 began, the Illinois Commerce Commission issued its devastating rate order, slashing the Company's rates by six percent and ordering Edison to refund to its customers about $600 million plus interest, the largest utility refund in Illinois history. This decision was immediately appealed to the Illinois Supreme Court, which granted a stay of the Commission's ruling on January 21.

To protect our customer base and outperform our competitors, we will create loyal customers by meeting their energy needs as they define them.



Your management is committed to obtaining fair and timely resolution of regulatory matters related to our newest generating units, which have been providing fuel savings and a reliable source of electricity since 1987; to maintaining the high standard of service reliability our customers have come to expect; and to concluding an era of protracted regulatory controversy.

Your Company is also preparing to confront a future which will offer unprecedented challenges, both in the form of new competition and the need to operate with utmost efficiency to meet the increased expectations of our 3.3 million customers.

To that end, our commercial division in early December announced its most sweeping reorganization since the merger of Commonwealth Edison and Public Service Company of Northern Illinois, nearly 40 years ago. The need to meet the threat of emerging competition is real and the need to provide high quality service to our customers is greater than ever.

The scope of the restructuring effort will be both bold and significant. Under the new organization, work processes and supervision will be very different. Certain functions will be physically centralized for better consistency and cost control, while field work involving direct customer interaction will be more decentralized to allow us to get closer to our customers and be more effective in meeting their needs, and ultimately to ensure that we remain each customer's electricity provider of choice.

Our nuclear division is also undergoing a major reorganization to meet its own considerable challenges in 1993 and beyond. Six newly-appointed site vice presidents are in place and will provide more focus, managerial oversight and performance accountability at each of our six nuclear stations, which have combined to provide about 80% of the electricity used by our customers over the past four years.

Building on the success of our Chicago franchise agreement of 1991, your Company has been offering an innovative model franchise agreement to each of the nearly 400 suburban and rural municipalities it serves. To date, 89% of the communities eligible for the new franchise agreement have signed on for terms of at least 50 years. We are pleased with this overwhelming vote of confidence in the Company. It is, we believe, recognition of our past performance in meeting the needs of each community's residents and, more importantly, an expression of confidence in our Company's future.

> *"The Commonwealth Edison Company of 1993 will look substantially different from the company we knew less than one year ago."*

Commonwealth Edison continues to develop a wide range of supply- and demand-side management programs, designed to enable Edison to defer the need to invest in additional generating capacity. A notable demand-side success last year was the Commonwealth Edison Energy Cooperative. The three-year pilot program enlisted the participation of fifteen of our largest customers, who voluntarily reduce electrical demand on the hottest summer days when heavy demand for air conditioning pushes usage to maximum output levels.

We're pleased also to report the successful renegotiation of long standing coal and rail transportation contracts. Projected savings of more than $2 billion over the life of the contracts will be achieved by shifting production of low sulfur coal to mines whose costs are lower and utilizing lighter weight aluminum rail cars to enable Edison to move more coal at a lower cost.

Your company has also made a small but important investment in the energy education of young people, our future customers. The Power House, a comprehensive energy education center located adjacent to Zion Station, offers more than 45 interactive energy-related exhibits and a wide range of educational programs for students of all ages. The new facility, which has attracted more than 20,000 visitors in its first four months of operation, is already booked with school groups from across our northern Illinois service area into mid-1993.

We Remain Committed To Our Shareholders

Our highest priorities, as we prepare to navigate the shoals of an uncertain future, are to continue to provide the quality of service our customers demand, while taking all necessary steps to improve the Company's financial performance. Accordingly, we will continue to seek resolution of our pending rate matters on a fair basis which will provide Edison the level of resources needed to strengthen and expand service to our customers. These moves, we trust, will ultimately lead to returns on investment that our loyal shareholders deserve and expect.

Liquidity and Capital Resources

Capital Budgets. Commonwealth Edison Company (Company) and its electric utility subsidiary, Commonwealth Edison Company of Indiana, Inc. (collectively, companies), have a construction program for the three-year period 1993-95 which consists principally of improvements to the companies' existing nuclear and other electric production, transmission and distribution facilities. It does not include funds (other than for planning) to add generating capacity to the Company's system. The program, as approved by the Company in January 1993, calls for electric plant and equipment expenditures of approximately $2,700 million (excluding nuclear fuel expenditures of approximately $780 million). This is a decrease of approximately $450 million compared with the common years (1993-94) of the previously approved construction program. In part, the decrease reflects a reduction in capital spending announced by the Company in July 1992 due to adverse financial circumstances. For additional information concerning the cost reduction plan, see "Rates and Financial Condition" below. It is estimated that such construction expenditures, with cost escalation computed at 4.5% annually, will be as follows:

(millions of dollars)	*1993*	*1994*	*1995*	*Three-Year Total*
Production	$330	$310	$340	$ 980
Transmission and Distribution	470	440	525	1,435
General	100	100	85	285
Total	$900	$850	$950	$2,700

The Company's forecasts of peak load indicate a need for approximately 500 megawatts of additional generating capacity, or for equivalent purchased power or demand-side management resources, in 1996 and similar additional amounts each year thereafter through the year 2000. These resource needs reflect the current planning reserve margin recommendations of the Mid-America Interconnected Network (MAIN), the reliability council of which the Company is a member. The Company's forecasts indicate that the additional resource need would exist only during the summer months. The Company does not expect to make expenditures for additional capacity to the extent the need for capacity can be met through cost-effective demand side management resources, non-utility generation or other power purchases. To assess the market potential to provide such cost-effective resources, the Company has issued solicitations for proposals to supply it with cost-effective demand side management resources, non-utility generation resources and other-utility power purchases sufficient to meet forecasted requirements through the year 2000. The responses to the solicitation suggest that adequate resources to meet the Company's needs could be obtained from those sources but the Company has not yet determined whether those sources represent the most economical alternative. If the Company were to build additional capacity to meet its need, it would need to make additional expenditures during the 1993-95 period.

The Company has not budgeted for a number of projects, particularly at generating stations, which could be required but which the Company does not expect to be required during the budget period. In particular, the Company has not budgeted for the construction of

scrubbers at its Kincaid generating station or for the replacement of major amounts of piping at its boiling water reactor nuclear stations.

Purchase commitments, principally related to construction and nuclear fuel, approximated $1,095 million at December 31, 1992. In addition, the companies have substantial commitments for the purchase of coal under long-term contracts as indicated in the following table.

Contract	*Period*	*Commitment (1)*
Black Butte Coal Co.	1993-2007	$1,343
Decker Coal Co.	1993-2015	$ 961
Peabody Coal Co.	1993-1994	$ 92
Big Horn Coal Co.	1998	$ 20

(1) *Estimated costs in millions of dollars FOB mine. No estimate of future escalation has been made.*

For additional information concerning these coal contracts and the Company's fuel supply, see "Rate Proceedings" and "Results of Operations" below and Notes 3, 17 and 19 of Notes to Financial Statements.

The construction program will be reviewed and modified as necessary to adapt to changing economic conditions, rate levels and other relevant factors including changing business and legal needs and requirements. The Company cannot anticipate all such possible needs and requirements. While regulatory needs in particular are more likely, on balance, to require increases in construction expenditures than decreases, the Company's financial condition may require compensating or greater reductions in other construction expenditures. See "Rates and Financial Condition" below for additional information concerning the construction program.

Our customers have their say . . .

1992—a year of years, one which undeniably tested the mettle of our company and its employes. Many customers, and other observers, took notice of our efforts. On the following pages—their impressions of Commonwealth Edison at work, in the year gone by . . .

Capital Resources. The Company has forecast that approximately one-half of the funds required for its construction program and other capital requirements, including nuclear fuel expenditures, nuclear decommissioning contributions, sinking fund obligations and refinancing of debt maturities (the annual sinking fund requirements for preference stock and long-term debt are summarized in Notes 7 and 8 of Notes to Financial Statements), will be provided from internal sources. The forecast was based on the rate increase authorized by the rate order issued by the Illinois Commerce Commission (ICC) on January 6, 1993, as subsequently amended on January 20, 1993, (Remand Order) and reflects the refunds including interest required to be made to customers in 1993 under that order. As noted in "Byron Unit 2 and Braidwood Units 1 and 2 Rate Base Proceedings" under "Rate Proceedings" below, the Remand Order has been stayed by the Illinois Supreme Court (Supreme Court). To the extent that significant additional customer refunds are made, then funds available from internal sources for the construction program and other capital requirements would suffer

correspondingly significant reductions. In testimony filed with the ICC on August 10, 1992, the Company stated that, depending on the outcome of the rate proceeding for which the Remand Order was issued and other proceedings pending before the ICC, it expects difficulty in terms of cost, availability and flexibility in raising funds to fund its construction program. In part to reflect expected reductions in its internally generated funds, the Company reduced its 1993-95 construction program by approximately $450 million when compared with the common years (1993-94) of the previously approved construction program (see "Rates and Financial Condition" below).

> *"We take things like electricity for-granted in modern life, but I'm telling you, I have a new appreciation for what goes on beneath these streets—what these Edison crews go through—after this (Loop flooding) crisis . . ."*
>
> TV newsman, on-the-scene with Edison emergency crews

The type and amount of external financing will depend on financial market conditions during the three-year period 1993-95. Although the Company's new money financing requirements decreased significantly with the completion of its nuclear generating capacity construction program, they have subsequently increased due to higher expenditures and lower operating cash flows resulting from the regulatory and court orders described in "Rate Proceedings" below and in Notes 2 and 3 of Notes to Financial Statements. A portion of the Company's financing is expected to be provided through the sale and leaseback of nuclear fuel. The Company has unused bank lines of credit which may be borrowed at various interest rates and which may be secured or unsecured. Collateral, if required for the borrowings, would consist of first mortgage bonds issued under and in accordance with the provisions of the Company's mortgage. See Note 9 of Notes to Financial Statements for information concerning lines of credit. See the Statements of Consolidated Cash Flows for the construction expenditures and cash flow from operating activities for the years 1992, 1991 and 1990.

During 1992, the Company issued an aggregate of 610,715 shares of common stock for approximately $15,570,000 under its employe stock plans; sold and leased back an aggregate of approximately $190,830,000 of nuclear fuel; issued $1,253,000,000 aggregate principal amount of first mortgage bonds; and $730,000,000 of other long-term debt. The proceeds of debt securities issued during 1992 were or will be used to discharge or refund outstanding securities and for other general corporate purposes.

The Company has effective "shelf" registration statements with the Securities and Exchange Commission for the proposed sale of up to an additional $800 million principal amount of debt securities, consisting of first mortgage bonds and notes, and an additional $100 million of cumulative preference stock, in each case for general corporate purposes of the Company, including the discharge or refund of other outstanding securities.

Rates and Financial Condition. The Company's financial condition is dependent upon its ability to generate revenues which cover its costs. To maintain a satisfactory financial condition, the Company must recover the costs of and a return on completed construction projects,

including its four most recently completed generating units, and maintain adequate debt and preferred and preference stock coverages and common stock equity earnings. The Company has no significant revenues other than from the sale of electricity. Under the economic and political conditions prevailing in Illinois, the Company's management recognizes it must do everything possible to operate within the constraints of allowed rate levels. Therefore, the Company's financial condition will depend in large measure on the Company's levels of sales, expenses and capital expenditures as well as on the outcome of rate-related matters before the ICC.

On August 10, 1992, the Company filed testimony in the rate proceeding for which the Remand Order was issued, which stated that investors regard the Company as one of the riskiest electric utilities in the country and that any purchase of the Company's common stock is, in large part, a speculation on the Company's dividend and on the ultimate conclusion of the rate proceeding. The testimony also stated that the ratings on the Company's debt securities were at risk and that a downgrading of these ratings would jeopardize the Company's ability to raise capital. In addition, rate level projections contained in the testimony characterized a $100 million rate increase result as "financially devastating" in view of the large refunds and reduced cash flows under such a scenario and the projected substantial reductions in the Company's retained earnings and the projected substantial increase in its external financing requirements.

In response to the adverse regulatory and judicial decisions, the Company has implemented a cost reduction plan involving various workforce reductions through early retirement and voluntary and involuntary separations. Such reductions, when combined with other actions, are expected to save approximately $130 million annually in operation and maintenance expenses. The workforce reduction resulted in a charge to income of approximately $23 million (net of income tax effects) in 1992. In addition, the 1993-95 construction program represents a decrease of approximately $450 million when compared with the common years (1993-94) of the previously approved construction program. Other actions are under consideration to provide additional cost savings including the closing of one or more fossil or nuclear generating stations.

In addition, the quarterly common stock dividends, payable November 1, 1992 and February 1, 1993 were reduced 47% from the seventy-five cents per share quarterly amount paid since 1982. Dividends were declared on the outstanding shares of the Company's preferred and preference stocks at their regular quarterly rates. The Company's Board of Directors will continue to review quarterly the payment of dividends.

Further, significant rate refunds or charges other than those provided for on the Company's books and/or significant additional write-downs of assets could eliminate the Company's retained earnings (approximately $847 million as of December 31, 1992) and interrupt dividend payments on its capital stocks. Illinois law provides that a utility may not pay any dividend on its stock unless "[t]he utility's earnings and earned surplus are sufficient to declare and pay same after provision is made for reasonable and proper reserves," or unless the utility has specific authorization from the ICC. In addition, the Company's restated articles of incorporation require that redemption payments on preference stock subject to mandatory redemption requirements be suspended unless dividends payable on outstanding shares of preference stock have been paid, or declared and sufficient funds set aside for their payment.

The current ratings of the Company's securities by three principal securities rating agencies are as follows:

	Moody's	*Standard & Poor's*	*Duff & Phelps*
First mortgage and secured pollution control bonds	Baa2	BBB	BBB
Publicly-held debentures and unsecured pollution control obligations	Baa3	BBB–	BBB–
Convertible preferred stock	baa3	BBB–	BB+
Preference stock	baa3	BBB–	BB+
Commercial paper	P2	A-2	Duff 2

The Company cannot predict the effect of the outcome of the proceedings described under "Rate Proceedings" below and Notes 2 and 3 of Notes to Financial Statements on the continuation of its current ratings by the securities rating agencies which downgraded the securities during 1992 and in January 1993 as a result of developments in the proceedings leading to, and the issuance of, the Remand Order.

Business and Competition. The electric utility business has historically been characterized by retail service monopolies in state or locally franchised service territories. Investor-owned electric utilities have tended to be vertically integrated with all aspects of their business subject to pervasive regulation. Although customers have normally been free to supply their electric power needs through self-generation, they have not had a choice of electric suppliers and self-generation has not usually been economical.

The market in which electric utilities like the Company operate has become more competitive and many observers believe competition will intensify. In addition, suppliers of other forms of energy are increasingly competing to supply energy needs which historically were supplied primarily or exclusively by electricity. In this regard, the Energy Policy Act of 1992 (Act) will likely have a significant effect on companies engaged in the generation, transmission, distribution, purchase and sale of electricity. This Act, among other things, expands the authority of the Federal Energy Regulatory Commission to order electric utilities to transmit or "wheel" power for others, and facilitates the creation of non-utility electric generating companies. Although the Company cannot now predict the full impact of this Act, the Act will likely create and increase competition affecting the Company.

Regulation. The companies are subject to state and federal regulation in the conduct of their operations. Such regulation includes rates, securities issuance, nuclear operations and environmental matters. In the cases of nuclear operations and environmental matters, such regulation can and does affect the companies' operational and capital expenditures.

The Clean Air Act Amendments of 1990 (Amendments) require reductions in sulfur dioxide and nitrogen oxide emissions from coal-burning power plants and will require reductions in sulfur dioxide emissions from the Company's Kincaid station and in nitrogen oxide emissions from the Company's pulverized coal boilers. Illinois legislation requires the Company to submit a compliance plan to the ICC with respect to Kincaid station. The

Company expects that it will continue to burn Illinois coal at Kincaid station for the years 1995 through 1999, and that it will purchase emission allowances that are expected to be available under the Amendments, if necessary. The Company expects to install pollution control equipment for Kincaid station by the year 2000.

Capital Structure. The Company's ratio of long-term debt to total capitalization has increased to 54.0% at December 31, 1992 from 50.7% at December 31, 1991.

Rate Proceedings

The Company's revenues, net income and cash flows have been affected directly by various rate proceedings during the past three years. These proceedings have related principally to the rate base treatment of the Company's four most recently completed nuclear generating units, but have also related to the reduction in the difference between the Company's summer and non-summer residential rates that was first effected during 1988. Such proceedings, as well as proceedings relating to the recoverability of the Company's coal costs through its fuel adjustment clause, will continue to have an effect on the Company's revenues, net income and cash flows during 1993.

"Each of the Edison employees I dealt with (during the storm-related outage) excelled in the execution of their jobs. If their performance is any indication, Commonwealth Edison is a well-run ship!"

Mrs. Lowella Rivero
Chicago

Byron Unit 2 and Braidwood Units 1 and 2 Rate Base Proceedings. These proceedings relate principally to the rate base treatment of Byron Unit 2 and Braidwood Units 1 and 2 (collectively, Units). On March 8, 1991, the ICC issued a rate order in the proceedings granting the Company an aggregate annual increase of approximately $750 million in its base electric operating revenues, to be phased-in over a three-year period. On December 16, 1991, however, the Supreme Court remanded that rate order to the ICC for further proceedings and, on February 3, 1992, ordered that the second and third phases of the rate increase be suspended. Consequently, only the first phase increase of approximately $483 million has become effective, although the revenues thereunder have been collected, and are being collected, subject to refund as a result of a prior interim decision of the Supreme Court in these proceedings. As of December 31, 1992, approximately $809 million (including revenue taxes of approximately $38 million) has been recorded as electric operating revenues under the March 8, 1991 rate order.

On January 6, 1993, the ICC issued an order in the remanded proceedings, which order, as subsequently modified on January 20, 1993, provided that the presently effective rate increase should be reduced by approximately $339 million to $144 million, and ordered that refunds (with interest at five percent from March 20, 1991) be made to customers by credits to their bills over a six-month period commencing February 15, 1993. The Company estimates that as of December 31, 1992, $647 million (which includes interest through December 31, 1992, and revenue taxes) would be subject to refund under the terms of the Remand Order.

On January 21, 1993, the Supreme Court granted the Company's request for a stay of the effectiveness of the Remand Order pending administrative and appellate review; however, the Supreme Court denied the Company's request to take the matter on direct appeal on an expedited basis. The Company intends to file a petition for rehearing with the ICC relating to the Remand Order. The Company is not presently able to determine the ultimate effect of the Remand Order. In view of the stay and the pending appeal, it has not recorded any provision for revenue refunds and related interest accruals under the Remand Order, which would have reduced net income by approximately $378 million or $1.77 per common share if a provision had been recorded as of December 31, 1992. In addition, the Company has not recorded the income effects of the recovery allowance on deferred carrying charges allowed in the Remand Order, which would have increased net income by approximately $275 million or $1.29 per common share if it had been recorded as of December 31, 1992, net of associated amortization since March 20, 1991. Such recovery allowance, if ultimately upheld, can only be recorded to the extent it is permitted under generally accepted accounting principles.

> *"Your Glenbard employes, Bob Hix and John Gonzalez, represent what great service is all about. They didn't treat me like I was a problem. They treated me like a* human being *who had a problem!"*
>
> Jeffrey E. Nielsen
> Warrenville

Although the Company is continuing to collect the revenues provided for under the $483 million rate increase, it expects to record a provision for revenue refunds and related interest accruals for amounts collected over the $144 million rate increase level provided in the Remand Order on and after January 15, 1993, the effective date of the Remand Order prior to the Supreme Court's stay.

In addition, the Company is not presently able to predict the amount of refund obligations, if any, it may have as a result of the rider to its rate schedules that it filed with the ICC in connection with a proceeding dealing with the change in the federal corporate income tax rate made by the Tax Reform Act of 1986. Under the rider, the Company had been recording in "revenue accounts subject to refund" from July 1, 1987 through the effectiveness of the March 8, 1991 ICC rate order, a percentage of its revenues (5.54% or approximately $300 million on an annual basis). Various intervenors are seeking refunds under the rider.

For additional information regarding these proceedings and an appeal pending before the Illinois Appellate Court (Appellate Court) by certain intervenors relating to the ICC's determination of the interest rate applicable to refunded amounts and the amount of the refund to the residential class associated with the reversal of the December 30, 1988 rate order, see Note 2 of Notes to Financial Statements.

Byron Unit 1 Remand Proceedings. These proceedings relate principally to the rate base treatment of the Byron Unit 1 nuclear generating unit, which was included in the Company's rate base as a result of a 1985 rate order. That rate order has been the subject of litigation which has focused on the amount of Byron Unit 1's construction costs that should be included in the

Company's rate base. During 1992, this litigation culminated in an April 16, 1992 Supreme Court decision which affirmed an August 1989 ICC order finding that approximately $200 million of additional plant costs should be excluded from the Company's rate base and essentially affirmed determinations made by the Circuit Court of Cook County, Illinois (Circuit Court) regarding associated customer refunds and interest.

The income effects of the disallowance and related customer refunds were largely recorded in October 1989 ($62 million or $0.29 per common share) and the second quarter of 1990 ($208 million or $0.98 per common share), although additional provisions for refunds and related interest were recorded by the Company during 1992 (aggregating approximately $50 million or $0.24 per common share). The customer refunds were made during the second half of 1992, except for a final reconciliation (which is expected to continue through June 1993).

Left open in these proceedings, however, is the issue of what refunds, if any, should be made as a result of the disallowance for the period from January 1, 1989 through March 19, 1991. (The March 8, 1991 rate order in the Byron Unit 2 and Braidwood Units 1 and 2 Proceedings provided for the removal of the disallowed costs from the Company's rate base when it became effective on March 20, 1991.) The Supreme Court also sent back to the ICC an issue involving the reasonableness of approximately $81 million of plant costs (currently included in the Company's rate base) for additional findings. Hearings have been scheduled by the ICC to determine the issue of refunds, if any, for the period beginning January 1, 1989. The hearings are expected to be completed in the second quarter of 1993. The Company is not yet able to predict the ultimate effect of the Byron Unit 1 proceedings or of any additional refund obligations for the period January 1, 1989 through March 19, 1991 arising as a result of the proceedings.

For additional information regarding these proceedings, see Note 3 of Notes to Financial Statements.

Summer/Non-summer Rate Differential Proceedings. These proceedings arose out of the reduction in the difference between the Company's summer and non-summer residential rates that was first effected during 1988, which was the subject of two ICC orders in April and June 1988. Both orders were intended to reduce the difference without affecting the Company's overall revenues provided under the then effective rates set in the Company's 1985 rate order. The Company billed under the rates allowed under the June order. Those billings resulted in 1988 revenues approximately $150 million greater than would have been billed under the April order and approximately $5.7 million over what would have been billed under the 1985 rate order. The Illinois Attorney General and the State's Attorney for Cook County filed complaints with the ICC asking it to order refunds based on the difference between the actual revenues billed and the revenues that would have been billed under the April order. In subsequent litigation, the Appellate Court declared the June order void and twice remanded the matter to the ICC for determination of the appropriate refunds. The first ICC remand order determined that $5.7 million plus interest should be refunded, which the Company refunded in its May 1990 billing cycle. The second ICC remand order, which was issued on March 18, 1992, again determined that the refund of $5.7 million plus interest was appropriate. The matter is currently before the Appellate Court on appeal.

For additional information regarding these proceedings, see Note 3 of Notes to Financial Statements.

Fuel Adjustment Clause Proceedings. Under Illinois law, the ICC is required to hold public hearings to determine whether a utility's fuel adjustment clause reflects actual costs of fuel and power prudently purchased and to reconcile amounts collected with actual costs. The Company is currently involved in proceedings relating to the amounts collected under its fuel adjustment clause with respect to 1987 through 1991. Both the ICC Staff and certain intervenors have challenged the prudency of the Company's western coal purchases and, consequently, the recoverability under the fuel adjustment clause of a portion of such costs. In the 1988 proceeding, the ICC Staff filed testimony recommending that the Company refund at least $280 million of its fuel adjustment clause collections for the period from 1985 through 1988 based on, among other things, allegations that the Company failed to make changes in its western coal contracts, including buying-out or terminating some or all of those contracts. Similar allegations can be made for years after 1988. Certain intervenors have also submitted testimony in the 1988 proceeding stating that the Company should make refunds to its customers as a result of alleged imprudent purchases of coal in 1987 and 1988 under the Company's western coal contracts, based on the difference between the contractual purchase price and prevailing market prices. Although the ICC previously concluded its proceedings with respect to the Company's fuel adjustment clause collections in 1985 and 1986, it reserved the right to reopen those proceedings to incorporate the results of its investigation into the prudence of the Company's western coal purchases in connection with the 1988 proceedings.

The Company expects continuing challenges to the recovery of the costs of its western coal in the pending fuel adjustment clause proceedings as well as future regulatory proceedings. The Company's western coal contracts were renegotiated during 1992 to provide, among other things, for significant reductions in the price of the coal effective as of January 1, 1993. However, the renegotiated contracts provide for the purchase of coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. In addition, the Company has renegotiated its rail contracts for delivery of the western coal at significant reductions in rail rates. The Company is unable to predict the ultimate effect of the regulatory proceedings concerning the recovery of its coal costs. Coal costs (including costs of reserve coal) which are not recoverable in rates, if any, will have to be charged to income.

For additional information concerning the Company's fuel adjustment clause proceedings and coal reserves, see Notes 3 and 17 of Notes to Financial Statements. For additional information concerning the Company's coal purchase commitments, see "Liquidity and Capital Resources," subcaption "Capital Budgets" above.

Results of Operations

Earnings Per Common Share. The Company's earnings per common share were $2.08 in 1992, $0.08 in 1991 and $0.22 in 1990. The 1992 results were significantly affected by the decreased level of kilowatthour sales due to a cooler than normal summer, higher operating and maintenance expenses, higher revenues resulting from the full effect of the rate increase which became effective on March 20, 1991, lower fuel and purchased power costs and the 1992 reduction to net income of $50 million or $0.24 per common share to reflect a provision for additional refunds and interest related to the 1985 rate order. Excluding non-recurring items, earnings per common share in 1992 would have been $2.32 per common share. As discussed below, 1991 earnings per common share prior to non-recurring adjustments would have been $2.67 per common share.

"It looked like the U.S. Marines coming to liberate us because we were all out in the street clapping and yelling hurrah!"

Marilyn Clemen
Norridge

(on the arrival of Edison crews to restore power to her neighborhood, 48 hours after it was lost during a violent storm)

The 1991 results were significantly affected by recording $734 million of the unreasonable plant cost disallowance applicable to the Units included in the ICC's March 8, 1991 rate orders. The Company recorded in March 1991 a write-down of approximately $27 million of the Units' plant costs, reflecting that portion of the Units' unreasonable plant cost disallowance not contested by the Company before the Supreme Court, resulting in a non-recurring reduction to net income of approximately $17 million or $0.08 per common share in accordance with Statement of Financial Accounting Standards No. 90. The remaining portion of the unreasonable plant cost disallowance (approximately $707 million) was recorded in November 1991, resulting in a non-recurring reduction to net income of approximately $534 million or $2.51 per common share. This was recorded following the Supreme Court's December 16, 1991 decision remanding the ICC orders. The rate increase effective March 20, 1991 partially offsets these reductions.

The sharp decline in 1990 earnings resulted primarily from a non-recurring $461 million reduction to net income or $2.17 per common share, recorded in the second quarter to provide for revenue refunds ordered by the ICC in the remanded proceedings following the Supreme Court's reversal of the ICC's December 30, 1988 rate order and other revenue refunds estimated to be ordered following the Appellate Court's decision affirming an ICC order of August 23, 1989 disallowing approximately $200 million additional Byron Unit 1 construction costs, and to reflect a write-down in the costs of Byron Unit 1. A portion of the effects of the ICC's August 23, 1989 order which the Company did not contest ($62 million or $0.29 per common share) was recorded in 1989. In the remanded proceedings, the ICC also ordered the Company to roll back its rates, effective July 1, 1990, to the levels that existed prior to January 1, 1989 (after reflecting a scheduled $56 million reduction in rates that took place on January 1, 1989). The resultant reduced revenues adversely affected the Company's 1990 earnings.

See "Rate Proceedings" above and Notes 2, 3 and 17 of Notes to Financial Statements for information relating to the Company's recent rate proceedings.

Kilowatthour Sales. Kilowatthour sales to ultimate consumers decreased 4.6% in 1992 principally reflecting lower kilowatthour sales to residential consumers due to a cooler than normal summer. Kilowatthour sales to ultimate consumers increased 5.2% in 1991, the result of increased sales to all principal customer classes and a warmer summer in 1991 than 1990. Kilowatthour sales to ultimate consumers increased 2.5% in 1990, the result of increased sales to residential, commercial and industrial, and public authority customers and a warmer than normal summer. Kilowatthour sales including sales for resale decreased 3.7% in 1992, increased 1.2% in 1991 and decreased 0.5% in 1990.

"My dad is extra special because when people don't have electricity—it doesn't matter if it's in the middle of the night or if he's tired, he goes out and gets the lights back on."

Philip Martin, 9, Orland Park (son of Edison crew leader James Martin)

Electric Operating Revenues. Operating revenues decreased $249 million in 1992 principally reflecting a lower level of kilowatthour sales due to a cooler than normal summer, a decrease in the recovery of energy costs under the fuel adjustment provision in the Company's rates and a provision for revenue refunds of approximately $18 million related to the Byron Unit 1 remand proceedings. The decrease more than offset the full effect of the rate increase which became effective March 20, 1991. See "Rate Proceedings" above and Notes 2 and 3 of Notes to Financial Statements.

Operating revenues increased $965 million in 1991 due to the rate increase which became effective on March 20, 1991, higher kilowatthour sales in 1991 and the favorable comparison to 1990 in which rates were rolled back as a result of the reversal of the December 30, 1988 rate order and provisions for revenue refunds were made as a result of developments in the Byron Unit 1 remand proceedings and the reversal of the December 30, 1988 rate order. See "Rate Proceedings" above and Notes 2 and 3 of Notes to Financial Statements for additional information.

Operating revenues decreased $509 million in 1990, principally reflecting the recording of provisions for revenue refunds resulting from the reversal of the ICC's December 30, 1988 rate order and developments in the Byron Unit 1 remand proceedings (see "Rate Proceedings" above and Notes 2 and 3 of Notes to Financial Statements). The decrease also reflects the rate rollback, effective July 1, 1990, resulting from the reversal of the December 30, 1988 rate order.

Operating revenues for 1993 could be significantly affected by the outcome of the regulatory and judicial matters before the ICC and the courts referred to above and in Notes 2 and 3 of Notes to Financial Statements. As noted in "Byron Unit 2 and Braidwood Units 1 and 2 Rate Base Proceedings" under "Rate Proceedings," although the Company is continuing to collect the revenues provided for under the $483 million rate increase, it expects to record a provision for revenue refunds and related interest accruals for amounts collected over the $144 million rate increase level provided in the Remand Order on and after January 15, 1993, the effective date of the Remand Order prior to the Supreme Court's stay.

Fuel Costs. Changes in fuel expense for 1992, 1991 and 1990 primarily result from changes in the average cost of fuel consumed, changes in the mix of fuel sources of electric energy generated and changes in net generation of electric energy. Fuel mix is determined primarily by system load, the costs of fuel consumed and the availability of nuclear generating units. The cost of fuel consumed, net generation of electric energy and fuel sources of kilowatthour generation were as follows:

	1992	1991	1990
Cost of fuel consumed (per million Btu):			
Nuclear	$0.52	$0.49	$0.56
Coal	$2.96	$2.84	$2.70
Oil	$3.02	$3.37	$3.90
Natural gas	$2.36	$2.48	$3.04
Average all fuels	$0.97	$1.07	$1.07
Net generation of electric energy (millions of kilowatthours)	79,889	82,046	83,152
Fuel sources of kilowatthour generation:			
Nuclear	83%	77%	79%
Coal	15	21	20
Oil	1	1	—
Natural gas	1	1	1
	100%	100%	100%

The cost of nuclear fuel consumed in 1991 reflects an accrual for a $46 million court ordered refund from the Department of Energy (DOE) relating to spent nuclear fuel disposal costs. An offsetting amount was included in deferred under or overrecovered energy costs in December 1991 and was refunded to the Company's ratepayers through the fuel adjustment clause in February 1992. In connection with the Energy Policy Act of 1992, investor-owned electric utilities that have purchased enrichment services from the DOE will be assessed annually for a fifteen-year period amounts to fund a portion of the cost for the decontamination and decommissioning of three nuclear enrichment facilities operated by the DOE. The Company's portion of such assessments is approximately $15 million per year (to be adjusted annually for inflation). The Act provides that such assessments are to be treated as a cost of fuel. See Note 1 of Notes to Financial Statements for information related to the accounting for such costs.

Fuel Supply. Compared to other utilities, the Company has relatively low average fuel costs. This results from the Company's reliance predominantly on lower cost nuclear generation. The Company's coal costs, however, are high compared to those of other utilities. The Company's western coal contracts were renegotiated during 1992 to provide, among other things, for significant reductions in the price of the coal effective as of January 1, 1993. However, the renegotiated contracts provide for the purchase of coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. In addition, the Company has renegotiated its rail contracts for delivery of the western coal at significant reductions in rail rates. Coal costs (including costs of reserve coal)

which are not recoverable in rates, if any, will have to be charged to income. For additional information concerning the Company's coal purchase commitments, see "Liquidity and Capital Resources" above. For additional information regarding the Company's fuel reconciliation proceedings and coal reserves, see "Rate Proceedings," subcaption "Fuel Adjustment Clause Proceedings" above, and Notes 3 and 17 of Notes to Financial Statements.

Purchased Power. Amounts of purchased power are primarily affected by system load, the availability of the Company's generating units and the availability and cost of power of other utilities.

The number and average cost of kilowatthours purchased were as follows:

	1992	*1991*	*1990*
Kilowatthours (millions)	2,555	3,374	1,172
Cost per kilowatthour	1.78¢	2.16¢	1.84¢

Deferred Under or Overrecovered Energy Costs—Net. Electric operating expenses for the years 1992, 1991 and 1990 reflect the net change in under or overrecovered allowable energy costs. See "Fuel Costs" and "Fuel Supply" above and Notes 1 and 3 of Notes to Financial Statements.

Operation and Maintenance Expenses. Total operation and maintenance expenses increased approximately 9%, 18% and 6% during 1992, 1991 and 1990, respectively, due primarily to an increase in operation and maintenance expenses associated with nuclear generating stations and transmission and distribution facilities, cost of pension and other employe benefits, wage increases, increased number of employes and the effects of inflation. The 1992 operation and maintenance expenses include the increased cost of pension and other employe benefits, including post-retirement health care benefits (see Notes 12 and 13 of Notes to Financial Statements) and an increase in operation and maintenance expenses associated with nuclear generating stations. Wage increases and the effects of inflation have also increased operation and maintenance expenses during the period. The cost of pension and other employe benefits, including post-retirement health care benefits, increased $72 million and $63 million in 1992 and 1991, respectively. The 1992 increase reflects the effect of the Company's workforce reduction program in which a charge to income of $37 million was recorded in 1992. Nuclear operation and maintenance expense increased approximately $105 million, $79 million and $114 million in 1992, 1991 and 1990, respectively. Nuclear regulatory initiatives and requirements necessitated the addition of personnel and resources to meet the increased regulatory demands increasing overall operation and maintenance expenses. Operation and maintenance expenses associated with nuclear generating stations in future years may be significantly affected by regulatory, operational and other requirements. Operation and maintenance expenses associated with the Company's transmission and distribution system which increased $41 million and $27 million in 1991 and 1990, respectively, may increase in future years due, in part, to reflect the effect of increased customer expectations. In 1991 the Company recorded a provision of $25 million which reflected its estimate of the liability associated with manufactured gas plants. For further information regarding a cost reduction

plan and its effect on future operation and maintenance expenses, see "Liquidity and Capital Resources," subcaption "Rates and Financial Condition" above.

Depreciation. Depreciation expense increased in 1992 as a result of reflecting in expense a full year's effect of increased decommissioning costs allowed by the ICC's March 8, 1991 rate order, which became effective March 20, 1991. Depreciation expense in 1991 decreased compared to 1990 due primarily to lower average annual composite depreciation rates as well as the reduction to depreciable plant facilities in 1991 reflecting the effects of recording disallowed plant costs, partially offset by the increase in decommissioning expense resulting from the ICC's March 8, 1991 rate order. Depreciation expense in 1990 was relatively level compared to 1989. See Note 1 of Notes to Financial Statements for information concerning depreciation rates and decommissioning costs.

"In the past, I was less than enthusiastic about Commonwealth Edison's performance. However, their handling of the Chicago flood disaster was an example of a public utility at its best. Keep it up Edison, you may change my mind yet!"

Eugene Morris
Hyde Park

Interest on Debt. Changes in interest on long-term debt and notes payable for the years 1992, 1991 and 1990 were due to changes in average interest rates and in the amounts of long-term debt and notes payable outstanding. Changes in interest on long-term debt reflect new issues of debt and the retirement and redemption of various issues which were refinanced. The average amounts of long-term debt and notes payable outstanding and average interest rates thereon were as follows:

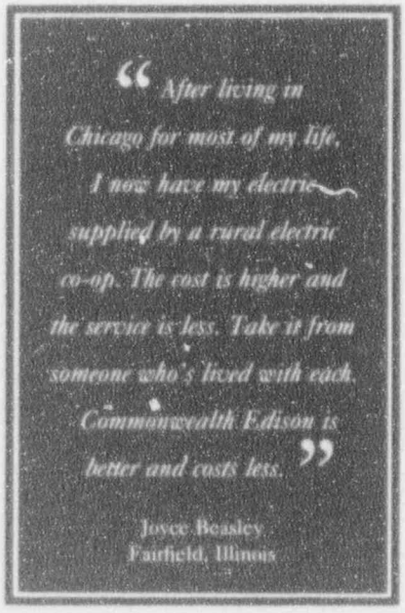
	1992	1991	1990
Long-term debt outstanding:			
Average amount (millions)	$7,699.9	$7,314.3	$7,110.4
Average interest rate	8.58%	9.09%	9.12%
Notes payable outstanding:			
Average amount (millions)	$17.5	$1.9	$6.7
Average interest rate	4.43%	8.22%	8.62%

Recovery/(Deferral) of Plant Costs and Other Regulatory Assets--Net. In the March 8, 1991 rate order, the ICC provided that, for ratemaking purposes, certain rate case and consultant costs associated with the prudency audits for the Units could be deferred and amortized. Approximately $43 million of such costs were capitalized and resulted in an increase to net income in 1991 of approximately $24 million or $0.11 per common share.

Other Items. The amounts of allowance for funds used during construction (AFUDC) reflect changes in the average levels of investment subject to AFUDC and changes in the average annual rates as discussed in Note 1 of Notes to Financial Statements. AFUDC does not contribute to the current cash flow of the Company.

The ratios of earnings to fixed charges for the years 1992, 1991 and 1990 were 2.06, 1.59 and 1.42, respectively. The ratios of earnings to fixed charges and preferred and preference stock dividend requirements for the years 1992, 1991 and 1990 were 1.78, 1.36 and 1.21, respectively.

Business corporations in general have been adversely affected by inflation because amounts retained after the payment of all costs have been inadequate to replace, at increased costs, the productive assets consumed. Electric utilities in particular have been especially affected as a result of their capital intensive nature and regulation which limits capital recovery and prescribes installation or modification of facilities to comply with increasingly stringent safety and environmental requirements. Because the regulatory process limits the amount of depreciation expense included in the Company's revenue allowance to the original cost of utility plant investment, the resulting cash flows are inadequate to provide for replacement of that investment in future years or preserve the purchasing power of common equity capital previously invested.



For information concerning certain pending matters relating to the Company's rates which may have a substantial effect on the Company's future financial condition and results of operations, see "Rate Proceedings" above and Notes 2, 3, 17 and 19 of Notes to Financial Statements.

See Note 13 of Notes to Financial Statements for information concerning the accounting standard regarding post-retirement benefits other than pensions.

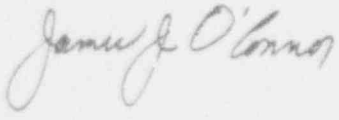
See Note 14 of Notes to Financial Statements for information concerning the accounting standard which will require the Company to use an asset and liability approach for financial accounting and reporting for income taxes rather than the deferred method.

The management of the Company has prepared and is responsible for the consolidated financial statements and the related financial data contained in this annual report. In its opinion, the statements have been prepared in conformity with generally accepted accounting principles.

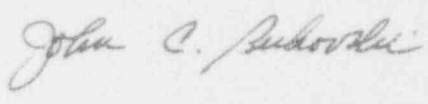
The Company's financial statements have been audited by Arthur Andersen & Co., independent public accountants, approved by the shareholders. The report of Arthur Andersen & Co. on the Company's financial statements contains an explanatory paragraph with respect to certain matters as described in their report appearing on page 26. Management has made available to Arthur Andersen & Co. all the Company's financial records and related data, as well as the minutes of shareholders' and Directors' meetings. Furthermore, management believes that all representations made to Arthur Andersen & Co. during their audit were valid and appropriate.

To meet its responsibilities for the reliability of the financial statements and the related financial data, the Company maintains a system of internal accounting control and supports a program of internal audits. In order to assure that the system is adequately designed and documented and that it is functioning as designed, the Company routinely reviews its system of internal accounting control. It is management's opinion that the system is adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that financial records are reliable for preparing financial information in conformity with generally accepted accounting principles. The concept of reasonable assurance is based on the recognition that the cost of a system of internal accounting control must be related to the benefits derived. The balancing of those factors requires estimates and judgment.

The Board of Directors carries out its responsibility for the financial statements and the related financial data through its Audit Committee, which is composed solely of outside directors. The Audit Committee meets periodically with management, the internal auditor and independent public accountants to ensure that each is carrying out its responsibilities, and to discuss auditing, internal accounting control and financial reporting matters. Both the internal auditor and the independent public accountants have free access to the Audit Committee, with and without management present, to discuss the results of their audit work, the adequacy of the internal accounting control and their opinions on other financial matters.



James J. O'Connor
Chairman



John C. Bukovski
Vice President

To the Shareholders of Commonwealth Edison Company:

We have audited the accompanying consolidated balance sheets and statements of consolidated capitalization of Commonwealth Edison Company (an Illinois corporation) and subsidiary companies as of December 31, 1992 and 1991, and the related statements of consolidated income, retained earnings, premium on common stock and other paid-in capital, and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Company's 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 financial position of Commonwealth Edison Company and subsidiary companies as of December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

As discussed in Notes 2 and 3, the regulatory treatment for the Company's original cost investment in the Byron and Braidwood stations is dependent upon the ultimate resolution of Illinois Commerce Commission (ICC) proceedings regarding the allowable costs of those assets. As discussed in Notes 2 and 3, the Company is not able to predict the ultimate amount of refund obligations and the resolution of other issues arising as a result of the preceding and other ICC regulatory proceedings. As discussed in Notes 3, 17 and 19, the Company is attempting to resolve certain cost related regulatory issues involving its investment in coal reserves, coal purchase commitments and fuel adjustment clause. The outcome of each of these matters is uncertain at this time.

Arthur Andersen & Co.

Chicago, Illinois
January 28, 1993

To the Audit Committee of the Board of Directors of Commonwealth Edison Company:

We have made a study and evaluation of the system of internal accounting control of Commonwealth Edison Company and subsidiary companies in effect at December 31, 1992. Our study and evaluation was conducted in accordance with standards established by the American Institute of Certified Public Accountants.

The Company's management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of Commonwealth Edison Company and subsidiary companies in effect at December 31, 1992, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the consolidated financial statements.

Arthur Andersen & Co.

Chicago, Illinois
January 28, 1993

Summary of Selected Consolidated Financial Data

(millions of dollars except per share data)	*1992*	*1991*	*1990*	*1989*	*1988*
Electric operating revenues	$ 6,026	$ 6,276	$ 5,311	$ 5,819	$ 5,648
Net income	$ 514	$ 95	$ 428	$ 694	$ 738
Earnings per common share	$ 2.08	$ 0.08	$ 0.22	$ 2.83	$ 3.01
Cash dividends declared per common share	$ 2.30	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Total assets (at end of year)	$18,016	$17,365	$17,889	$17,948	$17,822
Long-term obligations at end of year excluding current portion:					
Long-term debt and preference stock subject to mandatory redemption requirements	$ 7,913	$ 7,081	$ 7,341	$ 7,002	$ 7,011
Accrued spent nuclear fuel disposal fee and related interest	$ 549	$ 530	$ 500	$ 462	$ 426
Capital lease obligations	$ 347	$ 396	$ 387	$ 413	$ 418
Other long-term obligations	$ 656	$ 341	$ 225	$ 214	$ 189

Price Range and Dividends Paid Per Share of Common Stock*

	1992 (by quarters)				*1991 (by quarters)*			
	Fourth	*Third*	*Second*	*First*	*Fourth*	*Third*	*Second*	*First*
Price Range:								
High	26	27⅝	34¼	40⅛	42⅝	40⅜	40	40
Low	21¾	22⅛	26⅝	33¾	37½	36⅜	36	33⅝
Dividends Paid	40¢	75¢	75¢	75¢	75¢	75¢	75¢	75¢

*As reported as NYSE Composite Transactions.

The Company's common stock is traded on the New York, Midwest and Pacific stock exchanges, with the ticker symbol CWE. At December 31, 1992, there were approximately 215,000 holders of record of the Company's common stock.

1992 Revenues and Sales

	Electric Operating Revenues(1) (thousands)	*Increase (Decrease) Over 1991*	*Kilowatthour Sales (millions)*	*Increase (Decrease) Over 1991*	*Customers*	*Increase (Decrease) Over 1991*
Residential	$2,146,523	(7.0)%	19,269	(10.8)%	2,981,141	0.9 %
Small commercial and industrial	1,874,393	(1.7)%	22,662	(2.1)%	282,092	0.9 %
Large commercial and industrial	1,373,939	(2.5)%	22,163	(1.8)%	1,527	1.2 %
Public authorities	452,508	(2.7)%	6,562	(3.2)%	11,886	(1.2)%
Electric railroads	27,633	(2.9)%	410	(2.7)%	2	— %
Ultimate consumers—total	$5,874,996	(3.9)%	71,066	(4.6)%	3,276,648	0.8 %
Provisions for revenue refunds—ultimate consumers	(18,372)		—		—	
Ultimate consumers—net	$5,856,624		71,066		3,276,648	
Sales for resale	113,603		4,614		16	
Other revenues	56,094		—		—	
	$6,026,321	(4.0)%	75,680	(3.7)%	3,276,664	0.8 %

(1) *See Notes 2 and 3 of Notes to Financial Statements and the Statements of Consolidated Income for information related to revenue refunds and revenues collected subject to refund.*

(thousands except per share data)	1992	1991	1990
Electric operating revenues (Notes 2 and 3):			
Operating revenues	$ 6,044,693	$ 6,276,384	$ 5,847,183
Provisions for revenue refunds	(18,372)	(851)	(536,364)
	$6,026,321	$6,275,533	$5,310,819
Electric operating expenses and taxes:			
Fuel (Notes 1, 3, 10 and 19)	$ 841,321	$ 968,176	$ 978,775
Purchased power	45,579	72,980	21,624
Deferred (under)/overrecovered energy costs—net (Notes 1 and 3)	(30,254)	31,204	8,415
Operation	1,529,849	1,412,366	1,160,166
Maintenance	587,778	527,489	489,463
Depreciation (Note 1)	835,359	825,402	878,938
Recovery/(deferral) of plant costs and other regulatory assets—net	3,330	(39,704)	1,659
Taxes (except income) (Note 15)	743,909	742,570	661,432
Income taxes (Notes 1 and 14)—			
Current —Federal	139,857	236,369	150,917
—State	21,531	53,068	28,773
Deferred —Federal—net	97,705	123,841	19,456
—State—net	45,830	38,558	17,299
Investment tax credits deferred—net (Notes 1 and 14)	(32,376)	(31,981)	(28,386)
	$ 4,829,418	$ 4,960,338	$ 4,388,531
Electric operating income	$1,196,903	$1,315,195	$ 922,288
Other income and (deductions):			
Interest on long-term debt	$ (660,428)	$ (664,946)	$ (648,603)
Interest on notes payable	(775)	(152)	(577)
Allowance for funds used during construction (Note 1)—			
Borrowed funds	17,213	13,500	13,840
Equity funds	19,960	18,272	22,526
Current income taxes applicable to nonoperating activities (Notes 1 and 14)	5,736	908	(5,932)
Disallowed plant costs (Notes 2 and 3)	—	(644,862)	(133,661)
Income tax reduction for disallowed plant costs (Notes 2 and 3)	—	76,579	—
Miscellaneous—net	(64,628)	(19,607)	(41,590)
	$ (682,922)	$(1,220,308)	$ (793,997)
Net income	$ 513,981	$ 94,887	$ 128,291
Provision for dividends on preferred and preference stocks	70,539	78,288	82,495
Net income on common stock	$ 443,442	$ 16,599	$ 45,796
Average number of common shares outstanding	212,929	212,452	212,032
Earnings per common share	$2.08	$0.08	$0.22
Cash dividends declared per common share	$2.30	$3.00	$3.00

The accompanying Notes to Financial Statements are an integral part of the above statements.

Consolidated Balance Sheets

(thousands of dollars)	December 31,	1992	1991
Assets			
Utility plant (Notes 1, 2, 3, 8, 16, 17 and 18):			
	Plant and equipment, at original cost (includes construction work in progress of $1,165 million and $1,036 million, respectively)	$ 25,400,822	$ 24,451,307
	Less—Accumulated provision for depreciation	8,146,445	7,442,427
		$ 17,254,377	$ 17,008,880
	Nuclear fuel, at amortized cost	890,164	712,942
		$ 18,144,541	$ 17,721,822
	Less—Accumulated deferred income taxes (Note 14)	2,861,965	2,718,968
		$ 15,282,576	$ 15,002,854
Investments:	Nuclear decommissioning funds, at cost (Notes 1 and 11)	$ 533,463	$ 377,447
	Subsidiary companies (Notes 1 and 17)	112,900	113,435
	Other investments, at cost (Note 17)	123,324	121,392
		$ 769,687	$ 612,274
Current assets:	Cash (Note 9)	$ —	$ 1,939
	Temporary cash investments, at cost which approximates market	145,749	203,997
	Other cash investments, at cost which approximates market	22,226	46,079
	Special deposits, at cost which approximates market (Note 11)	260,899	16,774
	Receivables (Note 1)—		
	Customers	445,676	496,333
	Other	80,248	94,791
	Provisions for uncollectible accounts	(12,976)	(7,400)
	Coal and fuel oil, at average cost	327,134	215,801
	Materials and supplies, at average cost	404,548	406,538
	Deferred underrecovered energy costs (Notes 1 and 3)	2,971	—
	Prepayments and other	37,659	39,584
		$ 1,714,134	$ 1,514,436
Deferred charges:	Deferred plant costs and other regulatory assets	$ 74,362	$ 77,692
	Other	175,482	158,013
		$ 249,844	$ 235,705
		$18,016,241	$17,365,269

The accompanying Notes to Financial Statements are an integral part of the above statements.

(Thousands of dollars) December 31,	1992	1991
Liabilities		
Capitalization (see accompanying statements):		
Common stock equity	$ 5,707,832	$ 5,738,297
Preferred and preference stocks without mandatory redemption requirements	442,142	442,648
Preference stock subject to mandatory redemption requirements	312,789	354,284
Long-term debt	7,600,692	6,727,019
	$ 14,063,455	$ 13,262,248
Current liabilities:		
Notes payable—bank loans (Note 9)	$ 5,600	$ 2,000
Current portion of long-term debt, redeemable preference stock and capitalized lease obligations (Note 11)	564,538	698,116
Accounts payable	473,318	386,159
Accrued interest	192,658	181,815
Accrued taxes	165,763	262,239
Dividends payable	101,961	177,461
Estimated revenue refunds and related interest	2,833	177,824
Customer deposits	47,578	48,190
Deferred overrecovered energy costs (Notes 1 and 3)	—	27,283
Other	68,180	64,573
	$ 1,622,429	$ 2,025,660
Other noncurrent liabilities:		
Accrued spent nuclear fuel disposal fee and related interest (Note 10)	$ 549,422	$ 529,724
Obligations under capital leases (Note 16)	347,413	396,467
Other (Notes 1, 12 and 13)	655,927	341,197
	$ 1,552,762	$ 1,267,388
Accumulated deferred investment tax credits (Notes 1 and 14)	$ 777,595	$ 809,973
Commitments and contingent liabilities (Notes 2, 3 and 19)		
	$18,016,241	$17,365,269

The accompanying Notes to Financial Statements are an integral part of the above statements.

(thousands of dollars) *December 31,*	*1992*	*1991*
Common stock equity		
(Notes 4, 5 and 19):		
Common stock, $12.50 par value per share—		
Outstanding—213,305,404 shares and 212,677,168 shares, respectively	$ 2,666,318	$ 2,658,465
Premium on common stock and other paid-in capital	2,210,524	2,202,496
Capital stock and warrant expense	(16,196)	(16,366)
Retained earnings	847,186	893,702
	$ 5,707,832	$ 5,738,297
Preferred and preference stocks without mandatory redemption requirements		
(Notes 4, 6 and 11):		
Preference stock, cumulative, without par value—		
Outstanding—10,499,549 shares	$ 432,320	$ 432,320
$1.425 convertible preferred stock, cumulative, without par value—		
Outstanding—308,891 shares and 324,802 shares, respectively	9,822	10,328
Prior preferred stock, cumulative, $100 par value per share—		
No shares outstanding	—	—
	$ 442,142	$ 442,648
Preference stock subject to mandatory redemption requirements		
(Notes 4, 7 and 11):		
Preference stock, cumulative, without par value—		
Outstanding—4,425,445 shares and 5,218,577 shares, respectively	$ 348,442	$ 397,860
Current redemption requirements for preference stock included in current liabilities	(35,653)	(43,576)
	$ 312,789	$ 354,284
Long-term debt		
(Notes 8 and 11):		
First mortgage bonds:		
Maturing 1992 through 1997—5¼% to 10⅜%	$ 613,000	$ 900,000
Maturing 1998 through 2007—6¼% to 10⅜%	2,159,655	1,959,655
Maturing 2008 through 2017—7¼% to 12%	1,376,000	1,296,000
Maturing 2018 through 2022—8⅜% to 11⅛%	1,785,000	1,185,000
	$ 5,933,655	$ 5,340,655
Sinking fund debentures, due 1996 through 2011—2¾% to 10%	121,093	526,002
Pollution control obligations, due 2004 through 2014—5⅛% to 11⅜%	353,200	353,200
Other long-term debt	1,613,246	1,033,517
Current maturities of long-term debt included in current liabilities	(351,124)	(471,281)
Unamortized net debt discount and premium (Note 1)	(69,378)	(55,074)
	$ 7,600,692	$ 6,727,019
	$14,063,455	$13,262,248

The accompanying Notes to Financial Statements are an integral part of the above statements.

(thousands of dollars)	1992	1991	1990
Cash flow from operating activities:			
Net income	$ 513,981	$ 94,887	$ 128,291
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	873,386	874,225	945,462
Deferred income taxes and investment tax credits—net	110,620	65,589	8,432
Equity component of allowance for funds used during construction	(19,960)	(18,272)	(22,526)
Provisions for revenue refunds and related interest	73,370	12,584	579,905
Revenue refunds and related interest	(248,360)	(90,332)	(358,933)
Disallowed plant costs	—	644,862	133,661
Recovery/(deferral) of plant costs and other regulatory assets—net	3,330	39,704)	1,659
Provisions for liability for early retirement and separation costs	27,814	—	—
Provision for liability associated with manufactured gas plants	(478)	25,000	—
Net effect on cash flows of changes in:			
Receivables	70,776	(196,558)	90,650
Coal and fuel oil	(111,333)	95,779	77,577
Materials and supplies	1,990	(36,496)	(44,830)
Accounts payable adjusted for nuclear fuel lease principal payments	331,222	280,131	216,226
Accrued interest and taxes	(85,633)	101,259	(62,633)
Other changes in certain current assets and liabilities	(24,431)	40,891	10,717
Other—net	61,274	83,452	50,196
	$ 1,577,568	$1,937,297	$ 1,753,854
Cash flow from investing activities:			
Construction expenditures	$ (995,881)	$ (961,168)	$ (793,349)
Nuclear fuel expenditures	(220,293)	(250,559)	(165,253)
Equity component of allowance for funds used during construction	19,960	18,272	22,526
Investment in nuclear decommissioning funds	(156,017)	(117,294)	(88,696)
Investment in coal reserves	(79,961)	(78,678)	(89,231)
Investment in subsidiary companies	(268)	—	(3,587)
Other cash investments	23,853	416,144	(462,223)
	$(1,408,607)	$ (973,283)	$(1,579,813)
Cash flow from financing activities:			
Issuance of securities—			
Long-term debt	$ 1,962,737	$ 736,281	$ 700,936
Capital stock	15,568	13,334	76,860
Retirement and redemption of securities—			
Long-term debt	(1,214,730)	(795,236)	(311,526)
Capital stock	(50,069)	(75,546)	(95,126)
Deposits and securities held for retirement and redemption of securities	(245,028)	4,043	(4,043)
Premium paid on early redemption of long-term debt	(10,809)	(25,855)	—
Cash dividends paid on capital stock	(635,378)	(716,849)	(719,344)
Proceeds from sale/leaseback of nuclear fuel	90,830	240,263	221,514
Nuclear fuel lease principal payments	45,877)	(231,150)	(222,128)
Increase in short-term borrowings	7,600	250	1,125
	$ [illegible],148)	$ (850,465)	$ (351,732)
Increase (Decrease) in cash and temporary cash investments	$ (60,187)	$ 113,549	$ (177,691)
Cash and temporary cash investments at beginning of year	205,936	92,387	270,078
Cash and temporary cash investments at end of year	$ 145,749	$ 205,936	$ 92,387

The accompanying Notes to Financial Statements are an integral part of the above statements.

Statements of Consolidated Retained Earnings

Commonwealth Edison Company and Subsidiary Companies

	(thousands of dollars)	*1992*	*1991*	*1990*
Balance	Beginning of year	$ 893,702	$1,513,894	$ 2,103,868
Add	Net income	513,981	94,887	128,291
		$1,407,683	$1,608,781	$ 2,232,159
Deduct	Cash dividends declared on—			
	Common stock	$ 489,768	$ 637,480	$ 636,241
	Preferred and preference stocks	70,101	77,599	82,024
	Loss on reacquired preference stock	628	—	—
		$ 560,497	$ 715,079	$ 718,265
Balance	End of year	$ 847,186	$ 893,702	$1,513,894

Statements of Consolidated Premium on Common Stock and Other Paid-In Capital

Commonwealth Edison Company and Subsidiary Companies

	(thousands of dollars)	*1992*	*1991*	*1990*
Balance	Beginning of year	$ 2,202,496	$ 2,194,314	$ 2,188,105
Add	Premium on issuance of common stock and gain on reacquired preference stock	8,028	8,182	6,209
Balance	End of year	$2,210,524	$2,202,496	$2,194,314

The accompanying Notes to Financial Statements are an integral part of the above statements.

1 *Summary of Significant Accounting Policies*

Regulation. Commonwealth Edison Company (Company) is subject to the regulation of the Illinois Commerce Commission (ICC) and Federal Energy Regulatory Commission (FERC). The Company's accounting policies and the accompanying consolidated financial statements conform to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process. Such effects concern mainly the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for information related to the Company's rates and financial condition.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Commonwealth Edison Company of Indiana, Inc. (collectively, companies), the only subsidiary engaged in the electric utility business. All significant intercompany transactions have been eliminated. The investments in other subsidiary companies, which are not material in relation to the Company's financial position and results of operations, are accounted for in accordance with the equity method of accounting.

Customer Receivables and Revenues. The Company is principally engaged in the production, purchase, transmission, distribution and sale of electricity to a diverse base of residential, commercial and industrial customers. The Company's electric service territory has an area of approximately 11,540 square miles and an estimated population of 8.2 million. It includes the City of Chicago, an area of about 225 square miles with an estimated population of three million from which the Company derived approximately one-third of its electric operating revenues in 1992. The Company had approximately 3.3 million electric customers at December 31, 1992.

Depreciation. Depreciation is provided on the straight-line basis by amortizing the cost of depreciable plant and equipment over estimated composite service lives. Such provisions for depreciation were at average annual rates of 3.12%, 3.22% and 3.66% of average depreciable utility plant and equipment for the years 1992, 1991 and 1990, respectively. Prior to the ICC's March 8, 1991 rate order (see Note 2), the ICC had directed the Company to depreciate non-nuclear plant and equipment at an annual rate of 3.85% and nuclear plant and equipment at an annual rate of 3.50% which excludes decommissioning costs. The ICC's March 8, 1991 rate order directs the Company to depreciate non-nuclear plant and equipment at annual rates developed for each class of plant based on their composite service lives. The annual rate for nuclear plant and equipment is 2.88% which excludes decommissioning costs. Prior to 1991, allowances for interim chemical cleaning were included in the composite depreciation rate for nuclear plant and equipment. Effective 1991, the provisions for chemical cleaning are reflected in the statements of consolidated income in maintenance expense and in the consolidated balance sheets in other noncurrent liabilities.

Decommissioning costs are estimated to aggregate $2,755 million, in current-year dollars, for all of the Company's nuclear units. Decommissioning costs include the cost of decontamination, dismantling and site restoration in accordance with Nuclear Regulatory Commission guidelines. Illinois law requires public utility operators of nuclear power plants,

such as the Company, to establish external trusts to hold funds to cover the costs of the eventual decommissioning of nuclear power plants. The ICC has approved the Company's method of funding its obligations with respect to decommissioning costs and required the Company to contribute future decommissioning fund collections to the trusts annually. In accordance with ICC orders, the Company contributed in 1992 and 1991 approximately $87 million and $66 million, respectively, to a Tax Qualified Trust, representing the maximum current tax deduction allowed by rulings of the Internal Revenue Service, and contributed in 1992 and 1991 approximately $36 million and $27 million, respectively, to a Non-Tax Qualified Trust, representing contributions of the portions of current and past accruals that are not deductible on current income tax returns that are being made ratably over the remaining book lives of the related nuclear units. Decommissioning costs of $66 million for the year 1990 have been accrued in the accumulated provision for depreciation and in depreciation expense, with a pro-rata portion being recorded for the period January 1, 1991 through March 19, 1991. As of December 31, 1992, the total amount of decommissioning costs accrued to date in the accumulated provision for depreciation was approximately $740 million. The ICC's March 8, 1991 rate order, which became effective March 20, 1991, provides for a total of approximately $127 million of the Company's annual decommissioning costs to be recovered in rates.

Amortization of Nuclear Fuel. The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced using the unit of production method. As authorized by the ICC, provisions for spent nuclear fuel disposal costs have been recorded at a level required to recover the fee payable on current nuclear generated and sold electricity and the current interest accrual on the one-time fee applicable to nuclear generation prior to April 7, 1983. The one-time fee and interest thereon has been recovered and the current fee and current interest on the one-time fee is currently being recovered through the fuel adjustment clause. See Note 10 for further information concerning the disposal of spent nuclear fuel, the one-time fee and the current interest accrual on the one-time fee. Nuclear fuel expenses, including leased fuel costs and provisions for spent nuclear fuel disposal costs, for the years 1992, 1991 and 1990 were $365,821,000, $331,913,000 and $395,627,000, respectively.

In connection with the Energy Policy Act of 1992, investor-owned electric utilities that have purchased enrichment services from the Department of Energy (DOE) will be assessed annually for a fifteen-year period amounts to fund a portion of the cost for the decontamination and decommissioning of three nuclear enrichment facilities operated by the DOE. The Company's portion of such assessments is approximately $15 million per year (to be adjusted annually for inflation). The Act provides that such assessments are to be treated as a cost of fuel. At December 31, 1992, the Company had recorded a liability of approximately $213 million in other noncurrent liabilities and approximately $15 million in accounts payable. The related asset of approximately $228 million was recorded in nuclear fuel, of which approximately $4 million was amortized to fuel expense in 1992 and reflected in the fuel adjustment clause.

Income Taxes. Deferred income taxes are provided for significant income and expense items recognized for financial accounting purposes in periods that differ from those for income tax purposes. Income taxes deferred in prior years are charged or credited to income as the book/tax timing differences reverse.

Prior years' deferred investment tax credits are amortized through credits to income generally over the lives of the related property.

Provisions for deferrals of construction related income tax benefits (i.e., accelerated cost recovery and liberalized depreciation) reflect consumption of the plant and equipment to which they relate. Consequently, they are similar to depreciation provisions, and the related accumulated deferred income taxes, like the accumulated provision for depreciation, is a valuation reserve deducted from plant investment in arriving at the rate base used in ratemaking proceedings.

Income tax credits resulting from interest charges applicable to nonoperating activities, principally construction, are classified as other income.

For additional information relating to income taxes, including the new accounting standard which will require the Company to use an asset and liability approach for financial accounting and reporting for income taxes, see Note 14.

Allowance for Funds Used During Construction (AFUDC). In accordance with uniform systems of accounts prescribed by regulatory authorities, the Company capitalizes AFUDC, compounded semiannually, which represents the estimated cost of funds used to finance its construction program. The equity component of AFUDC is recorded on an after-tax basis and the borrowed funds component of AFUDC is recorded on a pre-tax basis. The average annual capitalization rates for the years 1992, 1991 and 1990 were 10.31%, 11.07% and 11.96%, respectively.

For additional information regarding AFUDC, see Note 14 and "Other Items," subcaption "Results of Operations," in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Interest. Total interest costs incurred on debt, leases and other obligations for the years 1992, 1991 and 1990 were $777,122,000, $767,860,000 and $808,045,000, respectively.

Debt Discount, Premium and Expense. Discount, premium and expense on long-term debt are being amortized over the lives of the respective issues.

Loss on Reacquired Debt. Consistent with regulatory treatment, the net loss from reacquisition of first mortgage bonds and debentures prior to the maturity date is deferred and amortized over the life of the long-term debt issued to finance the reacquisition.

Deferred Recovery of Energy Costs. The uniform fuel adjustment clause adopted by the ICC provides for the recovery of changes in fossil and nuclear fuel costs and the energy portion of purchased power costs as compared to the fuel and purchased energy costs included in base rates. As authorized by the ICC, the Company has recorded under or overrecoveries of allowable fuel and energy costs which, under the clause, are recoverable or refundable in subsequent months. For information relating to the annual reconciliation proceedings held by the ICC with respect to the Company's fuel and power purchases, see Note 3.

Statements of Cash Flows. For purposes of the statements of consolidated cash flows, temporary cash investments, generally investments maturing in three months or less at the time of purchase, are considered to be cash equivalents. Supplemental information required by Statement of Financial Accounting Standards (SFAS) No. 95 for the years 1992, 1991 and 1990 is as follows:

(thousands of dollars)	*1992*	*1991*	*1990*
Supplemental cash flow information:			
Cash paid during the year for:			
Interest (net of amount capitalized)	$625,701	$659,118	$622,626
Income taxes	$238,052	$210,714	$252,037
Supplemental schedule of non-cash investing and financing activities:			
Capital lease obligations incurred	$193,677	$244,030	$227,850

2 *Recovery of Costs of Byron Unit 2 and Braidwood Units 1 and 2 Through Rates*

On December 16, 1991, the Illinois Supreme Court (Supreme Court) remanded a March 8, 1991 ICC rate order (which rate order related principally to the recovery of costs associated with the Company's three most recently completed nuclear generating units, Byron Unit 2 and Braidwood Units 1 and 2 (collectively, Units)) to the ICC for further proceedings. In its decision, the Supreme Court rejected the ICC's findings as inadequate, or based upon a misinterpretation of law, or inconsistent with the ICC's rules on most of the principal issues that supported the rate increase. In particular, the Supreme Court remanded the ICC's finding that 100% of the Units were "used and useful" because the Supreme Court concluded that the ICC's determination had been constrained by an earlier Illinois Appellate Court (Appellate Court) decision involving another Illinois utility. The legal standard established by that decision was disapproved by the Supreme Court. The Supreme Court interpreted the relevant Illinois statute to authorize the ICC to exercise discretion in determining the extent to which the Units are "used and useful," and found that the ICC may, but need not, utilize a needs and economic benefits or reserve margin analysis. The Supreme Court also remanded the ICC's finding that permitted the Company to recover approximately $1,729 million of deferred carrying, depreciation and decommissioning charges (net of income tax effects) over the remaining lives of the Units. The Supreme Court concluded that, in permitting recovery of deferred depreciation and decommissioning charges (totalling approximately $493 million, net of income tax effects), the ICC violated its own test year rules and, before permitting recovery of deferred carrying charges (totalling approximately $1,236 million, net of income tax effects), it must consider the actual financial harm to the Company from the delay of the inclusion of the Units in the Company's rate base.

The Supreme Court did, however, uphold the ICC's determination that approximately $734 million of the Units' construction costs had been "unreasonably" incurred within the meaning of the Illinois Public Utilities Act and should be excluded from the Company's rate base. Generally accepted accounting principles require the Company to write off plant costs, net of the income tax effects, when it becomes probable that such plant costs will be disallowed for ratemaking purposes and a reasonable estimate of the amount of the disallowance can be made. As a result of the Company's decision not to contest approximately

$27 million of such plant cost disallowances, the Company wrote off that amount in March 1991 as a one-time charge, resulting in a reduction to net income of approximately $17 million or $0.08 per common share. As a result of the Supreme Court decision, however, the remaining approximately $707 million of such plant cost disallowances, which the Company had contested, was written off in November 1991 as a one-time charge, resulting in a reduction to net income of approximately $534 million or $2.51 per common share. The Supreme Court decision also required more specific facts relating to the ICC's refusal to disallow an additional $196 million of the Units' costs as "unreasonably" incurred.

The March 8, 1991 rate order had provided for an aggregate annual increase of approximately $750 million in the Company's base electric operating revenues, to be phased-in over a three-year period; however, only the approximately $483 million first phase increase has become effective. Although the December 16, 1991 Supreme Court decision did not require a reduction in rates or refunds unless new rates established by the ICC in the remanded proceedings so require, the Supreme Court subsequently ordered on February 3, 1992 that the remaining phases of the rate increase be suspended. In addition, pursuant to an interim order on March 19, 1991 by the Supreme Court in these proceedings, the increased charges under the March 8, 1991 rate order are being collected subject to refund (to the extent that the increase is determined to exceed "just and reasonable rates"), with interest on any such refund to be paid at the "legal rate." As of December 31, 1992, approximately $809 million (including revenue taxes of approximately $38 million) has been recorded as electric operating revenues under the March 8, 1991 rate order.

On January 6, 1993, the ICC issued an order, as subsequently modified on January 20, 1993 (Remand Order), in the remanded proceedings concerning the ICC's March 8, 1991 rate order. In the Remand Order, the ICC determined that the presently effective rate increase should be reduced by approximately $339 million to $144 million, and ordered that refunds (with interest at five percent from March 20, 1991) be made to customers by credits to their bills over a six-month period commencing February 15, 1993. The Company estimates that as of December 31, 1992, $647 million (which includes interest of approximately $27 million through December 31, 1992 and revenue taxes of approximately $30 million) would be subject to refund under the terms of the Remand Order. The rate determination was based upon, among other things, findings by the ICC with respect to the extent to which the Units were "used and useful" during the 1991 test year period of the rate order and the recoverability of deferred carrying charges on the Units. With respect to the "used and useful" issue, the ICC applied a needs and economic benefits methodology, using a twenty percent reserve margin and forecasted peak demand, and found Byron Unit 2 and Braidwood Units 1 and 2 to be 93%, 21% and 0%, respectively "used and useful." The ICC rejected the hearing examiners' proposed "used and useful" methodology which, after giving some recognition to "lumpiness" of the Company's investment in new generating plant additions, found Byron Unit 2 and Braidwood Unit 1 to be 100% "used and useful" (Braidwood Unit 2 was found 0% "used and useful"). Under the "used and useful" standard, a zero common equity return is applied to any unit (or portion thereof) found not to be "used and useful." The Remand Order also stated that the ICC concluded that the forecasts in the record in that proceeding indicate that Braidwood Units 1 and 2 will be fully "used and useful" within the reasonably foreseeable future.

With respect to deferred charges, the ICC applied a net income approach for the recovery of deferred charges under which the amount recoverable for deferred charges was the difference between a reasonable return on common equity during the deferral period (i.e., the

period between the in-service dates of the Units and their inclusion in the Company's rate base) and the Company's actual return on common equity during such period (after adjustments for non-normal events, such as base rate refunds, disallowances of costs found to be unreasonable and fuel adjustment refunds). In aggregate, the Remand Order found that the Company is entitled to recover approximately $290 million in deferred carrying charges (net of income tax effects) over the remaining lives of the Units. The Remand Order also reaffirmed a prior ICC refusal to disallow an additional $196 million of the Units' costs as "unreasonably incurred." The Remand Order also reflected no disallowances of costs as "unreasonably incurred" for three projects aggregating approximately $161 million which the ICC had required to be audited to determine the reasonableness of such costs as a prerequisite to their inclusion in the Company's rate base.

On January 21, 1993, the Supreme Court granted the Company's request for a stay of the effectiveness of the Remand Order pending administrative and appellate review; however, the Supreme Court denied the Company's request to take the matter on direct appeal on an expedited basis. The Company intends to file a petition for rehearing with the ICC relating to the Remand Order. The Company is not presently able to determine the ultimate effect of the Remand Order. In view of the stay and the pending appeal, it has not recorded any provision for revenue refunds and related interest accruals under the Remand Order, which would have reduced net income by approximately $378 million or $1.77 per common share if a provision had been recorded as of December 31, 1992. The Company also has not recorded the income effects of the recovery allowance on deferred carrying charges allowed in the Remand Order, which would have increased net income by approximately $275 million or $1.29 per common share if it had been recorded as of December 31, 1992, net of associated amortization since March 20, 1991. Such recovery allowance, if ultimately upheld, can only be recorded to the extent it is permitted under generally accepted accounting principles. The Company has not recorded any disallowances related to the "used and useful" issue pending ultimate resolution of the remand proceedings. The Company considers the "used and useful" disallowance in the Remand Order to be temporary. The ICC concluded in the Remand Order that the forecasts in the record in that proceeding indicate that Braidwood Units 1 and 2 will be fully "used and useful" within the reasonably foreseeable future. Although the Company is continuing to collect the revenues provided for under the $483 million rate increase, it expects to record a provision for revenue refunds and related interest accruals for amounts collected over the $144 million rate increase level provided in the Remand Order on and after January 15, 1993, the effective date of the Remand Order prior to the Supreme Court's stay. See "Rates and Financial Condition," subcaption "Liquidity and Capital Resources," in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information related to the Company's financial condition and testimony filed by the Company in the remand of the March 8, 1991 rate order and other rate-related matters before the ICC.

In addition, the Company is not presently able to predict the amount of refund obligations, if any, it may have as a result of the rider to its rate schedules that it filed with the ICC in connection with a proceeding dealing with the change in the federal corporate income tax rate made by the Tax Reform Act of 1986. Under the rider, the Company had been recording in "revenue accounts subject to refund" from July 1, 1987 through the effectiveness of the March 8, 1991 ICC rate order, a percentage of its revenues (5.54% or approximately $300 million on an annual basis). Various intervenors are seeking refunds under the rider.

In June 1990, the ICC required the Company, among other things, to refund to its customers approximately $400 million collected pursuant to a December 30, 1988 rate order, subsequently reversed by the Supreme Court, between January 1, 1989 and June 1990, plus interest for that period and from June 1990 until the payment of the refund. The Company recorded an estimate of the effect of these actions in the second quarter of 1990 and the Company has completed the refund to customers except for a final reconciliation. A final reconciliation and refund is expected to be completed in early 1993. However, an appeal by certain intervenors, relating to the ICC's determination of the interest rate applicable to the refunded amounts and the amount of the refund to the residential class, is pending before the Appellate Court.

3 *Other Rate Matters*

On April 16, 1992, the Supreme Court issued a decision in proceedings arising out of the Company's 1985 rate order (which rate order related principally to the recovery of costs associated with the Company's Byron Unit 1 nuclear generating plant). The Supreme Court decision followed an appeal from a June 1990 Appellate Court decision that followed appeals from an August 1989 order of the ICC, regarding additional plant cost disallowances and associated refunds, and an October 1989 decision of the Circuit Court of Cook County, Illinois (Circuit Court), regarding refunds. In its decision, the Supreme Court affirmed a portion of the ICC's order which found approximately $200 million of additional Byron Unit 1 costs to be unreasonable and provided for the exclusion of such costs from the Company's rate base, but reversed portions of that order related to associated customer refunds. With respect to customer refunds, the Supreme Court determined that the Circuit Court had retained jurisdiction over such refunds, as a result of its actions in connection with the original judicial proceedings related to the rate order, and affirmed previous determinations by the Circuit Court that the refunds should bear interest at 9% per annum (instead of the 5% rate determined by the ICC) and should be based on actual revenues collected under the rate order (instead of the revenue projections contained in the Company's original rate request). The Supreme Court also determined that the refunds should cover the period from April 29, 1986 through December 31, 1988 (with post-1988 refunds, if any, awaiting determination by the ICC of the Company's proper rates for 1989). The Supreme Court also sent back to the ICC an issue involving the reasonableness of approximately $81 million of plant costs (currently included in the Company's rate base) for additional findings. Hearings have been scheduled by the ICC to determine the issue of refunds, if any, for the period beginning January 1, 1989. The hearings are expected to be completed in the second quarter of 1993.

In October 1989 and the second quarter of 1990, the Company recorded the estimated effect of the approximately $200 million additional Byron Unit 1 disallowances and the related refund with interest, which in the aggregate reduced the Company's net income by approximately $270 million or $1.27 per common share. The Company's estimate reflected a refund with interest and revenue taxes of approximately $163 million for the period from April 30, 1986 through December 31, 1988. In October 1989, the Company recorded some of these effects, consisting of reductions to net income of approximately $45 million or $0.21 per common share, related to the disallowance, and approximately $17 million or $0.08 per common share, related to the associated refunds. In the second quarter of 1990, the Company recorded the remaining effects, consisting of reductions to net income of approximately $131 million or $0.62 per common share, related to the disallowance, and approximately $77 million

or $0.36 per common share, related to the associated refunds. The Company also recorded additional interest at the rate of 5% on such refund aggregating $14 million through March 31, 1992.

As a result of the Supreme Court's April 16, 1992 decision, the Company recorded in March 1992 an additional provision for the estimated refunds with interest and revenue taxes of approximately $65 million, which reduced the Company's net income for the three months ended March 31, 1992 by approximately $38 million or $0.18 per common share. In the second quarter of 1992, the Company recorded additional interest of approximately $7 million, recorded an additional provision for estimated refunds of approximately $3 million and, in compliance with a Circuit Court order, reversed approximately $10 million in revenue tax credits associated with the refunds previously recorded. At December 31, 1992, the Company had completed the refund to customers except for a final reconciliation. A reconciliation period is expected to continue through June 1993.

The Company is not yet able to predict the ultimate effect of the Byron Unit 1 proceedings or of any additional refund obligations for the period January 1, 1989 through March 19, 1991 arising as a result of the proceedings.

The Illinois Public Utilities Act requires the ICC to hold annual public hearings to determine whether each utility's fuel adjustment clause reflects actual costs of fuel and power prudently purchased and to reconcile amounts collected with actual costs. Through its fuel adjustment clause, the Company recovers from its customers the cost of the fuel used to generate electricity and of purchased power. The Company is currently involved in proceedings relating to the amounts collected under its fuel adjustment clause with respect to 1987 through 1991. On September 30, 1992, the ICC decided the 1987 fuel reconciliation case and made no provisions for refunds. However, in its decision, the ICC did not address the prudency of the Company's coal purchases. Both the ICC Staff and certain intervenors have challenged the prudency of the Company's western coal purchases and, consequently, the recoverability under the fuel adjustment clause of a portion of such costs. In the 1988 proceeding, the ICC Staff filed testimony on March 6, 1992 recommending that the Company refund at least $280 million of its fuel adjustment clause collections for the period from 1985 through 1988 based on allegations that the Company failed to make changes in its western coal contracts, including buying-out or terminating some or all of those contracts, and that it was not necessary for the Company to "top dress" its western coal with oil to facilitate transportation. Similar allegations can be made for years after 1988. Certain intervenors have also submitted testimony in the 1988 proceeding stating that the Company should make refunds to its customers as a result of alleged imprudent purchases of coal in 1987 and 1988 under the Company's western coal contracts, based on the difference between the contractual purchase price and prevailing market prices. Although the ICC previously concluded its proceedings with respect to the Company's fuel adjustment clause collections in 1985 and 1986, it reserved the right to reopen those proceedings to incorporate the results of its investigation into the prudence of the Company's western coal purchases in connection with the 1988 proceeding. Certain intervenors have appealed the ICC's order in the 1985 and 1986 proceedings, based on the ICC's failure to examine the coal purchases in those proceedings and on its findings that the Company's methodology for dispatching its generating units was correct. On September 25, 1992, the Appellate Court affirmed the ICC's order in the 1985 and 1986 proceedings. On December 4, 1992, the Appellate Court modified its decision on rehearing. The decision as modified also affirmed the ICC's order in the 1985 and 1986 proceedings. No appeal was taken from the decision as modified on rehearing.

The Company expects continuing challenges to the recovery of the costs of its western coal in the pending fuel adjustment clause proceedings as well as future regulatory proceedings. The Company's western coal contracts were renegotiated during 1992 to provide, among other things, for significant reductions in the price of the coal effective as of January 1, 1993. However, the renegotiated contracts provide for the purchase of coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. In addition, the Company has renegotiated its rail contracts for delivery of the western coal at significant reductions in rail rates. The Company is unable to predict the ultimate effect of the regulatory proceedings concerning the recovery of its coal costs. Coal costs (including costs of reserve coal) which are not recoverable in rates, if any, will have to be charged to income. For additional information relating to the Company's commitments for the purchase of coal under long-term contracts, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," and Notes 17 and 19.

On June 1, 1989, the Supreme Court denied the Company's petition for leave to appeal an order of the Appellate Court that affirmed an April 1988 ICC order and declared void a June 1988 ICC order. Both the April and June 1988 orders were intended to reduce the difference between the Company's summer and non-summer residential rates without affecting the Company's overall revenues provided under the then effective rates set in the October 1985 rate order. The Company billed under the rates allowed under the June 1988 order. Those billings resulted in 1988 revenues approximately $150 million greater than would have been billed under the specific charges set forth in the April 1988 order and approximately $5.7 million over what would have been billed under the October 1985 rate order. The Illinois Attorney General and the State's Attorney for Cook County filed complaints with the ICC asking it to order refunds based on the difference in revenues actually billed and those that would have been billed under the specific charges set forth in the April 1988 order. In June 1989, the Company recorded an estimated provision for revenue refunds of $5.7 million, representing the Company's view of the refund related to the summer/non-summer rate differential matter. On February 23, 1990, the ICC entered an order directing the Company to pay refunds of $5.7 million plus interest in May 1990. In accordance with this order, the Company refunded the amounts ordered including interest in the May 1990 billing cycle. The complainants' request for a rehearing was denied by the ICC, and they appealed to the Appellate Court. On July 15, 1991, the Appellate Court issued a decision reversing and remanding to the ICC the ICC order. The Appellate Court ordered the ICC to adopt a different methodology on remand that would both give effect to the April 1988 ICC order and the actual revenue shortfall to the Company resulting therefrom. On March 18, 1992, the ICC entered an order upholding the original amount of the refund of $5.7 million plus interest, and found that the Company owes no further refunds on this matter. The complainants' request for a rehearing was denied by the ICC, and they have appealed to the Appellate Court.

4 *Authorized Shares and Voting Rights of Capital Stock*

At December 31, 1992, the authorized shares of capital stock were: common stock—250,000,000 shares; preference stock—25,435,445 shares; $1.425 convertible preferred stock—308,891 shares; and prior preferred stock—850,000 shares. The prior preferred and preference stocks are issuable in series and may be issued with or without mandatory redemption requirements. Holders of shares at any time outstanding, regardless of class, are entitled to one vote for each share held on each matter submitted to a vote at a meeting of stockholders, with the right to cumulate votes in all elections for directors.

5 *Common Stock*

At December 31, 1992, shares of common stock were reserved for the following purposes:

Common stock reserved	
Employe Stock Purchase Plan	1,690,962
Employe Savings and Investment Plan	719,203
Conversion of $1.425 convertible preferred stock	315,068
Conversion of warrants	44,334
	2,769,567

Shares of common stock, $12.50 par value per share, for the years 1992, 1991 and 1990 were issued as follows:

Common stock issued	*1992*	*1991*	*1990*
Employe Stock Purchase Plan	374,815	228,738	279,279
Employe Savings and Investment Plan	235,900	132,140	138,500
Conversion of $1.425 convertible preferred stock	16,221	28,146	25,973
Conversion of warrants	1,300	2,773	1,298
	628,236	391,797	445,050

At December 31, 1992 and 1991, 133,003 and 137,038 common stock purchase warrants, respectively, were outstanding. The warrants entitle the holders to convert such warrants into common stock at a conversion rate of one share of common stock for three warrants.

6 *Preferred and Preference Stocks Without Mandatory Redemption Requirements*

No shares of preferred or preference stocks without mandatory redemption requirements were issued or redeemed by the Company during 1992, 1991 and 1990. The series of preference stock without mandatory redemption requirements outstanding at December 31, 1992 are summarized as follows:

Series	*Shares Outstanding*	*Aggregate Stated Value (thousands of dollars)*	*Redemption Price(a)*	*Involuntary Liquidation Price(a)*
$1.90	4,249,549	$106,239	$ 25.25	$25.00
$2.00	2,000,000	51,560	$ 26.04	$25.00
$1.96	2,000,000	52,440	$ 27.11	$25.00
$7.24	750,000	74,340	$101.00	$99.12
$8.40	750,000	74,175	$101.00	$98.90
$8.38	750,000	73,566	$100.16	$98.09
	10,499,549	$432,320		

(a) *Per share plus accrued and unpaid dividends, if any.*

The outstanding shares of the $1.425 convertible preferred stock are convertible at the option of the holders thereof, at any time, into common stock at the rate of 1.02 shares of common stock for each share of convertible preferred stock, subject to future adjustment. The convertible preferred stock may be redeemed by the Company at $42 per share, plus accrued and unpaid dividends, if any. The involuntary liquidation price of the $1.425 convertible preferred stock is $31.80 per share, plus accrued and unpaid dividends, if any. During 1992, 1991 and 1990, 15,911 shares, 27,606 shares and 25,474 shares, respectively, of the convertible preferred stock were converted into common stock.

7 *Preference Stock Subject to Mandatory Redemption Requirements*

During 1992 and 1991, no shares of preference stock subject to mandatory redemption requirements were issued. During 1990, 650,000 shares of preference stock subject to mandatory redemption requirements were issued. The series of preference stock subject to mandatory redemption requirements outstanding at December 31, 1992 are summarized as follows:

Series	*Shares Outstanding*	*Aggregate Stated Value (thousands of dollars)*	*Optional Redemption Price(a)*
$ 2.875	170,810	$ 4,116	$25.25
$ 2.375	1,050,000	25,358	$25.25
$ 8.20	357,135	35,713	$103 through October 31, 1997; and $101 thereafter
$ 8.40 Series B	450,000	43,697	$101
$ 8.85	412,500	41,250	$105 through July 31, 1993; $103 through July 31, 1998; and $101 thereafter
$ 9.25	900,000	90,000	$105 through July 31, 1994; $103 through July 31, 1999; and $101 thereafter
$11.70	225,000	22,066	$105 through October 31, 1994; $103 through October 31, 1999; and $101 thereafter
$ 9.30	210,000	20,811	$102.07 through October 31, 1993; $101.03 through October 31, 1994; and $100 thereafter
$ 9.00	650,000	64,431	Non-callable
	4,425,445	$348,442	

(a) *Per share plus accrued and unpaid dividends, if any.*

The annual sinking fund requirements and sinking fund and involuntary liquidation prices per share of the outstanding series of preference stock subject to mandatory redemption requirements are summarized as follows:

Series	*Annual Sinking Fund Requirement*	*Sinking Fund Price(a)*	*Involuntary Liquidation Price(a)*
$ 2.875	150,000 shares(b)	$ 25	$ 24.10
$ 2.375	150,000 shares(b)	$ 25	$ 24.15
$ 8.20	35,715 shares	$100	$100.00
$ 8.40 Series B	30,000 shares(b)	$100	$ 99.326
$ 8.85	37,500 shares	$100	$100.00
$ 9.25	75,000 shares	$100	$100.00
$11.70	37,500 shares(b)	$100	$ 98.07
$ 9.30	70,000 shares(b)	$100	$ 99.10
$ 9.00	130,000 shares beginning in 1996(b)	$100	$ 99.125

(a) *Per share plus accrued and unpaid dividends, if any.*
(b) *The Company has a non-cumulative option to increase the annual sinking fund payment on each sinking fund requirement date to retire an additional number of shares, not in excess of the sinking fund requirement, at the applicable redemption price.*

Annual remaining sinking fund requirements through 1997 on preference stock outstanding at December 31, 1992 will aggregate $36,072,000 in 1993, $32,842,000 in 1994, $32,322,000 in 1995, $38,322,000 in 1996 and $38,322,000 in 1997. During 1992, 1991 and 1990, 793,132 shares, 1,093,038 shares and 1,038,105 shares, respectively, of preference stock subject to mandatory redemption requirements were reacquired to meet sinking fund requirements.

Sinking fund requirements due within one year are included in current liabilities.

On February 1, 1990, the Company repurchased all of the outstanding shares of its $13.25 Series of preference stock at a repurchase price of $100 per share, plus accrued and unpaid dividends plus indemnity payments due such holders under their purchase agreements with the Company regarding such stock.

On August 1, 1990, the Company redeemed 100,000 shares of its $12.75 Series of preference stock at the sinking fund redemption price of $100 per share, plus accrued and unpaid dividends and redeemed all of the remaining 50,000 shares at the optional redemption price of $101 per share, plus accrued and unpaid dividends.

On November 1, 1991, the Company redeemed 80,000 shares of its $11.125 Series of preference stock at the sinking fund redemption price of $100 per share, plus accrued and unpaid dividends and redeemed all of the remaining 80,000 shares at the optional redemption price of $100 per share, plus accrued and unpaid dividends.

On November 1, 1992, the Company redeemed 300,000 shares of its $2.875 Series preference stock at the optional redemption price of $25 per share and 75,000 shares of its $11.70 Series preference stock at the optional redemption price of $100 per share, plus accrued and unpaid dividends.

8 *Long-Term Debt*

Sinking fund requirements and scheduled maturities remaining through 1997 for first mortgage bonds, debentures and other long-term debt outstanding at December 31, 1992, after deducting debentures and first mortgage bonds reacquired for satisfaction of future sinking fund requirements and annual sinking fund requirements for first mortgage bonds to be satisfied by available property additions, are summarized as follows: 1993 — $351,124,000; 1994 — $446,184,000; 1995 — $496,027,000; 1996 — $233,449,000; and 1997 — $395,038,000.

At December 31, 1992, the Company had outstanding first mortgage bonds maturing 1993 through 1997 as follows:

Series	*Principal Amount (thousands of dollars)*
9¼% due May 1, 1993	$100,000
6⅛% due May 15, 1995	103,000
5¼% due April 1, 1996	50,000
5¾% due November 1, 1996	50,000
5¾% due December 1, 1996	50,000
7% due February 1, 1997	150,000
5⅜% due April 1, 1997	50,000
6¼% due October 1, 1997	60,000
	$613,000

Other long-term debt outstanding at December 31, 1992 are summarized as follows:

Debt Security	*Principal Amount (thousands of dollars)*	*Interest Rate Provisions*
Notes		
Medium Term Notes, Series 1N due various dates through April 1, 1998	$ 116,000	Interest rates ranging from 8.93% to 10.48%
Medium Term Notes, Series 2N due various dates through July 1, 1996	65,300	Interest rates ranging from 9.50% to 9.874%
Medium Term Notes, Series 3N due various dates through October 15, 2004	406,000	Interest rates ranging from 8.77% to 9.20%
Medium Term Notes, Series 4N due various dates through May 15, 1997	195,000	Interest rates ranging from 7.90% to 8.875%
Notes due July 27, 1993	100,000	Fixed interest rate of 4.23%
Notes due September 15, 1993	100,000	Fixed interest rate of 9.18%
Notes due April 15, 1994	180,000	Fixed interest rate of 5.75%
Notes due July 15, 1995	100,000	Fixed interest rate of 5.50%
Notes due July 15, 1997	100,000	Fixed interest rate of 6.50%
	$1,362,300	
Long-Term Notes Payable to Banks		
Note due January 9, 1995	$ 100,000	Prevailing interest rate of 4.125% at December 31, 1992
Notes due July 31, 1995	150,000	Prevailing interest rates averaging 3.88% at December 31, 1992
	$ 250,000	
Purchase Contract Obligations		
Woodstock due January 2, 1997	$ 356	Fixed interest rate of 4.50%
Hinsdale due April 30, 2005	590	Fixed interest rate of 3.00%
	$ 946	
	$1,613,246	

Long-term debt maturing within one year has been included in current liabilities.

The Company's outstanding first mortgage bonds are secured by a lien on substantially all property and franchises, other than expressly excepted property, owned by the Company.

Lines of Credit

The Company had unused bank lines of credit of approximately $972 million at December 31, 1992. Of that amount, $970 million (of which $170 million expires October 4, 1993, $136 million expires in equal quarterly installments commencing on December 31, 1994 and ending on September 30, 1996 and $664 million expires in equal quarterly installments commencing

on December 31, 1995 and ending on September 30, 1997) may be borrowed at various interest rates on secured or unsecured notes of the Company. Amounts under the remaining lines of credit may be borrowed at prevailing prime interest rates on unsecured notes of the Company. Collateral, if required for the borrowings, would consist of first mortgage bonds issued under and in accordance with the provisions of the Company's mortgage. The Company is obligated to pay commitment fees with respect to $970 million of such lines of credit.

In addition, at December 31, 1992, the Company had approximately $144 million of unused bank lines of credit available in connection with the nuclear fuel lease agreements discussed in Note 16. The $700 million maximum amount available under these lines of credit is reduced by the amount of nuclear fuel lease obligations outstanding under the agreements. Of these lines of credit, $220 million expires December 1, 1993, $100 million expires March 22, 1994, $115 million expires December 1, 1994, $200 million expires March 22, 1995 and $65 million expires December 1, 1995 all with options for extensions, upon mutual agreements between the Company and the banks, by one or more successive one-year periods until either December 1, 2010 or March 22, 2009, depending upon the terms of the specific agreements. Borrowings made against these unused lines of credit will be at various interest rates.

10 *Disposal of Spent Nuclear Fuel*

Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. The Company, as required by that Act, has signed a contract with the DOE to provide for the disposal of spent nuclear fuel and high-level radioactive waste from the Company's nuclear generating stations beginning not later than January 1998. The contract with the DOE requires the Company to pay the DOE a one-time fee applicable to nuclear generation through April 6, 1983 of approximately $277 million, with interest to date of payment, and a fee payable quarterly equal to one mill per kilowatthour of nuclear generated and sold electricity after April 6, 1983. The Company has elected to pay the one-time fee, with interest, just prior to the first scheduled delivery of spent nuclear fuel to the DOE, scheduled to occur not later than January 1998. This delivery schedule is expected to be delayed significantly. The Company has recorded the liability for the one-time fee and the related interest.

11 *Fair Value of Financial Instruments*

The following methods and assumptions were used to estimate the fair value of financial instruments held by or issued and outstanding by the companies. The disclosure of such information does not purport to be a market valuation of the Company as a whole. The impact of any realized or unrealized gains or losses related to such financial instruments on the Company's financial position or results of operations is dependent on the treatment authorized under future ratemaking proceedings.

Investments. The estimated fair value of the Nuclear Decommissioning Funds, as determined by the Trustee, is based on published market data. Financial instruments included in Other Investments at a cost of approximately $3 million at December 31, 1992, are not material in relation to other financial instruments of the Company; therefore, an estimate of the fair value of these instruments has not been made.

Current Assets. The carrying value of Cash, Temporary Cash Investments and Other Cash Investments, which includes U.S. Government Obligations and other short-term marketable securities, and Special Deposits, which primarily includes cash deposited for the redemption, refund or discharge of debt securities, approximates their fair value because of the short maturity of these instruments.

Capitalization. The estimated fair value of Preferred and Preference Stocks (Without and Subject to Mandatory Redemption Requirements) and Long-Term Debt, including the current portion thereof, has been obtained from an independent consultant. Estimated fair values exclude accrued interest and preferred and preference dividends. Purchase contract obligations included in Long-Term Debt at a cost of approximately $1 million at December 31, 1992, are not material in relation to other financial instruments of the Company; therefore, an estimate of the fair value of these instruments has not been made. Long-Term Notes Payable to Banks in the amount of $250,000,000 for which interest is paid at prevailing rates are included in the financial statements at cost, which approximates their fair value.

Current Liabilities. The carrying value of Notes Payable, which consist of commercial paper and/or bank loans having a maturity of less than one year, approximates their fair value because of the short maturity of these instruments. See "Capitalization" above for a discussion of the fair value of the current portion of long-term debt and redeemable preference stock.

Other Noncurrent Liabilities. The carrying value of Accrued Spent Nuclear Fuel Disposal Fee and Related Interest represents the settlement value as of December 31, 1992; therefore, the carrying value is equal to the fair value.

The estimated fair value of the Company's financial instruments other than those instruments reflected in the financial statements at cost which approximates market, as of December 31, 1992, are as follows:

(thousands of dollars)	*Carrying Amount*	*Fair Value*
Nuclear Decommissioning Funds	$ 533,463	$ 564,476
Capitalization (including current portion):		
Preferred and Preference Stocks (without and subject to mandatory redemption requirements)	$ 790,584	$ 828,913
Long-Term Debt	$7,770,248	$8,025,191

12 *Pension Benefits*

The companies have non-contributory defined benefit pension plans which cover all regular employes. Benefits under these plans reflect each employe's compensation, years of service and age at retirement. Funding is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974, as amended. The December 31, 1992 pension disclosures and related data were estimated pending completion of the January 1, 1993 actuarial valuation. The December 31, 1991 pension disclosures and related data were based upon the January 1, 1992 actuarial valuation.

During 1992, the companies implemented a workforce reduction program designed to reduce the management workforce. This program included an early retirement program and voluntary and involuntary separation plans. The early retirement program resulted in the recognition in 1992 of an additional $26 million of 1992 pension cost and the disclosure of an additional $39 million of unrecognized net loss at December 31, 1992 as shown in the following table. The companies also recognized in 1992 a charge to expense of $11 million primarily related to the cost of the separation plans. The total charge to income of $37 million in 1992 is approximately $23 million after reflecting income tax effects.

The funded status of these plans at December 31, 1992 and 1991 was as follows:

(thousands of dollars) *December 31,*	*1992*	*1991*
Actuarial present value of accumulated pension plan benefits:		
Vested benefit obligation	$(2,280,000)	$(2,047,000)
Nonvested benefit obligation	(101,000)	(94,000)
Accumulated benefit obligation	$(2,381,000)	$(2,141,000)
Effect of projected future compensation levels	(468,000)	(436,000)
Projected benefit obligation	$(2,849,000)	$(2,577,000)
Fair value of plan assets, invested primarily in equity index funds, U.S. Government, government-sponsored corporation and agency securities and listed corporate obligations	2,577,000	2,520,000
Plan assets less than projected benefit obligation	$ (272,000)	$ (57,000)
Unrecognized prior service cost	25,000	27,000
Unrecognized transition asset	(181,000)	(194,000)
Unrecognized net loss	262,000	125,000
Accrued pension liability	$ (166,000)	$ (99,000)

The assumed discount rate was 7.5% and the assumed annual rate of increase in future compensation levels was 4.0% at December 31, 1992 and 1991. These rates were used in determining the projected benefit obligations, the accumulated benefit obligations and the vested benefit obligations.

Pension costs were determined under the rules prescribed by SFAS No. 87, including the use of the projected unit credit actuarial cost method and the following actuarial assumptions for periods during 1992, 1991 and 1990:

	1992	*1991*	*1990*
Annual discount rate	7.50%	8.50%	8.50%
Annual rate of increase in future compensation levels	4.00%	5.00%	5.00%
Annual long-term rate of return on plan assets	9.50%	9.50%	9.50%

The components of pension costs, portions of which were recorded as components of construction costs, for the years 1992, 1991 and 1990 were as follows:

(thousands of dollars)	*1992*	*1991*	*1990*
Service cost	$ 98,000	$ 81,000	$ 69,000
Interest cost on projected benefit obligation	189,000	174,000	154,000
Actual return on plan assets	(179,000)	(495,000)	(57,000)
Early retirement program cost	26,000	—	—
Net amortization and deferral	(67,000)	286,000	(158,000)
	$ 67,000	$ 46,000	$ 8,000

13 *Post-Retirement Health Care Benefits*

The companies provide certain post-retirement health care benefits for retirees and their dependents and for the surviving dependents of eligible employes and retirees. Substantially all of the companies' employes become eligible for post-retirement health care benefits if they reach retirement age while working for the companies. In 1980, the companies began funding the liability for post-retirement health care benefits through a trust fund, and the estimated cost of post-retirement health care benefits is being accrued and funded over the working lives of the employes. Provisions for post-retirement health care benefits for the years 1992, 1991 and 1990 were $99,698,000, $66,514,000 and $42,235,000, respectively, and were based on the aggregate cost method and were equivalent to actuarial normal costs of the liability. The actuarial present values of accumulated post-retirement health care benefits at January 1, 1992 and 1991, the latest actuarial valuation dates, were $804,532,000 and $604,188,000, respectively. The net assets of the trust fund established for the payment of post-retirement health care benefits at January 1, 1992 and 1991 were $299,309,000 and $209,385,000, respectively.

In December 1990, the Financial Accounting Standards Board (FASB) issued an accounting standard which requires that post-retirement benefits other than pensions be recorded over employment periods of plan participants rather than on the pay-as-you-go basis. The accounting standard must be adopted by the companies not later than January 1993. When adopted, the new standard will require disclosure about the companies' obligation to provide post-retirement health care benefits and the cost of providing those benefits which are similar to the disclosures made for pension benefits in Note 12. The companies estimate that if the new standard had been adopted in 1992, plan costs for the year 1992 would have increased by approximately $20 million and the actuarial present value of accumulated post-retirement health care benefits at January 1, 1992 would have been approximately $950 million. The effects on income when the standard is adopted are dependent on the treatment authorized in future ratemaking proceedings.

14 *Income Taxes*

Provisions for current and deferred federal and state income taxes and amortization of investment tax credits resulted in the following effective income tax rates for the years 1992, 1991 and 1990:

	1992	*1991*	*1990*
Pre-tax book income (in thousands)	$779,979	$449,479	$321,982
Effective income tax rate	34.1%	78.9%	60.2%

The principal differences between these rates and the federal statutory corporate income tax rate stated in the following table for 1992, 1991 and 1990 were as follows:

	1992	*1991*	*1990*
Federal statutory corporate income tax rate	34.0%	34.0%	34.0%
Equity component of AFUDC which was excluded from taxable income	(0.9)	(1.4)	(2.4)
Amortization of investment tax credits	(3.4)	(7.2)	(12.3)
State income tax, net of federal income tax	5.6	11.7	9.3
Disallowed plant costs	—	34.3	14.1
Differences between book and tax accounting for property related deductions	(0.8)	4.4	15.0
Other—net	(0.4)	3.1	2.5
Effective income tax rate	34.1%	78.9%	60.2%

Provisions for deferred income taxes on timing differences between financial accounting and for income tax purposes, net of reversals, for the years 1992, 1991 and 1990 were as follows:

(thousands of dollars)	*1992*	*1991*	*1990*
Accelerated cost recovery and liberalized depreciation—net of removal costs	$213,205	$211,518	$247,758
Alternative minimum tax	(54,650)	(7,638)	(49,673)
Deferred energy costs	11,708	(12,076)	(3,230)
Unbilled revenues	5,070	(11,881)	(4,791)
Overheads capitalized	(8,535)	(45,076)	(31,287)
Repair allowance	(29,113)	(15,184)	(5,617)
Post-retirement benefits	(36,808)	(17,288)	(3,155)
Provisions for revenue refunds	52,500	29,668	(83,175)
Other items—net	(10,381)	(20,630)	(30,013)
	$142,996	$111,413	$ 36,817
Charged to			
Electric operations	$143,535	$162,399	$ 36,755
Other income and deductions	(539)	(50,986)	62
	$142,996	$111,413	$ 36,817

At December 31, 1992, the estimated cumulative net amount of book/tax timing differences for property placed in service prior to 1981 for which deferred income taxes have not been recorded is approximately $525 million. Except for the effect of reversals of timing differences related to such unrecorded deferred income taxes, net provisions for deferred income taxes have been recorded for all material income tax timing differences for the years 1992, 1991 and 1990.

The Company has recorded current federal income tax liabilities that include excess amounts of alternative minimum tax (AMT) over the regular federal income tax as shown in the preceding table, which amounts were also recorded as decreases to accumulated deferred federal income taxes. The cumulative excess amounts of AMT so recorded in the amount of approximately $112 million as of December 31, 1992 can be carried forward indefinitely as a credit against future years' regular federal income tax liabilities.

The FASB issued an accounting standard which requires an asset and liability approach for financial accounting and reporting for income taxes rather than the deferred method. The accounting standard must be adopted by the Company not later than January 1993. The Company has not decided whether it will reflect the initial application of the standard as a cumulative effect of a change in an accounting principle in the year of adoption or as a restatement of prior years' financial statements.

When the new standard is adopted, significant adjustments to the balances of accumulated deferred income taxes will be recorded related to the equity component of AFUDC which was previously recorded on an after-tax basis, the portion of the borrowed funds component of AFUDC which was previously recorded net of tax, and other temporary differences for which the related tax effects were not previously deferred. Significant balance sheet adjustments will also be recorded for the reductions to the balances of accumulated deferred income taxes resulting from income tax rate changes and the recognition of deferred income tax effects related to unamortized investment tax credits. It is expected that the adjustments to the balances of accumulated deferred income taxes will be offset primarily by plant assets and regulatory assets and liabilities representing the expected future revenue requirement impacts of these adjustments as the temporary differences reverse and are reflected in electric service rates. However, this accounting is dependent on the treatment authorized in future ratemaking proceedings.

15 *Taxes, Except Income Taxes*

Provisions for taxes, except income taxes, for the years 1992, 1991 and 1990 were as follows:

(thousands of dollars)	*1992*	*1991*	*1990*
Illinois public utility revenue	$204,004	$218,137	$194,489
Illinois invested capital	107,207	111,872	113,659
Municipal utility gross receipts	129,250	128,302	104,249
Real estate	162,151	148,356	127,009
Municipal compensation	73,323	74,218	62,593
Other—net	67,974	61,685	59,433
	$743,909	$742,570	$661,432

16 *Lease Obligations*

Under nuclear fuel lea. : agreements entered into in 1984 and 1985, the Company may sell and lease back nuclear fuel from lessors who may borrow an aggregate of $700 million to finance the transactions. See Note 9 for information concerning lines of credit under the nuclear fuel lease agreements. At December 31, 1992, the Company's obligation to lessors for leased nuclear fuel amounted to $556 million. The Company has agreed to make lease payments which cover the amortization of the nuclear fuel used in the Company's reactors plus the lessors' related financing costs. The Company has an obligation for spent nuclear fuel disposal costs of leased nuclear fuel.

Future minimum rental payments, net of executory costs, at December 31, 1992 for capital leases, are estimated to aggregate $600 million, including $230 million in 1993, $155 million in 1994, $120 million in 1995, $63 million in 1996, $18 million in 1997 and $14 million in 1998–99. The estimated interest component of such rental payments aggregates $42 million. The estimated portions of obligations due within one year under capital leases are included in current liabilities and approximated $178 million and $183 million at December 31, 1992 and 1991, respectively.

17 *Investments in Uranium- and Coal-Related Properties*

At December 31, 1992, the Company and its subsidiaries had investments of approximately $166 million in uranium-related properties, equipment and activities and approximately $523 million in coal reserves. Production of uranium from all of the uranium properties has been deferred due to depressed market prices for uranium. The Company currently expects to ultimately recover the cost of the uranium properties in all material respects in relation to the Company's financial position and its results of operations, but doing so depends on substantially improved market conditions. However, the Company continues to evaluate its ability to ultimately recover the cost of its uranium properties. Further, the Company's commitments for the purchase of coal under long-term contracts exceed its requirements. Rather than take all the coal it was required to take, the Company agreed to purchase the coal in place in the form of coal reserves. The Company has been allowed to recover from its customers the costs of the coal reserves through its fuel adjustment clause as the coal is used for the generation of electricity. However, the Company is not earning a return on the expenditures for coal reserves prior to the coal reserves being used for the generation of electricity by including the coal reserves in rate base. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaptions "Liquidity and Capital Resources," "Rate Proceedings" and "Results of Operations," for information concerning coal commitments, proceedings relating to the recoverability of the Company's coal fuel costs through its fuel adjustment clause and the Company's fuel supply, respectively. See Note 19 for additional information concerning the Company's coal commitments.

Actions were brought in federal and state courts in Colorado against the Company and its subsidiary Cotter Corporation (Cotter), alleging that Cotter has permitted radioactive and other hazardous material to be released from its mill into areas owned or occupied by the plaintiffs resulting in property damage and potential adverse health effects. The actions were originally instituted in September 1989. The plaintiffs seek from Cotter and the Company unspecified compensatory, exemplary and medical monitoring fund damages, unspecified response costs under the Comprehensive Environmental Response, Compensation and Liability Act, and

temporary and permanent injunctive relief. Although the case will necessarily involve the resolution of numerous contested issues of fact and law, the Company's determination is that this action will not have a material adverse impact on the Company's financial statements.

18 *Joint Plant Ownership*

The Company has a 75% undivided ownership interest in the Quad-Cities nuclear generating station. Further, the Company is responsible for 75% of all costs which are charged to appropriate investment, operation or maintenance accounts and provides its own financing. At December 31, 1992, for its share of ownership in the station, the Company had an investment of $462 million in production and transmission plant in service (before reduction of $150 million for the related accumulated provision for depreciation) and $91 million in construction work in progress.

19 *Commitments, Contingent Liabilities and the Construction Program*

Purchase commitments, principally related to construction and nuclear fuel, approximated $1,095 million at December 31, 1992. In addition, the companies have substantial commitments for the purchase of coal under long-term contracts. The Company's coal costs are high compared to those of other utilities. The Company's western coal contracts were renegotiated during 1992 to provide, among other things, for significant reductions in the price of the coal effective as of January 1, 1993. However, the renegotiated contracts provide for the purchase of coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. In addition, the Company has renegotiated its rail contracts for delivery of the western coal at significant reductions in rail rates. Coal costs (including costs of reserve coal) which are not recoverable in rates, if any, will have to be charged to income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for additional information regarding the Company's purchase commitments. See Note 3 for information related to challenges from intervenors and the ICC Staff regarding the recovery of coal fuel costs in the Company's annual ICC fuel adjustment clause reconciliation hearings.

The Company is a member of Nuclear Mutual Limited (NML), established to provide insurance coverage against property damage to members' nuclear generating facilities. The members are subject to a retrospective premium adjustment in the event losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds of NML to the extent that the Company would have no exposure in the event of a single incident. However, the Company could be subject to a maximum assessment of approximately $68 million in any policy year, in the event losses exceed accumulated reserve funds.

The Company also is a member of Nuclear Electric Insurance Limited (NEIL), which provides insurance coverage against the cost of replacement power obtained during certain prolonged accidental outages of nuclear generating units and coverage for property losses in excess of $500 million occurring at nuclear stations. All companies insured with NEIL are subject to retrospective premium adjustments if losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds of NEIL to the extent that the Company would have no exposure in the event of a single incident under the replacement power coverage and the property damage coverage. However, the Company could be subject to maximum assessments, in any policy year, of approximately $28 million and $40 million in the

event losses exceed accumulated reserve funds under the replacement power and property damage coverages, respectively.

The Nuclear Regulatory Commission's indemnity for public liability coverage under the Price-Anderson Act is supported by a mandatory industry-wide program under which owners of nuclear generating facilities could be assessed in the event of nuclear incidents. Based on the number of nuclear reactors with operating licenses, the Company would currently be subject to a maximum assessment of $827 million in the event of an incident, limited to a maximum of $125 million in any calendar year.

In addition, the Company participates in the American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters Master Worker Program which provides coverage for worker tort claims filed for bodily injury caused by the nuclear energy hazard. The coverage applies to workers whose "nuclear related employment" began after January 1, 1988. The Company would currently be subject to a maximum assessment of approximately $38 million in the event losses exceed accumulated reserve funds.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for information relating to the Company's construction program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Results of Operations," for information relating to the provision recorded for the Company's estimate of its liability associated with manufactured gas plants.

Quarterly common stock dividends, payable November 1, 1992 and February 1, 1993, were reduced 47% from the seventy-five cents per share quarterly amount paid since 1982 to forty cents per share. Dividends were declared on the outstanding shares of the Company's preferred and preference stocks at their regular quarterly rates. The Company's Board of Directors will continue to review quarterly the payment of dividends. Further, significant rate refunds or charges other than those provided for on the Company's books and/or significant additional write-downs of assets could eliminate the Company's retained earnings (approximately $847 million as of December 31, 1992) and interrupt dividend payments on its capital stocks. Illinois law provides that a utility may not pay any dividend on its stock unless "[t]he utility's earnings and earned surplus are sufficient to declare and pay same after provision is made for reasonable and proper reserves," or unless the utility has specific authorization from the ICC. In addition, the Company's restated articles of incorporation require that redemption payments on preference stock subject to mandatory redemption requirements be suspended unless dividends payable on outstanding shares of preference stock have been paid, or declared and sufficient funds set aside for their payment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for a discussion of the Company's rates and financial condition.

A shareholder derivative lawsuit was filed on October 1, 1992 in the Circuit Court against current and former directors of the Company alleging that they breached their fiduciary duty and duty of care to the Company in connection with the management of the activities associated with the construction of the Company's four most recently completed nuclear generating units. The lawsuit seeks restitution to the Company by the defendants for the losses and costs alleged to have been incurred by the Company.

The Company is involved in administrative and legal proceedings concerning air quality, water quality and other matters. The outcome of these proceedings may require increases in the Company's future construction expenditures and operating expenses.

20 *Quarterly Financial Information*

Three Months Ended	*Electric Operating Revenues*	*Electric Operating Income*	*Net Income (Loss)*	*Net Income (Loss) on Common Stock*	*Average Number of Common Shares Outstanding*	*Earnings (Loss) Per Common Share*
(thousands except per share data)						
March 31, 1991	$1,321,571	$187,003	$ 4,798	$ (15,212)(a)	212,301	$(0.07)
June 30, 1991	$1,521,356	$317,831	$ 157,512	$ 137,543	212,408	$ 0.65
September 30, 1991	$1,952,254	$524,606	$ 362,192	$ 342,415	212,493	$ 1.61
December 31, 1991	$1,480,352	$285,755	$(429,615)	$(448,147)(b)	212,606	$(2.11)
March 31, 1992	$1,422,557	$265,806	$ 67,254	$ 49,303(c)	212,713	$ 0.23
June 30, 1992	$1,431,749	$271,705	$ 105,825	$ 87,919(c)	212,860	$ 0.41
September 30, 1992	$1,708,880	$398,869	$ 235,865	$ 218,151	212,973	$ 1.02
December 31, 1992	$1,463,135	$260,523	$ 105,037	$ 88,069	213,170	$ 0.41

(a) *See Note 2 for information concerning the reduction to net income recorded in March 1991 as a result of the Company's decision to contest only a portion of the ICC's March 8, 1991 rate order.*

(b) *See Note 2 for information concerning the reduction to net income recorded in November 1991 as a result of the Supreme Court's decision remanding portions of the ICC's March 8, 1991 rate order.*

(c) *See Note 3 for information concerning the reduction to net income recorded in 1992 as a result of the Supreme Court's decision reversing and remanding portions of the ICC's August 23, 1989 Byron Unit 1 remand order.*

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First Chicago Trust Company of New York is Dividend Disbursing Agent, Dividend Reinvestment Agent and Transfer Agent for all classes of Commonwealth Edison Company stock and warrants.

Questions and communications concerning your account, payment of dividends, the dividend reinvestment plan and transfer of stock should be directed as follows:

By Telephone:
Toll-free number. . . . 1-800-950-2377

By Mail:
Commonwealth Edison Company
c/o First Chicago Trust Company of New York
30 West Broadway
Post Office Box 3981
Church Street Station
New York, New York 10008-3981

Walk-in service for shareholders in Chicago is provided by First Chicago Trust Company of New York at the following location:
First Chicago Trust Company of New York
One North State Street, Ninth Floor

Annual Meeting

The annual meeting of stockholders will be held Tuesday, May 11, 1993 at 10:30 a.m. at the Chicago Hilton and Towers. Notice of the meeting and proxy materials will be mailed to stockholders.

Form 10-K, Financial Review and Annual Report on the Environment

The 1992 Form 10-K Annual Report to the Securities and Exchange Commission and the 1992 Financial Review will be available in April. The next Annual Report on the Environment will be available in August. A copy of each may be obtained from:

David A. Scholz, Secretary
Commonwealth Edison Company
Post Office Box 767
Chicago, Illinois 60690-0767

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Senate

TRIBUTE TO COMMONWEALTH EDISON

Mr. DIXON. Mr. President, on April 13, 1992, the city of Chicago was struck by what many consider its worst physical disaster since the great fire of 1871. A piling, accidentally driven into a long-forgotten underground freight tunnel system, caused a leak that sent 250 million gallons of Chicago River water rushing into the 48-mile-long subterranean network. Water poured into the basements and subbasements of buildings across the city's famed Loop. Tens of thousands of downtown workers were sent home. The potential for a much larger disaster was enormous, yet thanks to the quick, determined action of many dedicated people, not one death or injury resulted.

Today, I want to single out the response of one key organization—Commonwealth Edison Co.—which has been providing electric service to Chicago for 105 years.

At first news of the catastrophe, Edison put its emergency plan into action. The company mobilized a task force of 500 experts from across its northern Illinois territory and told them they would be working 12-hour shifts, around the clock, until the battle was won. Edison crews moved swiftly to disconnect power to buildings in order to prevent rising floodwaters from coming into contact with live electrical equipment. Company engineers worked closely with building operators, updating them, assessing the damage, and estimating how long the outages would last. Another cadre stayed in continual touch with the news media, so the public would have the very latest information.

Sixty-four hours after the first buildings went dark, Edison crews restored service to all locations where the customers' facilities were capable of operating safely. In all, the restoration team logged more than 70,000 individual work hours. Their primary mission had been to ensure public safety by protecting electrical equipment from rising flood waters, then to restore power as quickly as possible. That mission not only was accomplished, but so efficiently that it will not cause an increase in customers' electricity bills.

Therefore, let the record reflect our recognition of Commonwealth Edison's truly outstanding performance in protecting the safety of the citizens of Chicago and restoring normal business activity in the face of an unprecedented crisis. The men and women of Commonwealth Edison merit the recognition of us all.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 102d CONGRESS, SECOND SESSION

Vol. 138 WASHINGTON, WEDNESDAY, JUNE 24, 1992 No. 92

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As filed with the Securities and Exchange Commission on January 31, 1994

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

The Securities Act of 1933

CECo HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Illinois	6719	Applied For
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

37th Floor
10 South Dearborn Street
Post Office Box 767
Chicago, Illinois 60690-0767
(312) 394-4321
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John C. Bukovski
Vice President
CECo Holding Company
37th Floor
10 South Dearborn Street
Post Office Box 767
Chicago, Illinois 60690-0767
(312) 394-3117
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

R. Todd Vieregg, P.C.
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603
(312) 853-7470

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the merger ("Merger") of CECo Merging Corporation with and into Commonwealth Edison Company pursuant to the Merger Agreement described in the enclosed Prospectus and Proxy Statement have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, without par value ..	215,770,000 Shares	$27.0625	$5,839,275,625	$2,013,557.41

(1) Estimated pursuant to Rule 457(f)(1) of the Securities Act of 1933, based upon the market value of the shares of Commonwealth Edison Company Common Stock to be converted in the Merger ($27.0625 per share, which is the average of the high and low sales prices of a share of Commonwealth Edison Company Common Stock on the New York Stock Exchange, Inc. Composite Tape on January 25, 1994).

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

The number of shares of CECo Holding Company Common Stock to be issued in the conversion of Commonwealth Edison Company Common Stock in the Merger described herein cannot be precisely determined at the time this Registration Statement becomes effective because shares of Commonwealth Edison Company Common Stock may be issued thereafter and until the effective time of the Merger under the Commonwealth Edison Company Employe Savings and Investment Plan and Employe Stock Purchase Plan. This Registration Statement covers a number of shares of CECo Holding Company Common Stock which is estimated to be at least as large as the number of shares of Commonwealth Edison Company Common Stock which is expected to be outstanding at the effective time of the Merger. See the undertaking in Item 22(4) in Part II of this Registration Statement.

CECo HOLDING COMPANY

CROSS REFERENCE SHEET

Pursuant to Item 501(b) of Regulation S-K

Form S-4—Item No. and Caption	Prospectus and Proxy Statement
A. Information about the Transaction	
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Facing Page of Registration Statement; Cross Reference Sheet; Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus	Available Information; Incorporation of Certain Information by Reference; Table of Contents
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information	Summary of Restructuring Proposal; Outside Front Cover Page of Prospectus
4. Terms of the Transaction	Summary of Restructuring Proposal; Corporate Restructuring Plan
5. *Pro Forma* Financial Information	Not Applicable
6. Material Contacts with the Company Being Acquired	Not Applicable
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters	Not Applicable
8. Interests of Named Experts and Counsel	Not Applicable
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Not Applicable
B. Information about the Registrant	
10. Information with Respect to S-3 Registrants	Not Applicable
11. Incorporation of Certain Information by Reference	Not Applicable
12. Information with Respect to S-2 or S-3 Registrants	Not Applicable
13. Incorporation of Certain Information by Reference	Not Applicable
14. Information with Respect to Registrants Other Than S-2 or S-3 Registrants	Not Applicable
C. Information about the Company Being Acquired	
15. Information with Respect to S-3 Companies	Incorporation of Certain Information by Reference
16. Information with Respect to S-2 or S-3 Companies	Not Applicable
17. Information with Respect to Companies Other than S-2 or S-3 Companies	Not Applicable

Form S-4—Item No. and Caption	Prospectus and Proxy Statement
D. Voting and Management Information	
18. Information if Proxies, Consents or Authorizations Are to be Solicited	Incorporation of Certain Information by Reference; Introduction—Voting; Introduction —Security Ownership of Certain Beneficial Owners and Management; Corporate Restructuring Plan—Rights of Dissenting Shareholders; Item A. Election of Directors; Item B. Corporate Restructuring Plan— Management; Proxy Statement
19. Information if Proxies, Consents or Authorizations Are Not to be Solicited in an Exchange Offer	Not Applicable

Commonwealth Edison
10 South Dearborn Street
P.O. Box 767
CHICAGO, ILLINOIS 60690-0767

To the Shareholders of Commonwealth Edison Company:

The regular annual meeting of the shareholders of Commonwealth Edison Company ("Edison") will be held on May 10, 1994, to act upon a proposed corporate restructuring in which Edison will become a subsidiary of a new holding company currently named "CECo Holding Company" ("Holding Company"), and to act upon other items of business as set forth in the Proxy Statement that follows.

Your Board of Directors unanimously believes that the proposed restructuring into a holding company system is beneficial to Edison and its shareholders. The restructuring will permit timely responses to competitive activities which could adversely affect the Edison utility business, and will allow Holding Company to provide a broad array of energy services through its utility subsidiary (Edison) and its unregulated subsidiaries. If approved, affiliates of Edison will be able to engage in non-utility businesses without the prior approval of, or being regulated by, the Illinois Commerce Commission.

To accomplish the restructuring, Holding Company has been organized. The name "CECo Holding Company" will be changed prior to the effectiveness of the restructuring to a permanent name which has not yet been determined.

It is proposed that outstanding shares of Edison Common Stock be converted in a merger, on a share-for-share basis, into shares of Holding Company Common Stock. As a result, the holders of Edison Common Stock will become the owners of Holding Company Common Stock, and Holding Company will become the owner of the Edison Common Stock. The outstanding shares of Edison Preferred Stock and Preference Stock will continue to be outstanding securities of Edison after the merger.

In addition, it is contemplated that on the day of the merger, Edison will transfer ownership of certain of its non-utility subsidiaries to Holding Company.

If the restructuring is effected, it will not be necessary for you to turn in your Edison Common Stock certificates in exchange for Holding Company Common Stock certificates. The certificates for Edison Common Stock you now hold will automatically represent shares of Holding Company Common Stock. New certificates bearing the name of the Holding Company will be issued in the future as certificates for presently outstanding shares of Edison Common Stock are presented for transfer.

Even if you plan to attend the annual meeting, please sign, date and return the accompanying proxy in the enclosed addressed, postage-paid envelope. (You may revoke your proxy at any time before it is voted by delivering written notice of such revocation to Edison, executing a subsequent proxy or attending the annual meeting and voting in person).

Sincerely,

JAMES J. O'CONNOR
Chairman

Commonwealth Edison
10 South Dearborn Street
P.O. Box 767
CHICAGO, ILLINOIS 60690-0767

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 10, 1994

The regular annual meeting of shareholders of Commonwealth Edison Company ("Edison") will be held in the Grand Ballroom of the Chicago Hilton and Towers, 720 South Michigan Avenue, Chicago, Illinois, on Tuesday, May 10, 1994, at 10:30 A.M., Chicago time, for the following purposes, which are described in the accompanying Proxy Statement, and to transact such other business as may properly be brought before the meeting:

Item A: To elect a Board of eleven Directors.

Item B: To consider and act upon approval of an Agreement and Plan of Merger, a copy of which is attached as Exhibit A to the accompanying Proxy Statement, pursuant to which CECo Merging Corporation, a subsidiary of CECo Holding Company ("Holding Company"), will be merged into Edison, with the result that Edison will become a subsidiary of Holding Company, and the holders of Edison Common Stock will become the holders of Holding Company Common Stock.

Item C: To consider and act upon a proposed Amendment to the Edison Restated Articles of Incorporation, as amended, to limit the liability of Edison Directors and to provide for indemnification by Edison of its Directors, officers, employes and agents.

Item D: To consider and act upon approval of the appointment by the Edison Board of Directors of Arthur Andersen & Co., independent public accountants, as Auditors for 1994.

Shareholders of record on the books of Edison at 4:00 P.M., Chicago time, March 11, 1994, will be entitled to vote at the meeting.

PLEASE FILL IN, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY.

DAVID A. SCHOLZ
Secretary

March , 1994

Preliminary Prospectus and Proxy Statement Dated January 31, 1994

PROXY STATEMENT
FOR
COMMONWEALTH EDISON COMPANY

PROSPECTUS
FOR
CECo HOLDING COMPANY
Common Stock

This Prospectus, including the Proxy Statement forming a part hereof, has been prepared in connection with the issuance of up to 215,770,000 shares of Common Stock, without par value, of CECo Holding Company, an Illinois corporation ("Holding Company"), (i) upon the consummation of the proposed merger of CECo Merging Corporation, an Illinois corporation ("Merging Corp."), which is a wholly-owned subsidiary of Holding Company, with and into Commonwealth Edison Company, an Illinois corporation ("Edison"), and (ii) under certain stock plans of Edison.

At the effective time of such merger, each share of Edison Common Stock, $12.50 par value, will automatically be converted into and, without action on the part of the holder thereof, become one share of Common Stock, without par value, of Holding Company. The difference in par value will not affect the market value of such stock.

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

The executive offices of Holding Company are located at 10 South Dearborn Street, P.O. Box 767, Chicago, Illinois 60690-0767, and its telephone number at such address is (312) 394-4321.

This Prospectus and Proxy Statement and the form of proxy were first mailed to shareholders on or about March , 1994.

The date of this Prospectus and Proxy Statement is March , 1994.

This Prospectus and Proxy Statement incorporates documents by reference which are not presented herein or delivered herewith. These documents are available upon request from David A. Scholz, Secretary, Commonwealth Edison Company, 37th Floor, 10 South Dearborn Street, Post Office Box 767, Chicago, Illinois 60690-0767 (telephone number 312/394-8817). In order to ensure timely delivery of the documents, any request should be made by May 3, 1994.

AVAILABLE INFORMATION

Edison is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("1934 Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Edison can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, and at its Regional Offices located at Citicorp Center, 500 West Madison Street, Chicago, IL 60661 and Seven World Trade Center, New York, NY 10048. Copies of such material can be obtained from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, reports, proxy statements and other information concerning Edison may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY, the Chicago Stock Exchange, 440 South LaSalle Street, Chicago, IL and the Pacific Stock Exchange, 301 Pine Street, San Francisco, CA, the exchanges on which certain of Edison's securities are listed. Holding Company has filed with the SEC a Registration Statement on Form S-4 under the Securities Act of 1933, as amended ("1933 Act"), with respect to the shares of Holding Company common stock, without par value ("Holding Company Common Stock"), offered hereby. This Prospectus and Proxy Statement does not contain all of the information set forth in such Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information, reference is made to such Registration Statement.

Holding Company will become subject to the same informational requirements as Edison following the merger described in this Prospectus and Proxy Statement, and will file reports, proxy statements and other information with the SEC in accordance with the 1934 Act.

No person has been authorized to give any information or to make any representation not contained in this Prospectus and Proxy Statement in connection with the offer contained in this Prospectus and Proxy Statement, and, if given or made, such information or representation must not be relied upon as having been authorized.

Neither the delivery of this Prospectus and Proxy Statement nor any distribution of shares of Holding Company Common Stock made hereunder shall, under any circumstances, create any implication that there has not been any change in the affairs of Edison or Holding Company since the respective dates as of which information is given herein.

REGISTRATION STATEMENT

This Prospectus and Proxy Statement is a prospectus delivered in compliance with the 1933 Act with respect to the shares of Holding Company Common Stock offered hereby. A Registration Statement under the 1933 Act has been filed with the SEC, with respect to the shares of Holding Company Common Stock offered hereby. As permitted by the rules and regulations of the SEC, this Prospectus and Proxy Statement omits certain information contained in the Registration Statement on file with the SEC. The omitted information can be inspected and copied at the above-described reference facilities maintained by the SEC.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed by Edison with the SEC (File No. 1-1839) are incorporated in this Prospectus and Proxy Statement by reference and made a part hereof:

(a) The Edison Annual Report on Form 10-K for the year ended December 31, 1992 ("1992 Form 10-K");

(b) The Edison Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1993 (the "March 31, 1993 Form 10-Q"), June 30, 1993 (the "June 30, 1993 Form 10-Q") and September 30, 1993 (the "September 30, 1993 Form 10-Q"); and

(c) The Edison Current Reports on Form 8-K dated January 28, 1993 (the "January 28, 1993 Form 8-K"), May 21, 1993 and September 24, 1993.

All documents subsequently filed by Edison pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act, after the date of this Prospectus and Proxy Statement and prior to the termination of the offer made by this Prospectus and Proxy Statement, shall be deemed to be incorporated in this Prospectus and Proxy Statement by reference and to be a part hereof from the respective dates of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus and Proxy Statement shall be deemed to be modified or superseded for purposes of this Prospectus and Proxy Statement to the extent that a statement contained in this Prospectus and Proxy Statement or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus and Proxy Statement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus and Proxy Statement.

Edison will provide without charge to each person, including any beneficial owner, to whom this Prospectus and Proxy Statement is delivered, upon written or oral request of such person, a copy of any or all of the documents that have been or may be incorporated in this Prospectus and Proxy Statement by reference, other than certain exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that this Prospectus and Proxy Statement incorporates. Such requests should be directed to David A. Scholz, Secretary, Commonwealth Edison Company, 37th Floor, 10 South Dearborn Street, Post Office Box 767, Chicago, IL 60690-0767 (telephone number 312/394-8817).

TABLE OF CONTENTS

SUMMARY OF RESTRUCTURING PROPOSAL

The following is a summary of certain information regarding the restructuring proposal contained or incorporated by reference in this Prospectus and Proxy Statement and is qualified in its entirety by the more detailed information contained or incorporated by reference herein.

PROPOSED RESTRUCTURING

Holding Company has been organized to become the holding company for, and the direct owner of, Edison and a newly formed subsidiary of Edison named "CECo Enterprises Inc." ("CECo Enterprises"). The formation of the holding company structure will be achieved by the merger ("Merger") of a newly formed subsidiary of Holding Company, Merging Corp., into Edison. In the Merger, the holders of Edison Common Stock, par value $12.50 per share ("Edison Common Stock"), immediately prior to the Merger will become the holders of Holding Company Common Stock immediately after the Merger, and immediately after the Merger Holding Company will become the sole holder of Edison Common Stock.

Holders of Edison $1.425 Convertible Preferred Stock, without par value ("Edison Preferred Stock"), Edison Cumulative Preference Stock, without par value ("Edison Preference Stock"), and Warrants will continue to hold such Stock and Edison Warrants following the Merger, which will not change any rights of such holders. See "Treatment of Preferred and Preference Stock" and "Possible Minority Interest."

Edison is principally engaged in the production, purchase, transmission, distribution and sale of electricity to approximately 3.3 million customers. Its electric service territory has an area of approximately 11,540 square miles and an estimated population of 8.1 million, and includes the city of Chicago, an area of about 225 square miles with an estimated population of three million from which Edison derives approximately one-third of its ultimate consumer revenues.

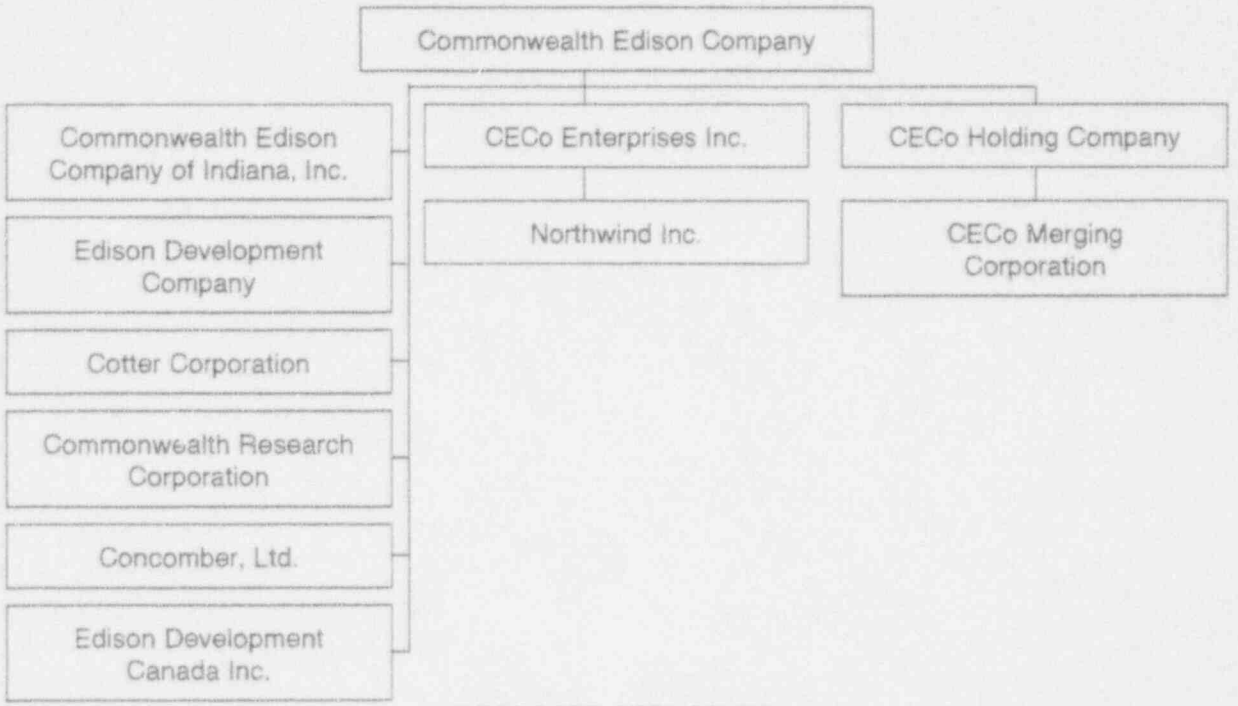
CECo Enterprises is a holding company which will have no assets other than those involved in its ownership of stock of its subsidiaries; currently, its only subsidiary is Northwind Inc., which was formed in 1993 to provide district cooling services to office and other buildings from central locations in Chicago. Northwind Inc. is currently seeking customers for its services, creating plans for its facilities and negotiating contracts to procure its business assets. On the day of the Merger, Edison will transfer the stock of CECo Enterprises to Holding Company. See "Transfer of Edison Assets to Holding Company."

Holding Company will have no assets other than those involved in its ownership of stock of its subsidiaries, which at the effective time of the Merger will consist of all of the Edison Common Stock and the common stock of CECo Enterprises. Holding Company will conduct no business other than the ownership of the stock of its subsidiaries. The principal executive offices of Holding Company and Edison are located at 10 South Dearborn Street, Post Office Box 767, Chicago, Illinois 60690-0767, and their telephone number is 312-394-4321.

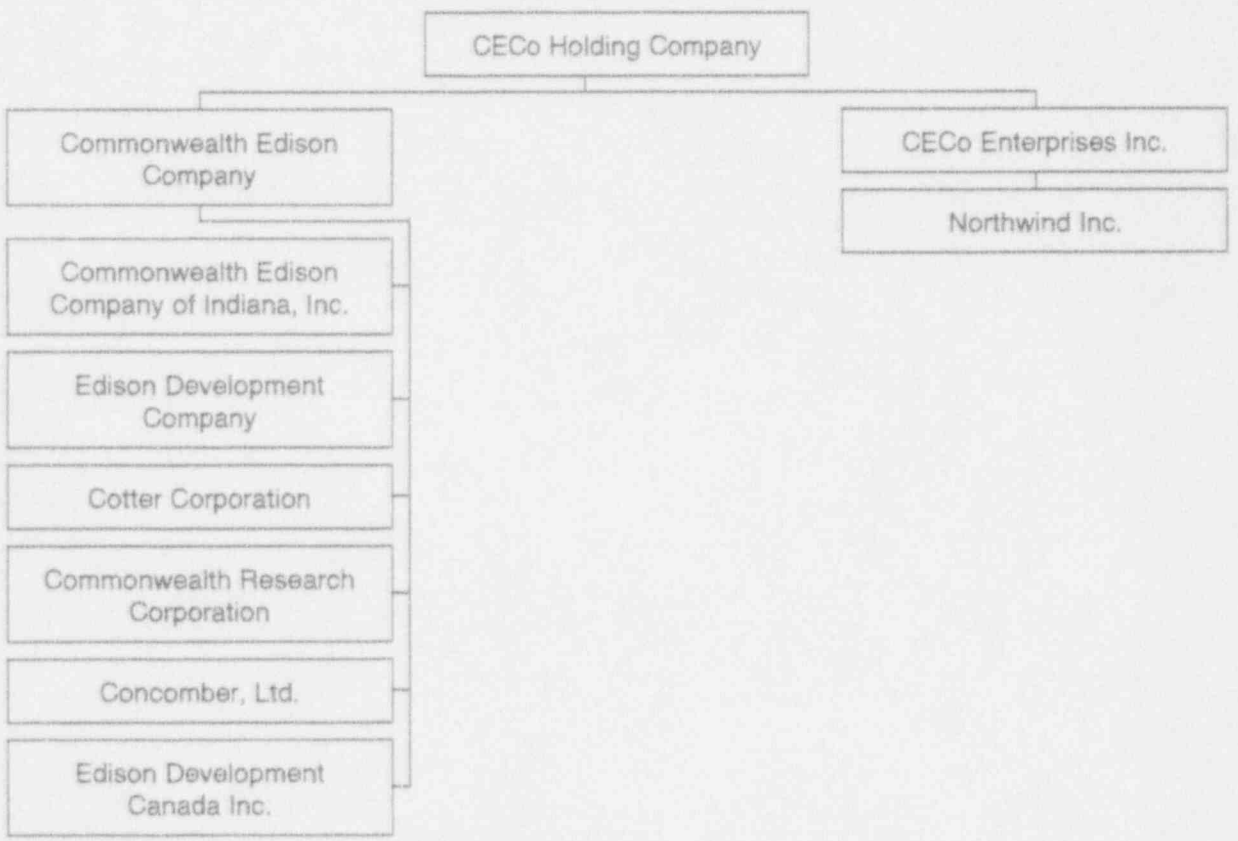
Merging Corp. has nominal assets and has been formed for the sole purpose of effecting the Merger, at which time it will cease to exist.

The following diagrams illustrate the present and proposed corporate structures of (i) Edison and its subsidiaries before the Merger and (ii) Holding Company and its subsidiaries following the Merger and the Edison transfer of CECo Enterprises to Holding Company. Edison will retain its other subsidiaries, which provide goods and services to Edison.

PRESENT STRUCTURE



PROPOSED STRUCTURE



EXCHANGE OF CERTIFICATES

It will not be necessary for shareholders to turn in their certificates for Edison Common Stock in exchange for certificates for Holding Company Common Stock. The certificates which presently represent outstanding shares of Edison Common Stock will automatically represent shares of Holding Company Common Stock following the effectiveness of the Merger. New certificates bearing the name of the Holding Company will be issued in the future, if, and as, certificates for presently outstanding shares of Edison Common Stock are presented for exchange or transfer.

STOCK EXCHANGE LISTINGS

Holding Company will apply to list its Common Stock on the New York, Chicago and Pacific Stock Exchanges. It is expected that such listings will become effective on the effective date of the Merger, subject to the rules of such Exchanges. See "Listing of Holding Company Common Stock."

DIVIDEND POLICY

Dividends on Holding Company Common Stock will depend primarily on the earnings, financial condition and capital requirements of Edison, and its ability to pay dividends on the Edison Common Stock owned by Holding Company. It is currently contemplated that Holding Company will initially pay quarterly dividends on Holding Company Common Stock at the same rate, and on approximately the same schedule, as dividends most recently have been paid on Edison Common Stock. See "Dividend Policy."

REASONS FOR THE RESTRUCTURING

The management and the Board of Directors of Edison unanimously believe that the proposed restructuring is beneficial because it will permit affiliates of Edison to engage in non-utility businesses without the prior approval of, or being regulated by, the Illinois Commerce Commission. The restructuring is intended to permit timely responses to competitive activities which could adversely affect the Edison utility business, to insulate the Edison utility business from the business risks and obligations of other Holding Company subsidiaries, to provide financial flexibility and to facilitate capital allocation and managerial accountability. See "Reasons for the Restructuring."

VOTE REQUIRED

Only holders of shares of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock at 4:00 P.M., Chicago time, on March 11, 1994 ("Record Date"), will be entitled to notice of and to vote at the regular annual meeting to consider approval of the Merger Agreement to effect the restructuring. As of March 11, 1994, there were shares of Edison Common Stock, shares of Edison Preferred Stock and shares of Edison Preference Stock outstanding. The affirmative votes of the holders of two-thirds of the outstanding shares of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock, voting together as a single class, are required to approve the Merger Agreement. See "Voting."

REGULATORY APPROVALS

Applications for approval of the restructuring have been filed with the SEC under the Public Utility Holding Company Act of 1935 ("1935 Act"), the Federal Energy Regulatory Commission ("FERC") under the Federal Power Act and the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act. Amendments to the Illinois Public Utilities Act which became effective on July 13, 1993, permit the restructuring to occur without the prior approval of the Illinois Commerce Commission, subject to certain conditions. See "Required Regulatory Approvals" and "Illinois Public Utilities Act."

CERTAIN TAX CONSEQUENCES

It is intended that the conversion of Edison Common Stock into Holding Company Common Stock in the Merger will not be taxable under Federal income tax laws, and it is a condition for the Merger to become effective that Edison receive either an opinion of counsel or a ruling from the Internal Revenue Service satisfactory to the Edison Board of Directors with respect to the Federal income tax consequences of the Merger. Edison has received a ruling concerning certain tax consequences of the Merger, and it has received an opinion of Sidley & Austin, counsel to Edison, with respect to certain other tax consequences of the Merger. See "Federal Income Tax Consequences."

RIGHTS OF DISSENTING SHAREHOLDERS

The holders of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock have the right to dissent from consummation of the Merger and, upon compliance with the procedural requirements of the Illinois Business Corporation Act, to receive the "fair value" of their shares if the Merger is effected. Any such holders electing to exercise their right of dissent must deliver to Edison before the vote is taken a written demand for payment of such holder's shares if the Merger is consummated, and not vote to approve the Merger Agreement. See "Rights of Dissenting Shareholders" and Exhibit D.

INTRODUCTION

SOLICITATION AND REVOCATION OF PROXIES

The Proxy Statement forming a part hereof is furnished in connection with the solicitation by the Board of Directors of Edison of proxies for use at the regular annual meeting of Edison shareholders to be held on May 10, 1994.

Any shareholder giving a proxy will have the right to revoke it at any time prior to the time it is voted. A proxy may be revoked by written notice to Edison, execution of a subsequent proxy or attendance at the annual meeting and voting in person. Attendance at the meeting will not automatically revoke the proxy. All shares represented by properly executed and unrevoked proxies received in the accompanying form in time for the annual meeting will be voted at the meeting or at any adjournment thereof. A ticket is not required for attendance at the annual meeting; however, confirmation of stock ownership will be made prior to admission to the meeting.

The Edison 1993 Annual Report, including financial statements, was mailed to each Edison shareholder on or about February 15, 1994.

MANNER AND COST OF SOLICITATION

The cost of soliciting proxies will initially be borne by Edison. If the Merger becomes effective, Holding Company will reimburse Edison for all of the expenses it incurs in the restructuring, including the cost of soliciting proxies for approval of the Merger. See "Illinois Public Utilities Act." In addition to solicitation by mail, officers and employes of Edison may solicit proxies by telephone or in person. Edison has arranged for Morrow & Co., Inc. to assist in the solicitation of proxies, at an estimated cost (excluding reimbursement of out of pocket costs) of $25,000.

VOTING

Shareholders of record on the books of Edison at 4:00 P.M., Chicago time, March 11, 1994, will be entitled to vote at the regular annual meeting. On March 11, 1994, there were outstanding shares of Edison Common Stock, outstanding shares of Edison Preferred Stock and outstanding shares of Edison Preference Stock (issued in twelve series). Each share entitles the holder to one vote on each matter submitted to a vote at the meeting, except that in the election of Directors each shareholder has the right to vote the number of shares owned by such shareholder for as many persons as there are Directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of Directors to be elected multiplied by the number of such shares or to distribute such cumulative votes in any proportion among any number of candidates.

The holders of a majority of the outstanding shares entitled to vote on a particular matter and represented in person or by proxy will constitute a quorum for the consideration of such matter at the meeting, except that the holders of two-thirds of the outstanding shares of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock (a) entitled to vote on the proposal to approve the Agreement and Plan of Merger ("Merger Agreement") between Edison and Merging Corp., and represented in person or by proxy will constitute a quorum for the consideration of such proposal, and (b) entitled to vote on the proposed Amendment to the Edison Restated Articles of Incorporation and represented in person or by proxy will constitute a quorum for the consideration of such proposal.

With respect to the election of Directors, a shareholder may mark the accompanying form of proxy to (i) vote for the election of all eleven nominees named in this Proxy Statement as Directors, (ii) withhold authority to vote for all such Director nominees or (iii) vote for the election of all such Director nominees other than any nominee with respect to whom the shareholder withholds authority to vote. Assuming that a quorum is present at the meeting, the eleven persons receiving the greatest number of votes shall be elected as Directors. Withholding authority to vote for a Director nominee will not

prevent such Director nominee from being elected. The proxy holders will cumulate votes of shares represented by proxies only if a shareholder gives them specific written instructions to do so.

With respect to the appointment of Auditors, a shareholder may mark the accompanying form of proxy to (i) vote for the matter, (ii) vote against the matter or (iii) abstain from voting on the matter. If a quorum to vote on such matter is present at the meeting, the affirmative vote of a majority of the shares of stock represented at the meeting and entitled to vote on such matter is required for approval of the Auditors.

Under Illinois law, the affirmative votes of the holders of two-thirds of the outstanding shares of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock, voting together as a single class, are required to approve (i) the Merger Agreement, and (ii) the Amendment to the Edison Restated Articles of Incorporation.

The shares represented by the proxy of each shareholder include shares owned by such shareholder and shares credited to such shareholder's account under the Edison Dividend Reinvestment and Stock Purchase Plan and Employe Savings and Investment Plan.

Proxies submitted by brokers for shares beneficially owned by other persons may indicate that all or a portion of the shares represented by such proxies are not being voted with respect to approval of the Merger Agreement or the proposed Amendment to the Edison Restated Articles of Incorporation. This is because the rules of the New York Stock Exchange do not permit a broker to vote shares held in street name with respect to such matters in the absence of instructions from the beneficial owner of such shares. The shares represented by broker proxies which are not voted with respect to any such matter will not be counted in determining whether a quorum is present for consideration of such matter and will not be considered represented at the meeting and entitled to vote on approval of such matter.

The shares represented by properly executed and unrevoked proxies received in the accompanying form in time for the meeting will be voted at the meeting and will be voted as directed in the proxies. **In the absence of specific direction, the shares represented by the proxies will be voted at the meeting and will be voted FOR the election of the nominees named in this Proxy Statement as Directors, FOR approval of the Merger Agreement, FOR approval of the proposed Amendment to the Edison Restated Articles of Incorporation and FOR appointment of Arthur Andersen & Co. as Auditors.** In the event any nominee for Director shall be unable to serve, which is not now contemplated, the proxies may or may not be voted for a substitute nominee.

Proxies marked to abstain from voting with respect to the Merger Agreement, the proposed Amendment to the Edison Restated Articles of Incorporation or the approval of Auditors will have the legal effect of voting against approval of such matter.

The Board of Directors recommends a vote FOR all Director nominees named in Item A, FOR approval of the Merger Agreement as discussed in Item B, FOR approval of the Amendment to the Edison Restated Articles of Incorporation as discussed in Item C and FOR appointment of Arthur Andersen & Co. as Auditors as discussed in Item D.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists the beneficial ownership, as of December 31, 1993, of persons known to Edison to be the beneficial owner of more than five percent of Edison Common Stock. The table also lists the beneficial ownership, as of March 1, 1994, of Edison Common Stock by each of the Directors, each of the executive officers named in the Summary Compensation Table on page 16 and the Edison Directors and executive officers as a group.

Name	Amount of Beneficial Ownership of Common Stock	Percent of Class
The Capital Group, Inc.	17,700,460(1)	8.30%
Capital Research and Management Company	17,023,300(1)	7.98
Wellington Management Company	14,764,543(2)	6.92
Jean Allard	1,060	*
James W. Compton	1,101	*
Sue L. Gin	1,000	*
Donald P. Jacobs	2,015	*
George E. Johnson	1,100	*
Harvey Kapnick	4,000	*
Byron Lee, Jr.(3)	2,826	*
Edward A. Mason	1,018	*
James J. O'Connor	16,698(4)	*
Frank A. Olson	1,000	*
Samuel K. Skinner	1,000	*
Lando W. Zech, Jr.	3,000	*
Cordell Reed	1,676(5)	*
		*
		*
Directors and executive officers as a group (30 persons)	66,507(6)	*

*Less than one percent

(1) The Capital Group, Inc. ("Capital Group") is the parent company of several investment management companies, including Capital Research and Management Company ("CRMC"), and the shares reported as beneficially owned by it include the shares reported as beneficially owned by CRMC. According to their Schedule 13G dated February 11, 1993, Capital Group exercises sole voting power with respect to 593,310 shares and sole dispositive power with respect to 17,700,460 shares, and CRMC exercises sole dispositive power with respect to 17,023,300 shares (included within the total shares for Capital Group). Their address is 333 South Hope Street, Los Angeles, California 90071.

(2) Wellington Management Company ("Wellington") is also an investment management company. According to their Schedule 13G dated February 10, 1993, Wellington exercises shared voting power with its investment counseling clients with respect to 1,373,800 shares and shared dispositive power with such clients with respect to 14,764,543 shares. Its address is 75 State Street, Boston, Massachusetts 02109.

(3) Mr. Lee also beneficially owns 8 shares of Edison Preference Stock, representing less than one percent of such class.

(4) Includes 1,372 shares owned by family members.

(5) Includes 317 shares owned by spouse.

(6) Includes: 317 shares owned by spouses; 355 shares held in custodial accounts for family members; 1,150 shares jointly owned by spouse and in-laws; 1,392 shares owned by family members; and 2,562 shares jointly owned with family members. Such persons also beneficially own 77 shares of Edison Preference Stock, representing less than one percent of such class.

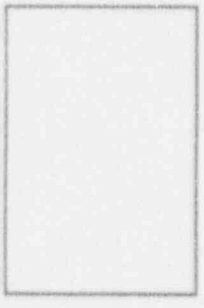
ITEM A. ELECTION OF DIRECTORS

NOMINEES

Admiral Lando W. Zech, Jr., whose current term as a Director expires at the 1994 annual meeting of shareholders, has reached the mandatory retirement age for Directors and is not standing for re-election. Admiral Zech has served as a Director since 1989. His contributions were many and are gratefully appreciated.

Eleven Directors are to be elected at the annual meeting to serve terms of one year and until their respective successors have been elected. The nominees for Director, all of whom are now serving as Directors of Edison, are listed below together with certain biographical information. Except as otherwise indicated, each nominee for Director has been engaged in his or her present principal occupation for at least the past five years.

JEAN ALLARD, age 69. Director since 1975. President of the Metropolitan Planning Council since October 1991. Partner in the law firm of Sonnenschein Nath & Rosenthal for more than five years prior to October 1991. Chair of Finance Committee and member of Compensation, Executive and Regulatory and Environmental Affairs Committees. Other directorships: Axel Johnson, Inc., LaSalle National Bank, LaSalle National Corporation, LaSalle National Trust, N.A. and LaSalle Talman FSB.



JAMES W. COMPTON, age 55. Director since 1989. President and Chief Executive Officer of the Chicago Urban League. Chairman of Audit Committee and member of Compensation, Executive and Nominating Committees. Other directorships: Drexel National Bank, Independence Bank of Chicago and MATRA Transit, Inc.

SUE L. GIN, age 52. Director since 1993. Founder, Owner, Chairman and Chief Executive Officer of Flying Food Fare, Inc. Member of Audit, Compensation and Finance Committees. Other directorship: Michigan National Bank.

DONALD P. JACOBS, age 66. Director since 1979. Dean of the J. L. Kellogg Graduate School of Management, Northwestern University. Chairman of Regulatory and Environmental Affairs Committee and member of Compensation, Finance and Nominating Committees. Other directorships: First Chicago Corporation, The First National Bank of Chicago, Hartmarx Corp., Pet, Incorporated, UDC Homes, Inc., Unocal Corp. and Whitman Corp.

GEORGE E. JOHNSON, age 66. Director since 1971. Chairman of Indecorp, Incorporated (holding company for Drexel National Bank and Independence Bank of Chicago). Founder and retired Chairman, Johnson Products Company, Inc. Member of Audit, Compensation and Nominating Committees. Other directorships: Drexel National Bank, Indecorp, Incorporated, Independence Bank of Chicago and Burrell Communications, Inc.

VEY KAPNICK, age 68. Director since 1980. Vice Chairman of General amics Corporation since April 1991. President of Kapnick Investment Co. Inc. from February 1989 to March 1991. Chairman of Compensation Committee and member of Audit, Finance and Regulatory and Environmental Affairs Committees. Other directorships: General Dynamics Corporation and Maytag Corporation.

BYRON LEE, JR., age 64. Director since 1985. Retired. President and Chief Executive Officer of Nuclear Management and Resources Council (NUMARC) for more than five years prior to August 1992. Member of Finance and Nuclear Operations Committees. Other directorship: Canonie Environmental Services Corp.

EDWARD A. MASON, age 69. Director since 1980. Retired. Vice President, Research, of Amoco Corporation for more than five years prior to July 1989. Chairman of Nuclear Operations Committee and member of Compensation and Regulatory and Environmental Affairs Committees. Other directorship: Symbollon Corporation.

JAMES J. O'CONNOR, age 57. Director since 1978. Chairman of Edison. Chairman of Executive Committee and member of Nominating Committee. Other directorships: Corning Incorporated, First Chicago Corporation, The First National Bank of Chicago, Scotsman Industries, Inc., Tribune Company and UAL Corporation.

FRANK A. OLSON, age 61. Director since 1992. Chairman and Chief Executive Officer of The Hertz Corporation. Chairman of Nominating Committee and member of Audit, Compensation and Regulatory and Environmental Affairs Committees. Other directorships: Becton, Dickinson and Company, Cooper Industries and UAL Corporation.

SAMUEL K. SKINNER, age 55. Director since 1993. President of Edison since February 1993. General Chairman of the Republican National Committee from August 1992 to January 1993. Chief of Staff to the President of the United States from December 1991 to August 1992. Secretary of the United States Department of Transportation from February 1989 to December 1991. Member of Executive Committee. Other directorships: Chicago and Northwestern Holdings Corporation and LTV Corporation.

ADDITIONAL INFORMATION CONCERNING BOARD OF DIRECTORS

Compensation of Directors—Directors who are not employes of Edison receive an annual retainer of $20,000, a fee of $1,000 for each Board and Committee meeting attended and an additional annual retainer of $2,500 for chairing a Committee of the Board. Any non-employe Director who is also a member of the Nuclear Operations Committee receives an additional annual retainer of $5,000. Directors who are full-time employes of Edison receive no fees for service on the Board of Directors. Directors' fees may be deferred. Directors, who have never been an officer or an employe of Edison and who have attained at least age 65 and completed the required period of Board service, are eligible for retirement benefits upon retirement. Such benefits are paid to the retired Director or a surviving spouse for a period equal to such Director's years of service in an amount per year equal to the annual retainer for Board members as in effect at the time of payment.

Audit Committee—The Audit Committee consists of five Directors who are not employes of Edison. Members serve three-year staggered terms. It is the responsibility of the Audit Committee to review with Edison's independent Auditors Edison's financial statements and the scope and results of such Auditors' examinations, to monitor the internal accounting controls and practices of Edison, to review the Annual Report to shareholders and to recommend the appointment, subject to shareholder approval, of independent Auditors. The Committee met two times during 1993. Members of the Committee are James W. Compton (Chairman), Sue L. Gin, George E. Johnson, Harvey Kapnick, and Frank A. Olson.

Compensation Committee—The Compensation Committee consists of all Directors who are not and have never been employes of Edison. Members serve one-year terms. The Committee reviews management and executive compensation programs and administers awards under Edison's Deferred Compensation Plan, Management Incentive Compensation Plan and 1993 Long-Term Incentive Plan. The Committee met two times during 1993. Members of the Committee are Harvey Kapnick (Chairman), Jean Allard, James W. Compton, Sue L. Gin, Donald P. Jacobs, George E. Johnson, Edward A. Mason, Frank A. Olson and Lando W. Zech, Jr.

Executive Committee—The Executive Committee consists of five Directors. Members serve one-year terms. The remaining Directors constitute alternates to serve temporarily, in rotation, in place of

any member unable to serve. The Committee has and may exercise all the authority of the Board of Directors when the Board is not in session, subject to limitations set forth in the By-Laws. The Committee met six times during 1993. Members of the Committee are James J. O'Connor (Chairman), Jean Allard, James W. Compton, Samuel K. Skinner and Lando W. Zech, Jr.

Finance Committee—The Finance Committee consists of five Directors. Members serve one-year terms. The Committee reviews the scope and results of Edison's financing program. The Committee met three times during 1993. Members of the Committee are Jean Allard (Chair), Sue L. Gin, Donald P. Jacobs, Harvey Kapnick and Byron Lee, Jr.

Nominating Committee—The Nominating Committee consists of five Directors, a majority of whom are not employes of Edison. Members serve one-year terms. The Committee reviews the qualifications of potential candidates and proposes nominees for Director to the Board. The Committee will consider nominees recommended by shareholders if such recommendations are submitted in writing, accompanied by a description of the proposed nominee's qualifications and other relevant biographical information and evidence of the consent of the proposed nominee. The recommendations should be addressed to the Nominating Committee, in care of the Secretary of Edison. Nominations also may be presented by shareholders at Edison's annual meeting of shareholders. The Committee met one time during 1993. Members of the Committee are Frank A. Olson (Chairman), James W. Compton, Donald P. Jacobs, George E. Johnson and James J. O'Connor.

Nuclear Operations Committee—The Nuclear Operations Committee consists of three Directors. Members serve one-year terms. The Committee reviews Edison's nuclear operations. The Committee met nine times during 1993. Members of the Committee are Edward A. Mason (Chairman), Byron Lee, Jr. and Lando W. Zech, Jr.

Regulatory and Environmental Affairs Committee—The Regulatory and Environmental Affairs Committee consists of five Directors. Members serve one-year terms. The Committee reviews Edison's relationships with economic and environmental regulatory agencies and reviews matters involving Edison before such agencies. The Committee met four times in 1993. Members of the Committee are Donald P. Jacobs (Chairman), Jean Allard, Harvey Kapnick, Edward A. Mason and Frank A. Olson.

Attendance at Meetings—During 1993, there were fifteen meetings of the Board of Directors. The average attendance of all incumbent Directors, expressed as a percent of the aggregate total of Board and Board Committee meetings in 1993, was 95%. Each incumbent Director attended at least 83% of the meetings of the Board and Board Committees of which the Director was a member.

EXECUTIVE COMPENSATION

The following table sets forth certain information relating to the compensation during the past three calendar years of those persons who were, at December 31, 1993, the Chief Executive Officer and the other four most highly compensated executive officers of Edison.

Summary Compensation Table

Names and Principal Position	Year	Annual Compensation		All Other Compensation(3)
		Salary(1) $	Bonus(2) $	$
James J. O'Connor	1993	668,126		
Chairman (Chief	1992	739,084	0	77,332
Executive Officer)	1991	662,738	0	
Samuel K. Skinner(4)	1993	442,884		
President				
Cordell Reed	1993	205,934		
Senior Vice President	1992	216,654	0	19,901
	1991	205,227	10,261	—
	1993			
Vice President	1992			
	1991			
	1993			
Vice President	1992			
	1991			

(1) Amounts shown include salary and compensation paid under the Edison Deferred Compensation Plan.

(2) Amounts shown include compensation earned under the Edison Management Incentive Compensation Plan.

(3) Amounts shown include matching contributions made by Edison pursuant to the Edison Employe Savings and Investment Plan ("ESIP") and premiums and administrative service fees paid by Edison on behalf of the named individuals under various group life insurance plans. For the year 1993, contributions made to the ESIP amounted to $, $, $, $ and $ on behalf of Messrs. O'Connor, Skinner, Reed, , and , respectively. Premiums paid during 1993 for Split Dollar Life, Accidental Death and Travel Accident insurance policies for Messrs. O'Connor, Skinner, Reed, , and , respectively, are as follows: $, $ and $; $, $ and $; $, $ and $; $, $ and $; and $, $ and $. Edison is entitled to recover the premiums and administrative service fees from any amounts paid by the insurer on such Split Dollar Life policies and has retained a collateral interest in each policy to the extent of the premiums and administrative service fees paid with respect to such policy.

(4) Mr. Skinner became employed by Edison in February 1993.

Service Annuity System Plan

The following table sets forth the annual retirement benefits payable under the Service Annuity System Plan (including payments under the unfunded equalization benefit plan) to employes who retire at age 65 at stated levels of compensation and years of service at retirement (in 1994).

Pension Plan Table

Highest 5-year Average Earnings	Annual Normal Retirement Benefits After Specified Years of Service*					
	15	20	25	30	35	40
$ 100,000	$ 35,410	$ 45,018	$ 53,967	$ 62,423	$ 70,511	$ 73,825
200,000	70,821	90,036	107,934	124,847	141,023	147,649
300,000	106,231	135,055	161,901	187,270	211,534	221,474
400,000	141,641	180,073	215,868	249,693	282,046	295,298
500,000	177,052	225,091	269,835	312,116	352,557	369,123
600,000	212,462	270,109	323,802	374,540	423,069	442,948
700,000	247,872	315,128	377,769	436,963	493,580	516,772
800,000	283,283	360,146	431,736	499,386	564,092	590,597
900,000	318,693	405,164	485,703	561,809	634,603	664,421
1,000,000	354,103	450,182	539,670	624,233	705,114	738,246
1,100,000	389,514	495,201	593,637	686,656	775,626	812,071
1,200,000	424,924	540,219	647,604	749,079	846,137	885,895
1,300,000	460,334	585,237	701,571	811,502	916,649	959,720
1,400,000	495,745	630,255	755,538	873,926	987,160	1,033,544
1,500,000	531,155	675,274	809,505	936,349	1,057,672	1,107,369

*An employe may elect a marital annuity for a surviving spouse which would reduce the employe's normal retirement benefits. The amounts shown reflect certain assumptions as to total earnings, but do not reflect the reduction for Social Security benefits described below.

Service Annuity System Plan—Edison maintains a non-contributory Service Annuity System Plan for all regular employes of Edison. The Plan provides benefits upon retirement at age 65 which are based upon years of service and percentages of the employe's (a) total earnings and (b) highest consecutive five-year average annual base pay, reduced by 25% (less one percentage point for each year of service less than 35 years) of the employe's estimated Social Security benefits. An employe may retire prior to attaining age 60 and generally will receive actuarially reduced benefits. A non-executive employe may work beyond age 65 with additional benefits accruing for earnings and service after age 65. Contributions to the Plan by Edison are based upon actuarial determinations that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employe Retirement Income Security Act of 1974, as amended. The compensation used in the computation of annual retirement benefits under the Plan is substantially equivalent to salary compensation as reported in the Summary Compensation Table but is limited by the Internal Revenue Code as of January 1, 1994 to $150,000 for any one employe. Any reduction in the annual retirement benefits payable to management employes under the Plan as a result of any limitations imposed by the Internal Revenue Code is restored by an unfunded equalization benefit plan maintained by Edison. Credited years of service under the Plan for the persons named in the Summary Compensation Table are as follows: James J. O'Connor, 30 years; Samuel K. Skinner, 1 year; Cordell Reed, 33 years; , years; and , years.

Employment Agreement

Edison has an agreement with Mr. Skinner providing for a base salary of $490,000 and an unfunded supplemental retirement benefit. The supplemental retirement benefit does not vest until the completion of five years of employment and provides a benefit, together with any benefits payable under the Service Annuity System Plan and a social security supplement, equal to one-third of Mr. Skinner's highest base salary during the preceding five years, after five years of service, and increasing ratably annually to one-half of such salary after ten years. The agreement also provides for a severance payment equal to two years of base salary, payable over three years, and a three year continuation of health and life insurance benefits in the event that Mr. Skinner's employment is terminated by Edison for reasons other than death, fraud or willful misconduct. The severance payment is subject to reduction to the extent that Mr. Skinner receives compensation from another full-time employer during the payment period.

Compensation Committee Report on Executive Compensation

[To Be Filed By Amendment]

Compensation Committee

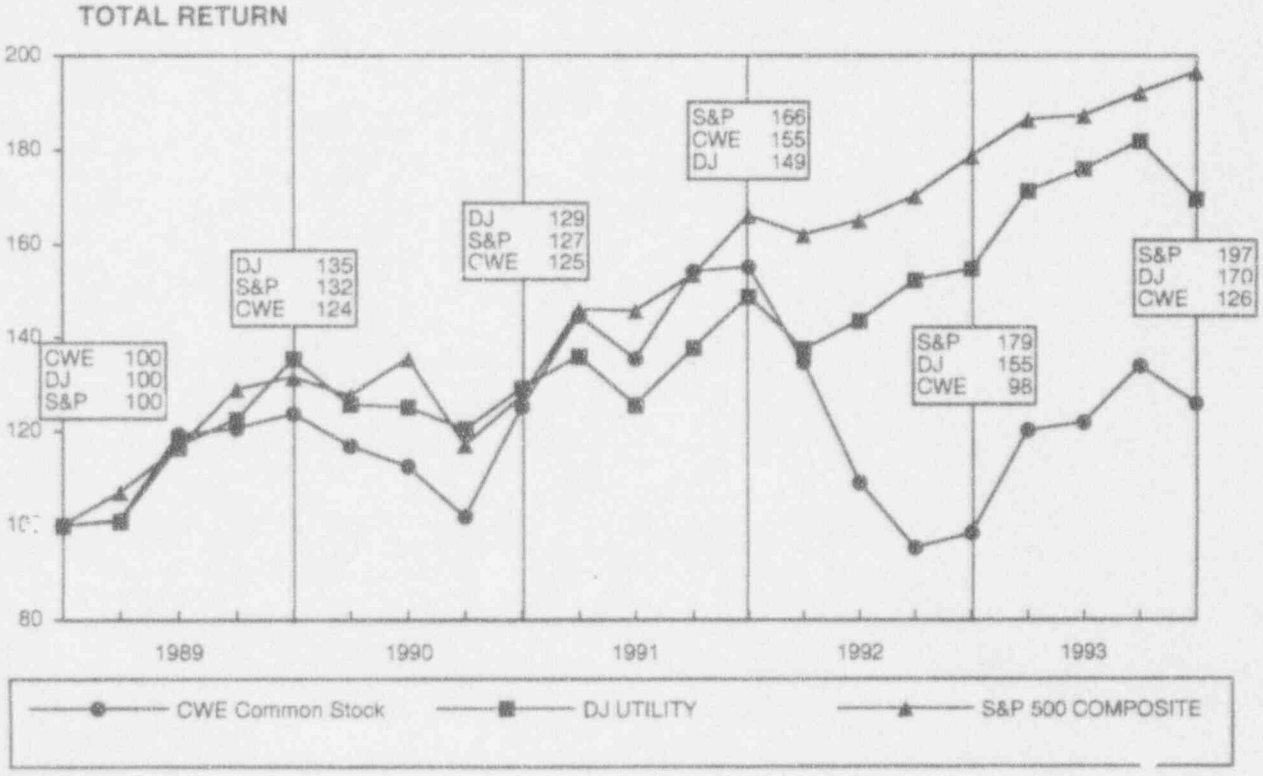
Harvey Kapnick	George E. Johnson
Jean Allard	Edward A. Mason
James W. Compton	Frank A. Olson
Sue L. Gin	Lando W. Zech, Jr.
Donald P. Jacobs	

SHAREHOLDER RETURN PERFORMANCE

Set forth below is a line graph comparing the quarterly percentage change in the cumulative total shareholder return on Edison Common Stock ("CWE") against the cumulative total return of the S&P 500 Composite Stock Index and the Dow Jones Utility Stock Index for the five-year period ending December 31, 1993.

CUMULATIVE PERFORMANCE SINCE JANUARY 1, 1989
ASSUMING REINVESTMENT OF DIVIDENDS

(JANUARY 1, 1989 = $100)



ITEM B. CORPORATE RESTRUCTURING PLAN

The management and the Board of Directors of Edison unanimously believe it is in the best interest of Edison and its shareholders to change the corporate structure of Edison so that it will become a separate subsidiary of a new parent holding company, with the present holders of Edison Common Stock becoming the holders of the common stock of the new parent.

To carry out such restructuring, Edison has caused to be incorporated a new Illinois corporation, Holding Company, which has a nominal amount of stock outstanding and no present business or properties of its own. Holding Company, in turn, has caused to be incorporated a new Illinois corporation, Merging Corp. The outstanding Holding Company stock is presently owned by Edison, and the outstanding Merging Corp. stock is presently owned by Holding Company.

Edison and Merging Corp. have entered into the Merger Agreement under which, subject to shareholder and regulatory approvals and the satisfaction or waiver of certain conditions, Edison will become a subsidiary of Holding Company through the Merger of Merging Corp. into Edison. In the Merger, the outstanding shares of Edison Common Stock will be converted on a share-for-share basis into Holding Company Common Stock. A copy of the Merger Agreement is attached to this Prospectus and Proxy Statement as Exhibit A and is incorporated herein by reference.

In addition, Edison, Holding Company and Merging Corp. have entered into a Supplemental Agreement which provides for the issuance of Holding Company Common Stock in the Merger and pursuant to plans under which participants currently receive Edison Common Stock. A copy of the Supplemental Agreement is attached to this Prospectus and Proxy Statement as Exhibit B and is incorporated herein by reference.

It is intended that the restructuring will not have any adverse Federal income tax consequences to the current holders of Edison Common Stock, Edison Preferred Stock or Edison Preference Stock. See "Federal Income Tax Consequences."

REASONS FOR THE RESTRUCTURING

General. The primary purpose of the proposed restructuring into a holding company system for Edison is to permit Edison affiliates to engage in non-utility businesses without the prior approval of, or being regulated by, the Illinois Commerce Commission ("Illinois Commission"), in part to permit timely responses to competitive activities which could adversely affect the Edison utility business, to insulate the Edison utility business from the business risks and obligations of its non-utility affiliates and to provide financial flexibility and facilitate capital allocation and managerial accountability.

Competition. The demand for electricity provided by Edison and other utility companies is becoming increasingly affected adversely by competition from non-utility entities which seek to provide energy services to users of large quantities of electricity, such as educational, health care and governmental institutions, and industrial, commercial and wholesale customers.

Such competition results in part from, among other things:

(i) cogeneration facilities developed under the Public Utility Regulatory Policies Act of 1978 ("PURPA"), which produce electricity which may be used by the cogenerator or, as required by PURPA, purchased by the local electric utility; such facilities are qualifying facilities ("QFs");

(ii) generation facilities which may be developed in accordance with the Energy Policy Act of 1992 ("Energy Act") by non-utility entities which sell electricity at wholesale to electric utilities; such facilities are exempt wholesale generators ("EWGs");

(iii) generation facilities which provide electricity to a single user of large quantities of electricity; such facilities are typically situated on the property where such electricity is used;

(iv) the use of natural gas and other forms of energy to satisfy energy needs which historically have been supplied primarily or exclusively by electricity;

(v) FERC orders under the Energy Act which could require an electric utility, such as Edison, to transmit or "wheel" on its own transmission system power generated for wholesale sale by other electric utilities, QFs and EWGs; and

(vi) unregulated energy services provided to users of large quantities of electricity by independent entities or affiliates of utility companies,

any of which may reduce the quantity, or change the use, of electricity sold by an electric utility, such as Edison, and thereby reduce its revenues and profits.

Prior to recent amendments to the Illinois Public Utilities Act, Edison was unable to take any action, either directly or through an Edison subsidiary, to mitigate or prevent Edison revenue losses from competitive activities of others without the prior approval of the Illinois Commission. Historically, many Edison proceedings before the Illinois Commission have been lengthy and contentious. In such proceedings, Illinois Commission staff, Edison competitors and customers, special interest advocates and others often seek to obtain some advantage at the expense of Edison generally, as conditions to such approval. The probable lengthy duration of Illinois Commission proceedings, potentially restrictive conditions in any Illinois Commission order, subsequent reversal or modification by the Illinois Commission of such order, and the possible legal appeal, stay or reversal of any such order could prevent Edison, either directly or through subsidiaries, from taking timely and effective competitive action to mitigate or prevent revenue loss.

Furthermore, the uncertainties about whether and when the Illinois Commission might issue an order permitting Edison or its subsidiaries to provide energy services to a particular customer, the results of any legal appeal of such order and the possibility that such services could be regulated by the Illinois Commission, could dissuade such customer from contracting to obtain such services from Edison or its subsidiaries. Edison believes that such uncertainties were the primary, and perhaps only, reason that the Metropolitan Pier and Exposition Authority ("MPEA") awarded the contract to provide district cooling and heating services to its McCormick Place exposition facilities in Chicago, to a non-utility entity and an unregulated subsidiary of a public utility holding company, instead of to Edison. Instead of using electricity at peak daytime rates to operate conventional air conditioning equipment at McCormick Place, the Edison proposal would have used electricity to produce ice at low off-peak rates to cool McCormick Place, whereas the proposal selected by the MPEA will use natural gas to operate equipment to cool McCormick Place. The result is the loss of a significant customer for Edison electricity, instead of merely shifting electricity sales from peak daytime hours to off-peak hours.

Consequently, Edison proposes to create a holding company which could create subsidiaries to compete with non-utility businesses, including unregulated subsidiaries of other public utility holding companies, to provide unregulated energy and other services and products to Edison customers and others. Some of such activities could reduce energy costs of users of large quantities of electricity and thereby reduce or eliminate incentives for such users to obtain electricity from other sources, or to switch from using electricity to natural gas or another form of energy.

See "Illinois Public Utilities Act."

Other. The Edison holding company system will clearly separate its electric utility business from the non-utility businesses of other Holding Company subsidiaries. Operating management of Edison will continue to maintain its focus on meeting its public utility responsibilities. The separation of utility and non-utility activities will (i) facilitate the allocation of expenses, (ii) protect Edison from any adverse effects of non-utility operations, (iii) facilitate the regulation of the Edison utility operations by the Illinois Commission and (iv) permit the Edison capital structure to be managed efficiently.

The non-utility subsidiaries of Holding Company would have the flexibility to use various financing techniques suitable for non-utility businesses, without any impact on the capital structure or credit of Edison. Such non-utility businesses could pursue business opportunities which potentially could enhance the financial strength and operating results of Holding Company.

The Edison electric utility business is expected to constitute the predominant part of Holding Company's earning power for the foreseeable future. Edison operations will continue to be subject to the jurisdiction of the Illinois Commission, FERC and NRC, and conducted with the same assets and management. The management and Board of Directors of Edison believe that the restructuring will have no adverse effect on Edison, its security holders or its customers.

MERGER AGREEMENT

The Merger Agreement has been unanimously approved by the Boards of Directors of Edison and Merging Corp., and they have executed the Merger Agreement, subject to its approval by the holders of the outstanding Edison Common Stock, Edison Preferred Stock and Edison Preference Stock as described under "Voting." In the Merger,

(1) each outstanding share of Edison Common Stock will be converted into one new share of Holding Company Common Stock;

(2) each outstanding share of Edison Preferred Stock and each outstanding share of Edison Preference Stock will remain outstanding and unchanged (see "Treatment of Preferred and Preference Stock");

(3) the outstanding shares of Merging Corp. common stock will be converted into the same number of shares of Edison Common Stock which are outstanding immediately prior to the effective time of the Merger, and all of the Edison Common Stock will then be owned by Holding Company; and

(4) the shares of Holding Company Common Stock presently held by Edison will be cancelled.

As a result, Edison will become a subsidiary of Holding Company, and all of the Holding Company Common Stock outstanding immediately after the Merger will be owned by the holders of Edison Common Stock outstanding immediately prior to the Merger. See Exhibit A.

The Edison Preferred Stock, Edison Preference Stock, Warrants, first mortgage bonds, debentures and other long-term debt of Edison will be unchanged and will continue to be outstanding securities and obligations of Edison after the Merger. The Edison first mortgage bonds will continue to be secured by a first mortgage lien on all properties of Edison which are currently subject to such lien. The Edison Restated Articles of Incorporation as then in effect will not be changed as a result of the Merger.

SUPPLEMENTAL AGREEMENT

Holding Company, Edison and Merging Corp. have entered into a Supplemental Agreement in which (a) Holding Company has agreed to issue Holding Company Common Stock in the Merger and under the Edison Stock Plans (see "Stock Plans"), (b) Edison and Merging Corp. have agreed to merge pursuant to the Merger Agreement and (c) Edison and Merging Corp. have agreed not to amend the Merger Agreement without the consent of Holding Company. See Exhibit B.

REQUIRED REGULATORY APPROVALS

Public Utility Holding Company Act of 1935. Commonwealth Edison Company of Indiana, Inc. ("Indiana Company"), is a public utility company and a wholly-owned subsidiary of Edison, which is thus a public utility holding company as well as a public utility company. As a result of the Merger, Holding Company will become an affiliate of both Edison and the Indiana Company. Section 9(a)(2) of the 1935 Act requires the prior approval of the SEC under Section 10 of the 1935 Act for any person to become an affiliate of more than one public utility company, and Holding Company has applied for such approval. Holding Company has also applied to the SEC for an order exempting Holding Company from all provisions of the 1935 Act, except Section 9(a)(2) thereof. The basis for such exemption is that Holding Company and Edison are each organized and carry on their business substantially in Illinois, and that Holding Company derives no material part of its income from the Indiana Company.

Federal Power Act. The FERC has held that the transfer of common stock of a public utility company, such as Edison, from its existing shareholders to a holding company in a transaction such as the Merger constitutes a transfer of the "ownership and control" of the facilities of such utility which is subject to FERC jurisdiction under the Federal Power Act ("FPA"), and is thus a "disposition of facilities" subject to FERC review and approval under Section 203 of the FPA; Edison has applied for such approval.

Atomic Energy Act. A provision in the Atomic Energy Act requires NRC consent for the transfer of control of NRC licenses. In response to an inquiry from another utility, the NRC Staff has asserted that this provision applies to the creation of a holding company by an NRC-licensed utility company in a transaction such as the Merger. Edison holds several NRC licenses, including operating licenses for its nuclear generating stations, and has applied for NRC approval under the Atomic Energy Act of the transfer of control of such licenses in the Merger.

Conditions. The Merger is conditioned on the receipt of orders satisfactory to Edison and Holding Company from the SEC, FERC and NRC in response to the applications described above.

ILLINOIS PUBLIC UTILITIES ACT

The Illinois Public Utilities Act ("Illinois Act") requires prior Illinois Commission approval of reorganizations of Illinois public utilities, such as Edison, and the Merger is such a reorganization. However, Amendments ("1993 Amendments") to the Illinois Act which became effective on July 13, 1993, permit certain Illinois electric utilities, including Edison, to create and become a subsidiary of a holding company on or before January 14, 1995, without the approval or consent of the Illinois Commission, except that such date would be extended by a petition for such extension filed with the Illinois Commission on such date, until the Illinois Commission makes certain findings and denies such petition.

The 1993 Amendments were adopted to enable Edison and any other qualifying Illinois electric utility to reorganize into a holding company system without the approval or consent of the Illinois Commission in order to avoid the delays which are inherent in Illinois Commission proceedings on utility reorganization applications; Illinois Commission proceedings on another recent and very similar Illinois utility reorganization application endured for more than two and two-thirds years before the Illinois Commission approved such reorganization. The 1993 Amendments recognize that it is important for Illinois electric utilities to form holding companies expeditiously to enable them to respond quickly to current and expected competitive activities of non-utility entities, as described under "Reasons for the Restructuring—Competition."

The restructuring of Edison into a holding company system which is described in this Prospectus and Proxy Statement is a reorganization permitted by the 1993 Amendments and will not require the approval or consent of the Illinois Commission.

The 1993 Amendments also permit an Illinois electric utility which has initiated certain actions to create and become a subsidiary of a holding company pursuant to the 1993 Amendments, to form, invest in, and guarantee obligations of subsidiaries which engage in specified energy related businesses, without the approval or consent of the Illinois Commission.

The 1993 Amendments also (i) require Holding Company to pay or reimburse Edison for all costs incurred by Edison in connection with the Merger, if it occurs; (ii) permit Edison to make a loan to Holding Company of up to the lesser of $10 million or 2.5% of Edison's retained earnings as reported in the most recent Annual Report filed by Edison with the Illinois Commission, bearing interest at the rate of 10% per annum, and require that such loan be repaid not later than 240 days after the Merger occurs; (iii) require Holding Company and Edison to file certain information with the Illinois Commission; (iv) require the Illinois Commission to reduce Edison's rates to reflect additional revenues it would have earned if subsidiaries of Edison or Holding Company had not provided services specified in the 1993 Amendments, if the Illinois Commission finds that there was no reasonable probability that customers for such services would have obtained such services from other sources or provided such services for themselves; (v) limit the amount of Edison investments in and guarantees of obligations of subsidiaries formed pursuant to the 1993 Amendments, including CECo Enterprises and its subsidiaries; (vi) require Edison to transfer or liquidate its interest in subsidiaries formed pursuant to the 1993 Amendments, including CECo Enterprises and its subsidiaries, if Edison is not a subsidiary of Holding Company on January 14, 1995, or such later date as may be determined in an Illinois Commission order which makes certain findings and denies a petition to extend such date; (vii) provide for Illinois Commission hearings on contracts or arrangements pursuant to which Edison provides services and facilities to its affiliates, including CECo Enterprises; and (viii) require Edison to make any portion of its electric distribution and transmission facilities which would be used by an Edison affiliate to make an unregulated sale of electricity, available at the same price and under the same terms and conditions to any other person who offers to make such sale.

TRANSFER OF EDISON ASSETS TO HOLDING COMPANY

CECo Enterprises has been formed by Edison pursuant to the 1993 Amendments, and will engage through subsidiaries, including Northwind Inc., only in energy related businesses permitted by the 1993 Amendments until CECo Enterprises is transferred to Holding Company. The 1993 Amendments require that Edison transfer or liquidate its interest in CECo Enterprises on the date that Edison becomes a subsidiary of Holding Company; consequently, Edison intends to transfer to Holding Company on such date, the stock of CECo Enterprises as a dividend on the Edison Common Stock held by Holding Company.

Except for dividends or other distributions with respect to Edison Common Stock held by Holding Company, it is expected that Edison will not transfer without adequate consideration any of its assets to Holding Company or any Holding Company subsidiaries. Any transactions, other than dividends on Edison Common Stock held by Holding Company and transactions permitted by the 1993 Amendments, between Edison and any of its affiliates, including Holding Company, would require the prior approval of the Illinois Commission.

DIVIDEND POLICY

Holding Company does not now, nor will it after the Merger, conduct directly any business operations from which it will derive any revenues. Holding Company plans to obtain funds for its own operations from dividends paid to Holding Company on the stock of its subsidiaries, and from sales of securities or debt incurred by Holding Company. Dividends on Holding Company Common Stock will initially depend upon the earnings, financial condition and capital requirements of Edison, and its ability to pay dividends on the Edison Common Stock owned by Holding Company. It is currently contemplated

that Holding Company will pay quarterly dividends on Holding Company Common Stock at the same rate, and on approximately the same schedule as, dividends have most recently been paid on Edison Common Stock. The quarterly dividend most recently declared by the Edison Board of Directors on Edison Common Stock was 40¢ per share payable February 1, 1994, to holders of record of such stock on December 31, 1993.

TREATMENT OF PREFERRED AND PREFERENCE STOCK

The Merger and restructuring will not result in any change in the outstanding shares of Edison Preferred Stock or Edison Preference Stock. The decision to have the Edison Preferred Stock and Edison Preference Stock continue as securities of Edison is based upon, among other factors, a desire not to alter or potentially alter the nature of the investment represented by such stock, as well as the need of Edison not to foreclose future issuances of Preferred Stock and Preference Stock to help meet its capital requirements. The electric utility operations of Edison presently constitute and are expected to continue to constitute, the predominant part of the consolidated assets and earning power of Holding Company. Accordingly, it is believed that the investment ratings of the Edison Preferred Stock and Edison Preference Stock will not be affected by the Merger, and that such shares will retain their qualification for legal investment for certain investors, by remaining as capital stock of Edison. Edison Preferred Stock and Edison Preference Stock will continue to rank senior to Edison Common Stock as to dividends and as to assets of Edison upon any liquidation.

The restructuring is not expected to affect adversely the holders of Edison Preferred Stock or Edison Preference Stock. However, neither will the assets or earnings of the Holding Company subsidiaries (other than Edison) be of any potential benefit to the holders of such stock if the restructuring is consummated. See "Transfer of Edison Assets to Holding Company."

After the Merger, Edison will continue to be subject to the informational requirements of the 1934 Act, and will be required to hold annual meetings of its Preferred, Preference and Common shareholders. However, Edison may decide not to solicit proxies from its Preferred and Preference shareholders for the election of Directors and other actions not requiring class votes of such shareholders, because the shares of Edison Common Stock to be held by Holding Company will have sufficient voting power to elect Edison Directors and to take such action.

POSSIBLE MINORITY INTEREST

As of January 21, 1994, there were outstanding (i) 285,806 shares of Edison Preferred Stock which are convertible at the option of their holders into an aggregate of 291,522 shares of Edison Common Stock, and (ii) 128,550 Warrants which are convertible at the option of their holders into an aggregate of 42,850 shares of Edison Common Stock. Such Edison Preferred Stock and Warrants will not be changed in the Merger, and thereafter will continue to be convertible into shares of Edison Common Stock. Immediately after the Merger, Holding Company will own all of the outstanding shares of Edison Common Stock.

Shares of Edison Common Stock issued upon conversion of Edison Preferred Stock and Warrants prior to the effective time of the Merger will be converted in the Merger into shares of Holding Company Common Stock, which will be listed and traded on the New York, Chicago and Pacific Stock Exchanges.

Following the Merger the Edison Common Stock will no longer be listed or traded on any stock exchange and there will be no other public market for any shares of Edison Common Stock into which Edison Preferred Stock or Warrants are converted after the Merger.

The minority interest in Edison Common Stock which would be created by the conversion of Edison Preferred Stock or Warrants into shares of Edison Common Stock after the effective time of the Merger, would require Edison to pay to the holders of such shares of Edison Common Stock dividends at the same times and in the same amounts as Edison pays dividends to Holding Company on its shares of Edison Common Stock. The amount of dividends on Edison Common Stock following the Merger is expected to be greater than the amount of dividends on Holding Company Common Stock to the extent Holding Company needs funds to pay its expenses and to invest in its subsidiaries.

AMENDMENT OR TERMINATION

By mutual consent of their respective Boards of Directors, Edison and Merging Corp. may amend any of the terms of the Merger Agreement at any time before or after its approval by their respective shareholders, but not after the time that the Articles of Merger are filed with the Illinois Secretary of State, but no such amendment may, in the sole judgment of the Board of Directors of Edison, materially and adversely affect the rights of the holders of Edison stock.

The Merger Agreement may be terminated and the Merger abandoned at any time before or after the shareholders of Edison and Merging Corp. have approved the Merger Agreement, by action of the Board of Directors of Edison if it determines that consummation of the transactions provided for in the Merger Agreement would, for any reason, be inadvisable or not in the best interests of Edison or its shareholders.

RIGHTS OF DISSENTING SHAREHOLDERS

Sections 11.65 and 11.70 of the Illinois Business Corporation Act of 1983 ("Illinois Business Corporation Act") are set forth in Exhibit D and provide that the holders of Edison Common Stock, Edison Preferred Stock and Edison Preference Stock entitled to vote at the regular annual meeting have the right to dissent from consummation of the Merger and obtain the "fair value" of their shares if the Merger is effected.

In order to perfect such dissenters' rights, a shareholder must (a) deliver to Edison at the Office of the Corporate Secretary, 37th Floor, 10 South Dearborn Street, P.O. Box 767, Chicago, Illinois 60690-0767, prior to the taking of the vote of the shareholders upon the approval of the Merger Agreement, a written demand for payment for his or her shares if the Merger is consummated; and (b) not vote his or her shares in favor of the approval of the Merger Agreement.

Within 10 days after the Merger becomes effective or 30 days after delivery of the written demand for payment, whichever is later, Edison will advise each shareholder who perfects his or her right to dissent of the opinion of Edison as to the estimated fair value of the shareholder's shares. "Fair value" with respect to a dissenter's shares means the value of such shares immediately before the consummation of the Merger, excluding any appreciation or depreciation in anticipation of the Merger, unless such exclusion would be inequitable. At such time, Edison must elect to (a) make a commitment to purchase such shares at such estimated fair value or (b) instruct such dissenting shareholder to sell his or her shares (which, with respect to Edison Common Stock, will have been converted into shares of Holding Company Common Stock) within 10 days thereafter. Edison may instruct the shareholder to sell shares only if there is a public market on which such shares may be readily sold. Such a market will exist for Edison Common Stock (which will have been converted into Holding Company Common Stock at the Effective Time of the Merger) because the Holding Company Common Stock will be listed on the New York, Chicago and Pacific Stock Exchanges immediately following the Merger. Such a public market will exist for Edison Preferred Stock and for only certain Series of Edison Preference Stock. See "Edison Preferred Stock and Edison Preference Stock Market Information." If Edison elects to direct the dissenting shareholder to sell his or her shares and the shareholder does not sell them within such 10-day period, the shareholder shall be deemed to have sold such shares of Holding Company Common Stock or Edison Preferred Stock, or Series of Edison Preference Stock which are listed on the New York Stock Exchange, at the average closing price of such Stock on such Exchange during such 10-day period, or to have sold his or her shares of other Series of publicly traded Edison Preference Stock at the average of the bid and asked price for such shares quoted by a principal market maker during such 10-day period, as the case may be.

A shareholder who perfects his or her right to dissent retains all rights of a shareholder until the Merger is consummated, at which time Edison will pay to each dissenter, if Edison has not instructed the dissenting shareholders to sell their shares in the public market, the amount Edison estimates to be the fair value of such dissenter's shares, plus interest from the date the Merger was consummated until the date of payment, upon receipt by Edison of the certificates representing such shares. Edison will include with such payment a written explanation of the manner by which the interest was calculated.

If the shareholder does not agree with the Edison estimated fair value or amount of interest, the shareholder must notify Edison in writing, within 30 days after delivery of the Edison statement of fair value, of the shareholder's estimated fair value of such shares and amount of interest, and demand payment of the difference between the shareholder's estimate and (a) the amount paid by Edison or (b) the proceeds (or the amount deemed to be proceeds) of the sale by the shareholder, whichever is applicable because of the option selected by Edison, as described above. If, within 60 days after delivery to Edison of the shareholder's notification of estimated fair value and amount of interest, Edison and the shareholder have not agreed in writing on the fair value of the shares or amount of interest, Edison shall either pay the shareholder the difference between the respective estimated values or file a petition in the Circuit Court of Cook County, Illinois, requesting the Court to determine the fair value of the shares and amount of interest. If the Court determines that the fair value of the shares plus interest exceeds the amount paid by Edison or the proceeds of the sale of shares, as the case may be, the dissenting shareholder shall be entitled to judgment for the amount of the excess. The Court may also assess the costs of the proceeding against either Edison or one or more dissenting shareholders, upon making certain findings.

In connection with the Merger, Edison intends to reserve the right to elect, with respect to Common Stock and Preferred Stock, and Preference Stock for which there is a public market, (a) to offer to pay to dissenting shareholders the original estimate of Edison of the fair value of such shares and to pay any additional amount agreed upon by Edison and the shareholder or ordered by the Court to be paid by Edison to the shareholder as provided in the Illinois Business Corporation Act, or (b) to direct a dissenting shareholder to sell his or her shares and to pay only that amount, if any, in excess of the proceeds of such sale (or the amount of proceeds deemed to have been received) as may be agreed upon by Edison and the shareholder or ordered by the Court to be paid by Edison to the shareholder as provided in the Illinois Business Corporation Act. With respect to Edison Preference Stock for which there is no public market, Edison does not have the option described in (b) of the preceding sentence and it will pay to dissenting holders of such shares the fair value of such shares determined as described herein.

In perfecting a shareholder's right to dissent, neither a vote against approval of the Merger Agreement nor a proxy directing such a vote will be deemed to satisfy the requirement that a written demand for payment be delivered to Edison prior to the taking of the vote thereon. However, a shareholder who has delivered such written demand before the taking of the vote thereon will not be deemed to have waived his or her right to dissent either by failing to vote against approval of the Merger Agreement or by failing to furnish a proxy directing such vote.

Under the Merger Agreement, the Edison Board of Directors has the right to abandon the Merger for any reason (even after shareholder approval but before the time the Articles of Merger are filed with the Illinois Secretary of State), and such right may be exercised if the Edison Board of Directors considers the aggregate cost of purchasing dissenting shares to be unacceptable.

EFFECTIVENESS OF THE RESTRUCTURING

After the Edison shareholders have approved the Merger Agreement, satisfactory orders of the SEC, FERC and NRC have been received, and all other conditions to the Merger have been satisfied or waived, Edison and Merging Corp. will file Articles of Merger with the Illinois Secretary of State. The Merger will thereafter become effective on the date that the Illinois Secretary of State issues a Certificate of Merger in accordance with the Illinois Business Corporation Act.

EXCHANGE OF STOCK CERTIFICATES

If the Merger is effected, it will not be necessary for holders of Edison Common Stock to exchange their existing stock certificates for certificates for Holding Company Common Stock. The certificates which presently represent outstanding shares of Edison Common Stock will automatically represent shares of Holding Company Common Stock. New certificates bearing the name of the Holding Company will be issued in the future if, and as, certificates representing presently outstanding shares of Edison Common Stock are presented for exchange or transfer.

FEDERAL INCOME TAX CONSEQUENCES

The Merger Agreement provides that the proposed restructuring will not occur unless Edison receives either a ruling from the Internal Revenue Service or an opinion of counsel, satisfactory to the Board of Directors, with respect to the Federal income tax consequences of the Merger. Edison has received a ruling from the Internal Revenue Service regarding the continuation of the Edison affiliated group of corporations following the Merger. This ruling ensures, among other matters, that Holding Company, Edison and all current Edison subsidiaries will be entitled to file a consolidated Federal income tax return following the Merger and that the distribution by Edison of the stock of CECo Enterprises to Holding Company on the date of the Merger will not be a currently taxable event. Edison has received an opinion from its counsel, Sidley & Austin, regarding certain Federal income tax consequences of the Merger, to the effect that:

(1) no gain or loss will be recognized by non-dissenting holders of Edison Common Stock upon the conversion of Edison Common Stock into Holding Company Common Stock in the Merger;

(2) no gain or loss will be recognized by non-dissenting holders of Edison Preferred Stock or Edison Preference Stock as a result of the Merger;

(3) the basis of the Holding Company Common Stock deemed received in the Merger by non-dissenting holders of Edison Common Stock will be the same as the basis of the Edison Common Stock converted into such Holding Company Common Stock in the Merger;

(4) the holding period of Holding Company Common Stock deemed received in the Merger by non-dissenting holders of Edison Common Stock will include the period during which they held the Edison Common Stock converted into such Holding Company Common Stock in the Merger, provided such Edison Common Stock is held as a capital asset by such holders at the effective time of the Merger; and

(5) no gain or loss will be recognized by Holding Company or Edison as a result of the Merger.

Holders of Edison Common Stock, Edison Preferred Stock or Edison Preference Stock who contemplate dissenting from the Merger should consult their tax advisors concerning the tax consequences thereof.

LISTING OF HOLDING COMPANY COMMON STOCK

Holding Company will apply to have its Common Stock listed on the New York, Chicago and Pacific Stock Exchanges. It is expected that such listings will become effective on the effective date of the Merger, subject to the rules of the New York, Chicago and Pacific Stock Exchanges.

REGULATION OF HOLDING COMPANY

Holding Company, as the owner of the Edison Common Stock and, indirectly, the Indiana Company common stock, will be a holding company under the 1935 Act. However, Holding Company will be exempt from all provisions of the 1935 Act except Section 9(a)(2) thereof, which would require prior SEC approval of the direct or indirect acquisition by Holding Company of 5% or more of the voting securities of any other electric or gas utility company. There are also limits on the extent to which Holding Company and its non-utility subsidiaries can enter into businesses which are not "functionally related" to the electric utility business without raising questions about Holding Company's exempt status. SEC policies regarding the scope of permissible non-utility activities of a public utility holding company are subject to change but guidelines established in prior decisions of the SEC would require Holding Company to remain engaged primarily and predominantly in the electric utility business and to limit the size of its activities outside of such business relative to Holding Company as a whole.

Holding Company has no present intention of becoming a registered holding company subject to regulation by the SEC under the 1935 Act.

MANAGEMENT

The Directors of Edison will also become the Directors of Holding Company at the effective time of the Merger, and they will thereafter serve as the Directors of both companies. If the Edison shareholders approve the Merger Agreement, they will be considered also to have ratified the election of such persons as the Directors of Holding Company. Until the Merger becomes effective, James J. O'Connor, Chairman and a Director of Edison, and Samuel K. Skinner, President and a Director of Edison, will be the only Directors of Holding Company.

The current executive officers of Holding Company are also executive officers of Edison. The Holding Company executive officers are:

James J. O'Connor	Chairman
Samuel K. Skinner	President
John C. Bukovski	Vice President
Roger F. Kovack	Comptroller
Dennis F. O'Brien	Treasurer
David A. Scholz	Secretary

HOLDING COMPANY CAPITAL STOCK

Authorized. The authorized capital stock of Holding Company consists of 400 million shares of Common Stock, without par value, the provisions of which are included in the Holding Company Articles of Incorporation attached to this Prospectus and Proxy Statement as Exhibit C.

Common Stock. Holders of Holding Company Common Stock are entitled to receive (a) dividends when, as and if declared by its Board of Directors, and (b) all of the assets of Holding Company available for distribution on a *pro rata* basis upon its liquidation, dissolution or winding up, after the payment of all debts and other obligations.

Each share of Holding Company Common Stock entitles its holder to one vote on matters properly submitted to a vote of Holding Company shareholders, and, like the holders of Edison Common Stock, they have the right to cumulate their votes in elections of Directors.

Except for differences described under "Comparative Shareholders' Rights," the provisions of the Articles of Incorporation of Holding Company which establish the rights of the holders of its Common Stock are essentially the same as those in the Restated Articles of Incorporation of Edison.

No holder of Holding Company Common Stock has any preemptive or preferential right to subscribe for any additional issue of Holding Company Common Stock or to subscribe for any security convertible into Holding Company Common Stock. No redemption, conversion or sinking fund provisions are applicable to shares of Holding Company Common Stock.

The Holding Company Common Stock issued in the Merger will be fully paid and nonassessable.

COMPARATIVE SHAREHOLDERS' RIGHTS

Edison and Holding Company are both Illinois corporations. When the Merger becomes effective, holders of Edison Common Stock will become holders of Holding Company Common Stock, and their rights will be governed by the Articles of Incorporation of Holding Company ("Holding Company Articles") instead of the Restated Articles of Incorporation of Edison ("Edison Articles"). Holding Company Articles have been prepared in accordance with the Illinois Business Corporation Act and give the Holding Company broad corporate powers to engage in any lawful activity for which a corporation may be formed under the laws of the State of Illinois. A copy of Holding Company Articles is attached as Exhibit C to this Prospectus and Proxy Statement.

Certain differences between the rights of holders of Holding Company Common Stock and those of holders of Edison Common Stock are summarized below.

(a) *Preferred and Preference Stock.* Holding Company Articles do not authorize any class of stock other than Common Stock. In addition to the presently outstanding shares of Edison Preferred Stock and Edison Preference Stock, as of January 21, 1994, there were 850,000 and 9,810,451 authorized but unissued shares of Edison Prior Preferred Stock and Edison Preference Stock, respectively, which may be issued in series having such rights and preferences as may be designated by the Edison Board of Directors. There are no restrictions upon the issuance of any of such authorized shares except for any actions required by Illinois law to be taken by the Edison Board of Directors.

(b) *Common Stock.* Holding Company Articles authorize the issuance of 400,000,000 shares of Common Stock whereas the Edison Articles presently authorize the issuance of 250,000,000 shares of Common Stock. As of January 21, 1994, there were 213,765,354 shares of Edison Common Stock issued and outstanding, and 5,988,171 shares of Edison Common Stock reserved for issuance under certain Stock Plans. There will be the same number of shares of Holding Company Common Stock issued, outstanding and reserved for issuance under such Stock Plans immediately after the Merger as the number of shares of Edison Common Stock which are issued, outstanding and reserved for such issuance immediately prior to the Merger. The additional authorized but unissued shares of Holding Company Common Stock could be used for stock splits or for acquisitions.

Indemnification. Holding Company Articles require Holding Company in certain circumstances to indemnify its Directors, officers, employes, agents and certain other persons who serve Holding Company, to the full extent permitted by the Illinois Business Corporation Act. Holding Company Articles also authorize it to enter into agreements with its Directors, officers, employes and others to provide for such indemnification.

Although the Edison Articles currently contain no provisions relating to indemnification, its By-Laws contain provisions requiring Edison in certain circumstances to indemnify its Directors, officers, employes, agents and certain other persons who serve Edison. The Edison shareholders at their regular annual meeting will consider a proposal to add to the Edison Articles, provisions relating to indemnification which are the same as those included in the Holding Company Articles. See "Item C. Amendment of the Edison Restated Articles of Incorporation."

Limitation on Director Liability. Holding Company Articles include a provision which limits the personal liability of Holding Company Directors for monetary damages arising from breach of fiduciary duty, as authorized by a change to the Illinois Business Corporation Act which became effective January 1, 1994.

Although the Edison Articles currently contain no provisions limiting the personal liability of Edison Directors for monetary damages, the Edison shareholders at their regular annual meeting will consider a proposal to add to the Edison Articles, provisions limiting the liability of Edison Directors which are the same as those included in the Holding Company Articles. See "Item C. Amendment of the Edison Restated Articles of Incorporation."

Purpose Clause. The corporate purposes for which Edison may engage in business are those related to electric, gas and certain other utility businesses and related activities. Holding Company is authorized by its Articles, as permitted by the Illinois Business Corporation Act, to engage in any and all lawful businesses.

Deferred Compensation Plan. Edison Articles permit the Edison Board of Directors to establish a Deferred Compensation Plan for selected key executive and management employes of Edison and its wholly-owned subsidiaries; Holding Company Articles do not provide for any such Plan. The Holding Company Board of Directors could establish a similar Plan even though the Holding Company Articles do not specifically provide for such a Plan.

STOCK PLANS

If the Merger is consummated, the Edison Employe Savings and Investment Plan, 1993 Long-Term Incentive Plan, Employe Stock Purchase Plan and Dividend Reinvestment and Stock Purchase Plan will be amended to provide that Holding Company Common Stock will be delivered instead of Edison Common Stock pursuant to such Plans. By approving the Merger Agreement, the Edison shareholders will be considered also to have ratified the amendment of such Plans to provide for the delivery of Holding Company Common Stock thereunder.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for Edison Common Stock is First Chicago Trust Company of New York. The Transfer Agent and Registrar for Holding Company Common Stock is First Chicago Trust Company of New York.

EDISON COMMON STOCK MARKET PRICES AND DIVIDENDS

Edison Common Stock is listed and principally traded on the New York, Chicago and Pacific Stock Exchanges. The table below sets forth the dividends declared and the high and low sales prices of Edison Common Stock for the periods indicated as reported in *The Wall Street Journal* as New York Stock Exchange—Composite Transactions.

	Dividends Declared	Price Range	
		High	Low
1992			
First Quarter	$0.75	$40 1/8	$33 3/4
Second Quarter	0.75	34 1/4	26 5/8
Third Quarter	0.40	27 5/8	22 7/8
Fourth Quarter	0.40	26	21 3/4
1993			
First Quarter	$0.40	$28 1/4	$22 7/8
Second Quarter	0.40	29 7/8	25 5/8
Third Quarter	0.40	31 5/8	27 3/8
Fourth Quarter	0.40	30 5/8	27 3/8
1994			
First Quarter (through March , 1994)			

EDISON PREFERRED STOCK AND EDISON PREFERENCE STOCK MARKET INFORMATION

The Edison Preferred Stock and six Series of Edison Preference Stock are listed and principally traded on the New York, Chicago and Pacific Stock Exchanges. The table below sets forth the high and low sales prices of Edison Preferred Stock and Preference Stock of such Series for the periods indicated as reported in *The Wall Street Journal* as New York Stock Exchange—Composite Transactions.

	Edison Preferred Stock		Edison Preference Stock											
			$1.90 Series		$2.00 Series		$7.24 Series		$8.40 Series		$8.38 Series		$8.40 Series B	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
1992														
First Quarter	$39¾	$34½	$24½	$22⅞	$25⅞	$24⅛	$ 91	$87½	$100½	$ 97⅞	$100	$ 96½	$103	$100
Second Quarter	34¾	27¼	23⅞	22	25	23¼	90¼	85	100¾	96⅛	99¼	95½	102	101
Third Quarter	29	26⅛	24	22⅛	25¾	23½	90	85½	101	97¼	100	95½	102⅛	100¾
Fourth Quarter	28¾	26½	24	22½	25¼	23⅛	88	85	99¾	95	97½	94	102½	101½
1993														
First Quarter	$28½	$25¾	$25½	$22⅜	$26	$23⅝	$ 95¼	$85½	$102	$ 94⅝	$102	$ 94	$102	$ 98
Second Quarter	28⅞	26½	25½	24	26⅜	25⅜	97	93	103	99⅝	102½	99	103	98
Third Quarter	31¾	27⅜	26⅜	24¾	27	25½	102½	93½	105	101¼	105	100½	101¾	101¾
Fourth Quarter	30¾	28⅛	25⅞	24¼	26¼	25	101¾	94½	104½	101¼	103	101	102¾	101
1994														
First Quarter (through March , 1994)														

The $8.20, $8.85 and $9.25 Series of Edison Preference Stock are held by institutional investors and are not publicly traded. The $1.96, $6.875, and $9.00 Series of Edison Preference Stock are traded on a limited and sporadic basis in the over-the-counter market, but prices are not quoted in any automated quotation system. The following table sets forth the average of the high and low per share bid prices of each such Series for the periods indicated based on information provided to Edison by firms which deal in shares of such Series.

	Edison Preference Stock					
	$1.96 Series		$6.875* Series		$9.00 Series	
	High	Low	High	Low	High	Low
1992						
First Quarter	$27⅛	$26⅝			$108½	$106⅜
Second Quarter	27⅛	26¾			108¼	106⅜
Third Quarter	26¾	25⅜			109	106⅜
Fourth Quarter	26¾	24			109⅞	107⅞
1993						
First Quarter	$25⅛	$24			$112	$108½
Second Quarter	25¾	25¼	$101	$100	112¼	110⅝
Third Quarter	26⅛	25⅜	105½	101¼	112⅛	110¼
Fourth Quarter	27¼	26⅛	106¼	100¾	112⅞	110⅝
1994						
First Quarter (through March , 1994)						

*Issued in May 1993

The foregoing average bid prices do not reflect retail mark-ups, mark-downs or commissions and do not necessarily reflect actual transactions.

LEGAL OPINIONS

Certain legal matters relating to the issuance of the Holding Company Common Stock in the Merger will be passed upon by Sidley & Austin, One First National Plaza, Chicago, Illinois 60603.

EXPERTS

The financial statements and schedules included or incorporated by reference in the 1992 Form 10-K, the March 31, 1993 Form 10-Q, the June 30, 1993 Form 10-Q, the September 30, 1993 Form 10-Q and the January 28, 1993 Form 8-K, incorporated by reference herein, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are incorporated herein in reliance upon the authority of said firm as experts in accounting and auditing in giving their reports.

ITEM C. AMENDMENT OF THE EDISON RESTATED ARTICLES OF INCORPORATION

The Edison Board of Directors recommends that the shareholders approve a proposal to amend the Edison Restated Articles of Incorporation by adding Article SEVEN (i) to limit the personal liability of the Edison Directors to Edison or its shareholders for monetary damages arising from breach of fiduciary duty and (ii) to indemnify Edison Directors, officers, agents and other persons who provide services to Edison, to the full extent permitted by the Illinois Business Corporation Act. The proposed amendment to limit the personal liability of Edison Directors is authorized by a change to the Illinois Business Corporation Act that became effective on January 1, 1994. The proposed amendment will assist Edison in attracting and retaining qualified individuals to serve Edison.

BACKGROUND

Until the amendment of the Illinois Business Corporation Act in July 1993, Illinois was one of the few states that had not taken action to protect corporate Directors who acted in good faith but were nevertheless threatened with substantial liability from negligence claims. As a result of the change in the law, an Illinois corporation is now able to provide its Directors with liability protection similar to that available from companies incorporated in the vast majority of other states, including Delaware. Liability is not limited under Illinois law if the acts or omissions of Directors are in bad faith, involve intentional wrongdoing, violate certain statutory provisions, or result in profit or other advantage to which they are not legally entitled.

The By-Laws of Edison currently provide for indemnification of Edison Directors, officers, agents and other persons who serve Edison, to the full extent permitted by the Illinois Business Corporation Act, and the proposed amendment would add such a provision to the Edison Restated Articles of Incorporation.

Edison currently maintains liability insurance policies which indemnify Edison's Directors and officers, the Directors and officers of subsidiaries of Edison, and the trustees of Edison's Service Annuity Funds, against loss arising from claims by reason of their legal liability for acts as such Directors, officers or trustees, subject to limitations and conditions as set forth in the policies. Among other limitations, the primary policy states that no coverage is provided for loss representing "amounts which are deemed uninsurable under the law pursuant to which this policy shall be construed".

TEXT OF THE PROPOSED AMENDMENT

The text of Article SEVEN proposed to be added to the Edison Restated Articles of Incorporation is as follows:

> (a) A director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its shareholders, (ii) for acts or omissions not in

good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the Business Corporation Act of the State of Illinois, or (iv) for any transaction from which the director derived an improper personal benefit. If the Business Corporation Act of the State of Illinois is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the full extent permitted by the Business Corporation Act of the State of Illinois, as so amended. Any repeal or modification of this paragraph (a) by the shareholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

(b) Each person who is or was or had agreed to become a director or officer of the Company, and each person who is or was serving or who had agreed to serve at the request of the Board or an officer of the Company as an employe or agent of the Company or as a director, officer, employe, or agent, trustee or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified by the Company to the full extent permitted by the Business Corporation Act of the State of Illinois or any other applicable laws as presently or hereafter in effect. Without limiting the generality of the foregoing, the Company may enter into one or more agreements with any person which provide for indemnification greater or different than that provided in this paragraph (b). Any repeal or modification of this paragraph (b) shall not adversely affect any right or protection existing hereunder or under any such agreement immediately prior to such repeal or modification.

REASONS FOR THE PROPOSED AMENDMENT

Limitation of Director Liability. Directors of Illinois corporations are required, under Illinois law, to perform their duties in good faith and with that degree of care that an ordinarily prudent person in a like position would use under similar circumstances. A Director may rely upon information, opinions and reports prepared by certain offices or employes, professional advisors, or committees of the Board. Decisions made on that basis are protected by the "business judgment rule" and should not be questioned by a court in the event of a lawsuit challenging such decisions. However, the expense of defending such lawsuits and the inevitable uncertainties of applying the business judgment rule to particular facts and circumstances mean, as a practical matter, that Directors are not relieved of the threat of monetary damage awards. The Board of Directors of Edison, therefore, believes that the proposed amendment should be adopted in order to ensure that Edison will continue to be able to attract and retain competent, qualified and talented persons to serve as its Directors.

Indemnification. Although the Edison By-Laws currently provide for the indemnification of Edison Directors, officers, agents and other persons who serve Edison, such By-Laws could be changed unilaterally and without notice by the Edison Board of Directors. The proposed amendment would add such provisions to the Edison Restated Articles of Incorporation which can only be changed by action of the Edison shareholders after notice. Indemnification provisions in the Edison Restated Articles of Incorporation are thus less likely to be changed than similar provisions in its By-Laws, and the enhanced stability, predictability and security which result from including such provisions in the Edison Restated Articles of Incorporation are expected to enhance the ability of Edison to attract and retain qualified persons to serve it.

EFFECT OF THE PROPOSED AMENDMENT

Limitation of Director Liability. The proposed amendment would protect the Edison Directors against personal liability to Edison or its shareholders for any breach of duty unless a judgment or other final adjudication adverse to them establishes (i) a breach of duty of loyalty to Edison, (ii) acts or omissions in bad faith or involving intentional misconduct or a knowing violation of the law, (iii) acts violating the prohibitions contained in Section 8.65 of the Illinois Business Corporation Act against certain improper distributions of assets, or (iv) an improper personal benefit to a Director to which he or she was not legally entitled.

The amendment as proposed would not reduce the fiduciary duty of a Director; it merely limits monetary damage awards to Edison and its shareholders arising from certain breaches of the duty. It does not affect the availability of equitable remedies, such as the right to enjoin or rescind a transaction, based upon a Director's breach of fiduciary duty. The amendment also does not affect a Director's liability for acts taken or omitted prior to the time it becomes effective (after shareholder approval and upon filing with the Illinois Secretary of State). The limitation of liability afforded by the proposed amendment affects only actions brought by Edison or its shareholders, and does not preclude or limit recovery of damages by third parties.

Indemnification. The proposed amendment would not change the rights of Edison Directors, officers, agents and other persons who serve Edison, to be indemnified by it to the full extent permitted by the Illinois Business Corporation Act, but would give them such rights under the Edison Restated Articles of Incorporation as well as under the Edison By-Laws.

ITEM D. APPROVAL OF AUDITORS

Subject to approval of the shareholders, the Board of Directors of Edison has appointed Arthur Andersen & Co., independent public accountants, as Auditors to examine the annual and quarterly consolidated financial statements of Edison and its subsidiary companies for 1994. The shareholders will be asked at the meeting to approve such appointment. The firm of Arthur Andersen & Co. has audited the accounts of Edison since 1932. A representative of Arthur Andersen & Co. will be present at the meeting to make a statement, if such representative so desires, and to respond to shareholders' questions.

* * *

Any shareholder proposal intended to be presented at the 1995 annual meeting of Edison shareholders must be received at the principal executive offices of Edison by November 28, 1994, in order to be considered for inclusion in any proxy materials of Edison relating to that meeting. Any such proposal should be directed to the Secretary of Edison located on the 37th Floor, First National Bank Building, 10 South Dearborn Street, Chicago, Illinois. If mailed, it should be sent to Secretary, Commonwealth Edison Company, 10 South Dearborn Street, Post Office Box 767, Chicago, Illinois 60690-0767.

TRANSACTION OF OTHER BUSINESS

As of the date of this Prospectus and Proxy Statement, management knows of no matters to be brought before the annual meeting other than the matters referred to in this Prospectus and Proxy Statement. If, however, further business is presented, the proxy holders will act in accordance with their best judgment.

By order of the Edison Board of Directors.

DAVID A. SCHOLZ
Secretary

March , 1994

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER ("Agreement") is dated as of January 28, 1994, between Commonwealth Edison Company, an Illinois corporation ("Edison"), and CECo Merging Corporation, an Illinois corporation ("Merging Corp.").

WITNESSETH

WHEREAS, Edison has an authorized capitalization consisting of:

(i) 250,000,000 shares of Common Stock, par value $12.50 per share ("Edison Common Stock"), of which 213,765,354 shares were issued and outstanding at January 21, 1994;

(ii) 850,000 shares of Prior Preferred Stock, par value $100 per share ("Edison Prior Preferred Stock"), none of which were issued and outstanding at January 21, 1994;

(iii) 285,806 shares of $1.425 Convertible Preferred Stock, without par value ("Edison Preferred Stock"), of which 285,806 shares were issued and outstanding at January 21, 1994; Edison Preferred Stock is convertible into Edison Common Stock at the rate of 1.02 shares of Edison Common Stock for each share of Edison Preferred Stock, subject to future adjustment; and

(iv) 13,789,839 shares of Preference Stock, without par value ("Edison Preference Stock"), of which 13,789,839 shares were issued and outstanding at January 21, 1994; and

WHEREAS, Merging Corp. has an authorized capitalization consisting of 100 shares of Common Stock, without par value ("Merging Corp. Common Stock"), all of which are issued and outstanding and owned beneficially and of record by CECo Holding Company, an Illinois corporation ("Holding Company"); and

WHEREAS, Holding Company has an authorized capitalization consisting of 400,000,000 shares of Common Stock, without par value ("Holding Company Common Stock"), of which 100 shares are issued and outstanding and owned beneficially and of record by Edison; and

WHEREAS, the Boards of Directors of Edison, Merging Corp. and Holding Company, deem it advisable for Merging Corp. to merge with and into Edison ("Merger") in accordance with the Illinois Business Corporation Act of 1983, as amended ("Act"), and this Agreement; and

WHEREAS, Edison, Merging Corp. and Holding Company have entered into a Supplemental Agreement dated as of January 28, 1994 ("Supplemental Agreement"), pursuant to which Holding Company has agreed, among other things, to issue shares of Holding Company Common Stock upon the conversion of Edison Common Stock in the Merger.

NOW THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, Edison and Merging Corp. agree that Merging Corp. shall merge with and into Edison, Edison shall be the corporation surviving the Merger and the terms and conditions of the Merger, the mode of carrying it into effect and the manner and basis of converting shares in the Merger shall be as follows:

ARTICLE I

The Merger

(a) Subject to and in accordance with the provisions of this Agreement, Articles of Merger shall be executed by Edison and Merging Corp. and filed in the Office of the Secretary of State of Illinois as provided in Sections 11.25(a) and 1.10 of the Act.

(b) The Merger shall become effective at the time ("Effective Time") the Secretary of State of Illinois issues a Certificate of Merger in accordance with Sections 11.25(b) and 11.40 of the Act.

(c) At the Effective Time, Merging Corp. shall be merged with and into Edison, Edison shall be and is designated as the surviving corporation and shall continue its corporate existence under the laws of the State of Illinois and the separate existence of Merging Corp. shall cease (Edison and Merging Corp. are referred to herein as the "Constituent Corporations" and Edison, the corporation designated as the surviving corporation, is referred to herein as the "Surviving Corporation").

(d) Prior to and after the Effective Time, Edison and Merging Corp., respectively, shall take all such action as may be necessary or appropriate in order (i) to effect the Merger, and (ii) thereafter to carry out the purposes of this Agreement to vest in the Surviving Corporation all the rights, privileges, immunities and franchises, as of a public or a private nature, of each Constituent Corporation; and all property, real, personal and mixed, and all debts and all choses in action, and all and every other interest, of or belonging to or due to, each Constituent Corporation, and the officers and Directors of each Constituent Corporation as of the Effective Time shall take all such action.

ARTICLE II

Terms of Conversion of Shares

At the Effective Time:

(a) Each share of Edison Common Stock issued and outstanding immediately prior to the Effective Time shall thereupon, and without the surrender of the stock certificate therefor or any other action on the part of the holder thereof, be changed and converted into one fully paid and nonassessable share of Holding Company Common Stock;

(b) The shares of Edison Prior Preferred Stock, if any, and Edison Preferred Stock and Edison Preference Stock issued and outstanding immediately prior to the Effective Time shall not be changed, converted or otherwise affected by the Merger, and each such share shall continue to be issued and outstanding and to be one fully paid and nonassessable share of the particular series of Edison Prior Preferred Stock, Edison Preferred Stock or Edison Preference Stock of the Surviving Corporation;

(c) The shares of Merging Corp. Common Stock issued and outstanding immediately prior to the Effective Time shall be changed and converted into the number of shares of Edison Common Stock issued and outstanding immediately prior to the Effective Time, which shall thereupon be issued and fully paid and nonassessable shares of the Surviving Corporation;

(d) Each share of Holding Company Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and retired and all rights in respect thereof shall cease; and

(e) As provided in the Supplemental Agreement, (i) the Edison Employe Savings and Investment Plan, 1993 Long-Term Incentive Plan, Employe Stock Purchase Plan and Dividend Reinvestment and Stock Purchase Plan (collectively the "Plans") will be amended to provide for the delivery of Holding Company Common Stock instead of Edison Common Stock thereunder; each right to acquire shares of Edison Common Stock, including, without limitation, rights (including stock options) to acquire Edison Common Stock pursuant to any of the Plans, granted and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become a right to acquire the same number of shares of Holding Company Common Stock at the same price per share, and upon the same terms and subject to the same conditions as were applicable immediately prior to the Effective Time under the relevant right; and (ii) Holding Company shall reserve such number of shares of Holding Company Common Stock for purposes of the Plans as is equal to the number of shares of Edison Common Stock so reserved as of the Effective Time.

ARTICLE III

Articles of Incorporation and By-Laws

(a) From and after the Effective Time, and until thereafter amended as provided by law, the Restated Articles of Incorporation of Edison as in effect immediately prior to the Effective Time shall be and continue to be the Restated Articles of Incorporation of the Surviving Corporation.

(b) From and after the Effective Time, the By-Laws of Edison as in effect immediately prior to the Effective Time shall be and continue to be the By-Laws of the Surviving Corporation until amended.

ARTICLE IV

Directors and Officers

The persons who are Directors and officers of Edison immediately prior to the Effective Time shall continue as Directors and officers, respectively, of the Surviving Corporation and shall continue to hold office as provided in the By-Laws of the Surviving Corporation. If, at or following the Effective Time, a vacancy shall exist in the Board of Directors or in the position of any officer of the Surviving Corporation, such vacancy may be filled in the manner provided in the By-Laws of the Surviving Corporation.

ARTICLE V

Stock Certificates

Following the Effective Time, each holder of an outstanding certificate or certificates theretofore representing shares of Edison Common Stock may, but shall not be required, to surrender the same to Holding Company for cancellation and exchange or transfer, and each such holder or transferee thereof will be entitled to receive a certificate or certificates representing the same number of shares of Holding Company Common Stock as the number of shares of Edison Common Stock previously represented by the stock certificate or certificates surrendered. Until so surrendered for cancellation and exchange or transfer, each outstanding certificate which, prior to the Effective Time, represented shares of Edison Common Stock shall be deemed and treated for all corporate purposes to represent the ownership of the same number of shares of Holding Company Common Stock as though such surrender for cancellation and exchange or transfer thereof had taken place. The stock transfer books for Edison Common Stock shall be deemed to be closed at the Effective Time, and no transfer of shares of Edison Common Stock outstanding immediately prior to the Effective Time shall thereafter be made on such books. Following the Effective Time, the holders of certificates representing Edison Common Stock outstanding immediately before the Effective Time shall cease to have any rights with respect to stock of the Surviving Corporation and their sole rights shall be with respect to the Holding Company Common Stock into which their shares of Edison Common Stock shall have been converted in the Merger.

ARTICLE VI

Conditions to the Merger

Consummation of the Merger is subject to the satisfaction of the following conditions:

(a) The Merger shall have received such approval of the shareholders of each Constituent Corporation entitled to vote thereon as is required by the Act and the Articles of Incorporation of each Constituent Corporation.

(b) There shall have been obtained either a ruling of the Internal Revenue Service satisfactory to the Board of Directors of Edison and its counsel, or an opinion of counsel satisfactory to the Board of Directors of Edison, with respect to the tax consequences of the Merger and other transactions incident thereto.

(c) The Holding Company Common Stock to be issued and to be reserved for issuance as a result of the Merger shall have been approved for listing, upon official notice of issuance, by the New York, Chicago and Pacific Stock Exchanges.

(d) A registration statement or registration statements relating to the shares of Holding Company Common Stock to be issued or reserved for issuance as a result of the Merger, shall be effective under the Securities Act of 1933, as amended, and shall not be the subject of any "stop order."

(e) Edison shall have received all consents, approvals and legal opinions in form and substance satisfactory to Edison, that are necessary or appropriate for the consummation of the Merger and all other transactions contemplated thereby.

(f) There shall be no litigation, proceedings or actions pending or threatened concerning the Merger which in the judgment of the Board of Directors of Edison renders consummation of the Merger inadvisable.

ARTICLE VII

Amendment, Waiver and Termination

(a) Edison and Merging Corp. by mutual consent of their respective Boards of Directors may amend, modify or supplement this Agreement or waive any condition set forth in Article VI hereof in such manner as may be agreed upon by them in writing, at any time before or after approval of this Agreement by the shareholders of Edison, but not after the time that the Articles of Merger are filed with the Illinois Secretary of State ("Filing Time"); *provided*, *however*, that no such amendment, modification, supplement or waiver shall, in the sole judgment of the Board of Directors of Edison, materially and adversely affect the rights of the shareholders of Edison.

(b) Consummation of the Merger may be deferred by the Board of Directors of Edison or any authorized officer of Edison for a reasonable period of time if said Board or officer determines such deferral would be in the best interest of Edison or its shareholders.

(c) This Agreement may be terminated and the Merger and other transactions herein provided for abandoned at any time prior to the Filing Time, whether before or after approval of this Agreement by the shareholders of Edison, by action of the Board of Directors of Edison if said Board of Directors determines for any reason that the consummation of the transactions herein provided for would for any reason be inadvisable or not in the best interests of Edison or its shareholders.

ARTICLE VIII

Miscellaneous

(a) This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

(b) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.

IN WITNESS WHEREOF, Edison and Merging Corp., pursuant to approval and authorization duly given by resolutions adopted by their respective Boards of Directors, have each caused this Agreement and Plan of Merger to be executed by its Chairman of the Board, its President or one of its Vice Presidents and attested by its Secretary or one of its Assistant Secretaries.

COMMONWEALTH EDISON COMPANY

By /S/ JAMES J. O'CONNOR
James J. O'Connor
Chairman

Attest: /S/ DAVID A. SCHOLZ
David A. Scholz
Secretary

CECo MERGING CORPORATION

By /S/ JAMES J. O'CONNOR
James J. O'Connor
Chairman

Attest: /S/ DAVID A. SCHOLZ
David A. Scholz
Secretary

EXHIBIT B

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT ("Agreement") is dated as of January 28, 1994, between Commonwealth Edison Company, an Illinois corporation ("Edison"), CECo Holding Company, an Illinois corporation ("Holding Company") and CECo Merging Corporation, an Illinois corporation ("Merging Corp.").

WITNESSETH

WHEREAS, Edison has an authorized capitalization consisting of:

(i) 250,000,000 shares of Common Stock, par value $12.50 per share ("Edison Common Stock"), of which 213,765,354 shares were issued and outstanding at January 21, 1994;

(ii) 850,000 shares of Prior Preferred Stock, par value $100 per share, none of which were issued and outstanding at January 21, 1994;

(iii) 285,806 shares of $1.425 Convertible Preferred Stock, without par value ("Edison Preferred Stock"), of which 285,806 shares were issued and outstanding at January 21, 1994; Edison Preferred Stock is convertible into Edison Common Stock at the rate of 1.02 shares of Edison Common Stock for each share of Edison Preferred Stock, subject to future adjustment; and

(iv) 13,789,839 shares of Preference Stock, without par value, of which 13,789,839 shares were issued and outstanding at January 21, 1994; and

WHEREAS, Merging Corp. has an authorized capitalization consisting of 100 shares of Common Stock, without par value ("Merging Corp. Common Stock"), all of which are issued and outstanding and owned beneficially and of record by Holding Company; and

WHEREAS, Holding Company has an authorized capitalization consisting of 400,000,000 shares of Common Stock, without par value ("Holding Company Common Stock"), of which 100 shares are issued and outstanding and owned beneficially and of record by Edison; and

WHEREAS, the Boards of Directors of Edison, Merging Corp. and Holding Company, deem it advisable for Merging Corp. to merge with and into Edison ("Merger") in accordance with the Illinois Business Corporation Act of 1983, as amended ("Act"), and the Agreement and Plan of Merger dated as of January 28, 1994 ("Merger Agreement"), between Edison and Merging Corp. in which they have agreed to merge.

NOW THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, Edison and Merging Corp. agree that Merging Corp. shall merge with and into Edison, Edison shall be the corporation surviving the Merger and the terms and conditions of the Merger, the mode of carrying it into effect and the manner and basis of converting shares in the Merger shall be as set forth in the Merger Agreement.

ARTICLE I

Terms of Conversion of Shares

At the time that the Merger becomes effective ("Effective Time"):

(a) Each share of Edison Common Stock issued and outstanding immediately prior to the Effective Time shall thereupon, and without the surrender of the stock certificate therefor or any other action on the part of the holder thereof, be changed and converted into one fully paid and nonassessable share of Holding Company Common Stock;

(b) The shares of Merging Corp. Common Stock issued and outstanding immediately prior to the Effective Time shall be changed and converted into the number of shares of Edison Common Stock issued and outstanding immediately prior to the Effective Time, which shall thereupon be issued and fully paid and nonassessable shares of Edison Common Stock;

(c) Each share of Holding Company Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled, retired, and revert to an authorized but unissued share of Holding Company Common Stock, all rights in respect thereof shall cease, and the accounts of Holding Company shall be reduced by the $1,000 of capital and surplus applicable to such shares;

(d) Holding Company shall deliver shares of Holding Company Common Stock pursuant to the Edison Employe Savings and Investment Plan, 1993 Long-Term Incentive Plan, Employe Stock Purchase Plan and Dividend Reinvestment and Common Stock Purchase Plan (collectively the "Plans"). Each right to purchase shares of Edison Common Stock, including, without limitation, rights (including stock options) to acquire Edison Common Stock pursuant to any of the Plans, granted and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become a right to acquire the same number of shares of Holding Company Common Stock at the same price per share, and upon the same terms and subject to the same conditions as were applicable immediately prior to the Effective Time under the relevant right; and

(e) Holding Company shall reserve such number of shares of Holding Company Common Stock for purposes of the Plans as is equal to the number of shares of Edison Common Stock so reserved as of the Effective Time.

ARTICLE II

Directors

The persons who are Directors of Edison immediately prior to the Effective Time shall at the Effective Time become Directors of Holding Company, and shall continue to hold office as provided in the By-Laws of Holding Company, and if, at or following the Effective Time, a vacancy shall exist in the Board of Directors of Holding Company, such vacancy may be filled in the manner provided in the By-Laws of Holding Company.

ARTICLE III

Stock Certificates

Following the Effective Time, each holder of an outstanding certificate or certificates theretofore representing shares of Edison Common Stock may, but shall not be required, to surrender the same to Holding Company for cancellation and exchange or transfer, and each such holder or transferee thereof will be entitled to receive a certificate or certificates representing the same number of shares of Holding Company Common Stock as the number of shares of Edison Common Stock previously represented by the stock certificate or certificates so surrendered. Until so surrendered for cancellation and exchange or transfer, each outstanding certificate which, prior to the Effective Time, represented shares of Edison Common Stock shall be deemed and treated for all corporate purposes to represent the ownership of the same number of shares of Holding Company Common Stock as though such surrender for cancellation and exchange or transfer thereof had taken place.

ARTICLE IV

Miscellaneous

(a) This Agreement may be terminated and the transactions herein provided for and the Merger abandoned at any time, whether before or after approval of the Merger Agreement by the shareholders of Edison, by action of the Board of Directors of Edison if said Board of Directors determines for any reason that the consummation of the transactions herein provided for would for any reason be inadvisable or not in the best interests of Edison or its shareholders.

(b) The Merger Agreement shall not be amended by Edison and Merging Corp. without the written consent of Holding Company.

(c) This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

(d) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.

IN WITNESS WHEREOF, Edison, Holding Company and Merging Corp., pursuant to approval and authorization duly given by resolutions adopted by their respective Boards of Directors, have each caused this Supplemental Agreement to be executed by its Chairman of the Board, its President or one of its Vice Presidents and attested by its Secretary or one of its Assistant Secretaries.

COMMONWEALTH EDISON COMPANY

By /s/ JAMES J. O'CONNOR
James J. O'Connor
Chairman

Attest: /s/ DAVID A. SCHOLZ
David A. Scholz
Secretary

CECO HOLDING COMPANY

By /s/ JAMES J. O'CONNOR
James J. O'Connor
Chairman

Attest: /s/ DAVID A. SCHOLZ
David A. Scholz
Secretary

CECO MERGING CORPORATION

By /s/ JAMES J. O'CONNOR
James J. O'Connor
Chairman

Attest: /s/ DAVID A. SCHOLZ
David A. Scholz
Secretary

EXHIBIT C

CECo HOLDING COMPANY
ARTICLES OF INCORPORATION

ARTICLE ONE The name of the corporation is CECo Holding Company

ARTICLE TWO The name and address of the registered agent and its registered office are:

Registered Agent: David A. Scholz

Registered Office: 10 South Dearborn Street
Post Office Box 767
Chicago, Illinois 60690-0767
Cook County

ARTICLE THREE The purpose or purposes for which the corporation is organized are to transact any or all lawful businesses for which corporations may be incorporated under the Business Corporation Act of 1983, as amended from time to time.

ARTICLE FOUR Paragraph 1. The number of shares which the corporation is authorized to issue is 400,000,000 shares of Common Stock, without par value.

Paragraph 2. Initially, the corporation proposes to issue 100 shares of Common Stock for an aggregate consideration of $1,000.

Paragraph 3. The shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which shareholders have the right to vote and to cumulative voting in all elections of directors by vote of shareholders.

ARTICLE FIVE Paragraph 1. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the Business Corporation Act of the State of Illinois, or (iv) for any transaction from which the director derived an improper personal benefit. If the Business Corporation Act of the State of Illinois is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a director of the corporation shall be eliminated or limited to the full extent permitted by the Business Corporation Act of the State of Illinois, as so amended. Any repeal or modification of this Paragraph 1 by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

Paragraph 2. Each person who is or was or had agreed to become a director or officer of the corporation, and each person who is or was serving or who had agreed to serve at the request of the Board of Directors or an officer of the corporation as an employe or agent of the corporation or as a director, officer, employe, or agent, trustee or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified by the corporation to the full extent permitted by the Business Corporation Act of the State of Illinois or any other applicable laws as presently or hereafter in effect. Without limiting the generality of the foregoing, the corporation may enter into one or more agreements with any person which provide for indemnification greater or different than that provided in this Paragraph 2. Any repeal or modification of this Paragraph 2 shall not adversely affect any right or protection existing hereunder immediately prior to such repeal or modification.

ARTICLE SIX The undersigned incorporator hereby declares, under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

EXHIBIT D

PROVISIONS OF THE ILLINOIS BUSINESS CORPORATION ACT RELATING TO RIGHTS OF DISSENTING SHAREHOLDERS

Section 11.65. Right to dissent.

(a) A shareholder of a corporation is entitled to dissent from, and obtain payment for his or her shares in the event of any of the following corporate actions:

(1) consummation of a plan of merger or consolidation or a plan of share exchange to which the corporation is a party if

(i) shareholder authorization is required for the merger or consolidation or the share exchange by Section 11.20 or the articles of incorporation or

(ii) the corporation is a subsidiary that is merged with its parent or another subsidiary under Section 11.30;

(2) consummation of sale, lease or exchange of all, or substantially all, of the property and assets of the corporation other than in the usual and regular course of business;

(3) an amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it:

(i) alters or abolishes a preferential right of such shares;

(ii) alters or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of such shares;

(iii) in the case of a corporation incorporated prior to January 1, 1982, limits or eliminates cumulative voting rights with respect to such shares; or

(4) any other corporate action taken pursuant to a shareholder vote if the articles of incorporation, by-laws, or a resolution of the board of Directors provide that shareholders are entitled to dissent and obtain payment for their shares in accordance with the procedures set forth in Section 11.70 or as may be otherwise provided in the articles, by-laws or resolution.

(b) A shareholder entitled to dissent and obtain payment for his or her shares under this Section may not challenge the corporate action creating his or her entitlement unless the action is fraudulent with respect to the shareholder or the corporation or constitutes a breach of a fiduciary duty owed to the shareholder.

(c) A record owner of shares may assert dissenters' rights as to fewer than all the shares recorded in such person's name only if such person dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf the record owner asserts dissenters' rights. The rights of a partial dissenter are determined as if the shares as to which dissent is made and the other shares were recorded in the names of different shareholders. A beneficial owner of shares who is not the record owner may assert dissenters' rights as to shares held on such person's behalf only if the beneficial owner submits to the corporation the record owner's written consent to the dissent before or at the same time the beneficial owner asserts dissenters' rights. Amended by P.A. 85-1269, eff. Jan. 1, 1989.

Section 11.70. Procedure to Dissent.

(a) If the corporate action giving rise to the right to dissent is to be approved at a meeting of shareholders, the notice of meeting shall inform the shareholders of their right to dissent and the procedure to dissent. If, prior to the meeting, the corporation furnishes to the shareholders material information with respect to the transaction that will objectively enable a shareholder to vote on the transaction and to determine whether or not to exercise dissenters' rights, a shareholder may assert

dissenters' rights only if the shareholder delivers to the corporation before the vote is taken a written demand for payment for his or her shares if the proposed action is consummated, and the shareholder does not vote in favor of the proposed action.

(b) If the corporate action giving rise to the right to dissent is not to be approved at a meeting of shareholders, the notice to shareholders describing the action taken under Section 11.30 or Section 7.10 shall inform the shareholders of their right to dissent and the procedure to dissent. If, prior to or concurrently with the notice, the corporation furnishes to the shareholders material information with respect to the transaction that will objectively enable a shareholder to determine whether or not to exercise dissenters' rights, a shareholder may assert dissenter's rights only if he or she delivers to the corporation within 30 days from the date of mailing the notice a written demand for payment for his or her shares.

(c) Within 10 days after the date on which the corporate action giving rise to the right to dissent is effective or 30 days after the shareholder delivers to the corporation the written demand for payment, whichever is later, the corporation shall send each shareholder who has delivered a written demand for payment a statement setting forth the opinion of the corporation as to the estimated fair value of the shares, the corporation's latest balance sheet as of the end of a fiscal year ending not earlier than 16 months before the delivery of the statement, together with the statement of income for that year and the latest available interim financial statements, and either a commitment to pay for the shares of the dissenting shareholder at the estimated fair value thereof upon transmittal to the corporation of the certificate or certificates, or other evidence of ownership, with respect to the shares, or instructions to the dissenting shareholder to sell his or her shares within 10 days after delivery of the corporation's statement to the shareholder. The corporation may instruct the shareholder to sell only if there is a public market for the shares at which the shares may be readily sold. If the shareholder does not sell within that 10 day period after being so instructed by the corporation, for purposes of this Section the shareholder shall be deemed to have sold his or her shares at the average closing price of the shares, if listed on a national exchange, or the average of the bid and asked price with respect to the shares quoted by a principal market maker, if not listed on a national exchange, during that 10 day period.

(d) A shareholder who makes written demand for payment under this Section retains all other rights of a shareholder until those rights are cancelled or modified by the consummation of the proposed corporate action. Upon consummation of that action, the corporation shall pay to each dissenter who transmits to the corporation the certificate or other evidence of ownership of the shares the amount the corporation estimates to be the fair value of the shares, plus accrued interest, accompanied by a written explanation of how the interest was calculated.

(e) If the shareholder does not agree with the opinion of the corporation as to the estimated fair value of the shares or the amount of interest due, the shareholder, within 30 days from the delivery of the corporation's statement of value, shall notify the corporation in writing of the shareholder's estimated fair value and amount of interest due and demand payment for the difference between the shareholder's estimate of fair value and interest due and the amount of the payment by the corporation or the proceeds of sale by the shareholder, whichever is applicable because of the procedure for which the corporation opted pursuant to subsection (c).

(f) If, within 60 days from delivery to the corporation of the shareholder notification of estimate of fair value of the shares and interest due, the corporation and the dissenting shareholder have not agreed in writing upon the fair value of the shares and interest due, the corporation shall either pay the difference in value demanded by the shareholder, with interest, or file a petition in the circuit court of the county in which either the registered office or the principal office of the corporation is located, requesting the court to determine the fair value of the shares and interest due. The corporation shall make all dissenters, whether or not residents of this State, whose demands remain unsettled parties to the proceeding as an action against their shares and all parties shall be served with a copy of the

petition. Nonresidents may be served by registered or certified mail or by publication as provided by law. Failure of the corporation to commence an action pursuant to this Section shall not limit or affect the right of the dissenting shareholders to otherwise commence an action as permitted by law.

(g) The jurisdiction of the court in which the proceeding is commenced under subsection (f) by a corporation is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision of the question of fair value. The appraisers have the power described in the order appointing them, or in any amendment to it.

(h) Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds that the fair value of his or her shares, plus interest, exceeds the amount paid by the corporation or the proceeds of sale by the shareholder, whichever amount is applicable.

(i) The court, in a proceeding commenced under subsection (f), shall determine all costs of the proceeding, including the reasonable compensation and expenses of the appraisers, if any, appointed by the court under subsection (g), but shall exclude the fees and expenses of counsel and experts for the respective parties. If the fair value of the shares as determined by the court materially exceeds the amount which the corporation estimated to be the fair value of the shares or if no estimate was made in accordance with subsection (c), then all or any part of the costs may be assessed against the corporation. If the amount which any dissenter estimated to be the fair value of the shares materially exceeds the fair value of the shares as determined by the court, then all or any part of the costs may be assessed against that dissenter. The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable, as follows:

(1) Against the corporation and in favor of any or all dissenters if the court finds that the corporation did not substantially comply with the requirements of subsections (a), (b), (c), (d), or (f).

(2) Against either the corporation or a dissenter and in favor of any other party if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this Section.

If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and that the fees for those services should not be assessed against the corporation, the court may award to that counsel reasonable fees to be paid out of the amounts awarded to the dissenters who are benefited. Except as otherwise provided in this Section, the practice, procedure, judgment and costs shall be governed by the Code of Civil Procedure.

(j) As used in this Section:

(1) "Fair Value", with respect to a dissenter's shares, means the value of the shares immediately before the consummation of the corporation action to which the dissenter objects excluding any appreciation or depreciation in anticipation of the corporate action, unless exclusion would be inequitable.

(2) "Interest" means interest from the effective date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Certain provisions of the Illinois Business Corporation Act of 1983, as amended, provide that the Registrant may, and in some circumstances must, indemnify the Directors and officers of the Registrant and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. The Registrant's Articles of Incorporation and By-Laws provide that the Registrant will indemnify its Directors and officers, and may indemnify any person serving as director or officer of another business entity at the Registrant's request, to the extent permitted by the statute.

The Registrant maintains liability insurance policies which indemnify the Registrant's Directors and officers, the Directors and officers of subsidiaries of the Registrant, and the trustees of the Service Annuity Funds, against loss arising from claims by reason of their legal liability for acts as such Directors, officers or trustees, subject to limitations and conditions as set forth in the policies. Among other limitations, the primary policy states that no coverage is provided for loss representing "amounts which are deemed uninsurable under the law pursuant to which this policy shall be construed".

The Registrant indemnifies assistant officers and certain other employes against liabilities and expenses incurred by reason of acts performed in connection with the operations of the various employe benefit systems of the Registrant and its subsidiaries.

Item 21. Exhibits.

The following exhibits are filed herewith or incorporated herein by reference.

Exhibit Number	Description of Document
2(a)	Agreement and Plan of Merger (attached as Exhibit A).
2(b)	Supplemental Agreement (attached as Exhibit B).
3(a)	Articles of Incorporation of CECo Holding Company (attached as Exhibit C).
3(b)	By-Laws of CECo Holding Company.
4	Rights of CECo Holding Company Common Shareholders (included in 3(a)).
5	Opinion of Sidley & Austin.
8	Opinion of Sidley & Austin.
23(a)	Consent of Sidley & Austin (included in (5)).
23(b)	Consent of Experts.
99(a)	Form of Proxy/Direction.
99(b)	Consents of Persons to be Directors of CECo Holding Company at the Effective Time of the Merger.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(3) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(4) To remove from registration by means of a post-effective amendment any shares of Holding Company Common Stock which are not issued in the Merger, except shares which are issuable thereafter upon the conversion of Commonwealth Edison Company $1.425 Convertible Preferred Stock and Warrants.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 20, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois on January 31 , 1994.

CECo HOLDING COMPANY

By: _____
James J. O'Connor
Chairman

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated, on January 31, 1994.

Signature and Title

_____
James J. O'Connor
Chairman and Director
(principal executive officer)

_____
Samuel K. Skinner
President and Director

_____
John C. Bukovski
Vice President
(principal financial officer)

_____
Roger F. Kovack
Comptroller
(principal accounting officer)

EXHIBIT INDEX

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99(a)	Form of Proxy/Direction.
99(b)	Consents of Persons to be Directors of CECo Holding Company at the Effective Time of the Merger.

EXHIBIT 3(b)

Exhibit 3(b)
CECo Holding Company
Form S-4
File No. 33-

CECo Holding Company

By-Laws

Effective January 28, 1994

CONTENTS

CECo Holding Company

By-Laws

ARTICLE I.

STOCK.

SECTION 1. Each holder of fully paid stock shall be entitled to a certificate or certificates of stock stating the number and class of shares, and the designation of the series, if any, which such certificate represents. All certificates of stock shall at the time of their issuance be signed either manually or by facsimile signature by the Chairman, the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates of stock shall be sealed with the seal of the Company or a facsimile of such seal, shall be countersigned either manually or by facsimile signature by a Transfer Agent and shall be authenticated by manual signature and registered by a Registrar. The Board of Directors shall appoint one or more Transfer Agents, none of whom shall be officers of the Company authorized to sign certificates of stock, and one or more Registrars, each of which Registrars shall be a bank or trust company. Certificates of stock shall not be valid until countersigned by a Transfer Agent and authenticated and registered by a Registrar in the manner provided by the Board of Directors.

SECTION 2. Shares of stock shall be transferable only on the books of the Company and, except as hereinafter provided or as otherwise required by law, shall be transferred only upon proper endorsement and surrender of the certificates issued therefor. If an outstanding certificate of stock shall be lost, destroyed or stolen, the holder thereof may have a new certificate upon producing evidence satisfactory to the Board of Directors of such loss, destruction or theft, and upon furnishing to the Company, the Transfer Agents and the Registrars a bond of indemnity deemed sufficient by the Board of Directors against claims under the outstanding certificate.

SECTION 3. The certificates for each class or series of stock shall be numbered and issued in consecutive order and a record shall be kept of the name and address of the person to whom each certificate is issued, the number of shares represented by the certificate and the number and date of the certificate. All certificates exchanged or returned to the Company or the Transfer Agent for transfer shall be canceled and filed.

SECTION 4. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, for a meeting of shareholders, not less than ten days, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, not less than twenty days, immediately preceding such meeting.

SECTION 5. If any subscription for stock in the Company or any installment of such subscription shall be unpaid when due, as the Board of Directors shall have determined the time for payment, and shall continue unpaid for twenty days after demand for the amount due, made either in person or by written notice duly mailed to the last address, as it appears on the records of the Company, of the subscriber or other person by whom the subscription or installment shall be payable, the stock or subscription upon which payment shall be so due shall, upon the expiration of said twenty days, become and be forfeited to the Company without further action, demand or notice, and such stock or subscription may be sold at public sale, subject to payment of the amount due and unpaid, plus all costs and expenses incurred by the Company in that connection, at a time and place to be stated in a written notice to be mailed to the recorded address of the delinquent subscriber or other person in default on the subscription at least ten days prior to the time fixed for such sale; provided, that the excess of proceeds of such sale realized over the amount due and unpaid on said stock or subscription shall be paid to the delinquent subscriber of other person in default on the subscription, or to his or her legal representative; and, provided further, that no forfeiture of stock, or of any amounts paid upon a subscription therefor, shall be declared as against the estate of any decedent before distribution shall have been made of the estate.

The foregoing provisions for the forfeiture and sale of stock or subscriptions shall not exclude any other remedy which may lawfully be enforceable at any time, by forfeiture of stock or of amounts theretofore paid or otherwise, against any person for nonpayment of a subscription or of any installment thereof.

SECTION 6. Transfers of shares shall be made only on the books of the Company by the registered holder thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney or successor thereunto authorized by power of attorney or by documents duly executed and filed with the Secretary or Transfer Agent of the Company, and upon surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the

books of the Company shall be deemed the owner thereof for all purposes as regards the Company.

SECTION 7. The Company shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly, 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, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Illinois.

ARTICLE II.

MEETINGS OF SHAREHOLDERS.

SECTION 1. The regular annual meeting of the shareholders of the Company for the election of Directors and for the transaction of such other business as may come before the meeting shall be held on such day in April or May of each year as the Board of Directors may by resolution determine. Each such regular annual meeting and each special meeting of the shareholders shall be held at such place as may be fixed by the Board of Directors and at such hour as the Board of Directors shall order.

SECTION 2. Special meetings of the shareholders may be called by the Chairman, by the Board of Directors, by a majority of the Directors individually or by the holders of not less than one-fifth of the total outstanding shares of capital stock of the Company.

SECTION 3. Written notice stating the place, day and hour of the meeting of the shareholders and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten nor more than sixty days before the date of the meeting, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets not less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman, the Secretary or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at the shareholder's address as it appears upon the records of the Company, with postage thereon prepaid.

SECTION 4. At all meetings of the shareholders, a majority of the outstanding shares of stock, entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for consideration of such matter, but the shareholders represented at any meeting, though less than a quorum, may adjourn the meeting to some other day or *sine die*. If a quorum is present, the

affirmative vote of the majority of the shares of stock represented at the meeting and entitled to vote on a matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

SECTION 5. At every meeting of the shareholders, each outstanding share of stock shall be entitled to one vote on each matter submitted for a vote. In all elections for Directors, every shareholder shall have the right to vote the number of shares owned by such shareholder for as many persons as there are Directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of Directors to be elected multiplied by the number of such shares or to distribute such cumulative votes in any proportion among any number of candidates. A shareholder may vote either in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment form and delivering it to the person so appointed.

SECTION 6. Any meeting at which a quorum of shareholders is present, in person or by proxy, may adjourn from time to time without notice, other than announcement at such meeting, until its business is completed. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

SECTION 7. The Secretary of the Company shall make or cause to be made, within twenty days after the record date for a meeting of shareholders of the Company or ten days before such meeting, whichever is earlier, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for at least ten days prior to such meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any shareholder, and to copying at such shareholder's expense, at any time during usual business hours. Such list shall also 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.

SECTION 8. The Chairman and the Secretary of the Company shall, when present, act as chairman and secretary, respectively, of each meeting of the shareholders.

SECTION 9. At any meeting of shareholders, the chairman of the meeting may, or upon the request of any shareholder shall, appoint one or more persons as inspectors for such meeting, unless an inspector or inspectors shall have been previously appointed for such meeting by the Chairman. Such inspectors

shall ascertain and report the number of shares of stock represented at the meeting, based upon their determination of the validity and effect of proxies, count all votes and report the results and do such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

SECTION 10. Voting on any question or in any election may be *viva voce* unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

ARTICLE III.

BOARD OF DIRECTORS.

SECTION 1. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors. The number of Directors of the Company shall be not less than eleven nor more than sixteen. The Directors shall be elected at each annual meeting of the shareholders, but if for any reason the election shall not be held at an annual meeting, it may be subsequently held at any special meeting of the shareholders called for that purpose after proper notice. The Directors so elected shall hold office until the next annual meeting and until their respective successors, willing to serve, shall have been elected and qualified. Directors need not be residents of the State of Illinois or shareholders of the Company. No person shall be eligible for nomination or renomination as a Director by the management of the Company who, prior to the date of election, shall have attained age seventy. No person who is an employe or a former employe of the Company or of a subsidiary of the Company shall be eligible for nomination or renomination as a Director by the management of the Company for a term commencing after such person ceases to be such an employe; provided, however, that any Director of the Company who was a Director of Commonwealth Edison Company, an Illinois corporation, in office on June 15, 1989 who is or has been such an employe may be renominated as a Director unless such person shall have attained age sixty-five on or before the date of election of Directors.

SECTION 2. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose; provided, however, that any vacancy in the Board of Directors arising between meetings of shareholders by reason of an increase in the number of directors or otherwise may be filled by the vote of a majority of the directors then in office, although less than a quorum. Any directors so elected shall serve until the next annual meeting of shareholders.

SECTION 3. A meeting of the Board of Directors shall be held immediately, or as soon as practicable, after the annual election of Directors in each year, provided a quorum for such meeting can be obtained. Notice of every meeting of the Board, stating the time and place at which such meeting will be held, shall be given to each Director personally, by telephone or by other means of communication at least one day, or by depositing the same in the mails properly addressed at least two days before the day of such meeting. A meeting of the Board of Directors may be called at any time by the Chairman or by any two Directors and shall be held at such place as shall be specified in the notice for such meeting.

SECTION 4. A majority of the number of Directors then in office, but not less than six, shall constitute a quorum for the transaction of business at any meeting of the Board, but a lesser number may adjourn the meeting from time to time until a quorum is obtained, or may adjourn *sine die*. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 5. Each member of the Board not receiving a salary from the Company or a subsidiary of the Company shall be paid such fees as the Board of Directors may from time to time, by resolution adopted by the affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of its members, determine. The Directors shall be paid their reasonable expenses, if any, of attendance at each meeting of the Board of Directors. Members of any committee of the Board of Directors may be allowed like fees and expenses for service on or attendance at meetings of such committee. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor.

SECTION 6. A Director of the Company who is present at a meeting of the Board of Directors at which action is taken on any corporate matter shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he shall file his or her written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV.

COMMITTEES OF THE BOARD OF DIRECTORS

SECTION 1. There shall be an Executive Committee of the Board consisting of five members. The Board of Directors shall, at its first meeting after the annual meeting of the shareholders in each year, elect a chairman and the four other members of the Executive Committee. The remaining Directors shall constitute alternates to serve temporarily, and as far as practicable in rotation (in such order as shall be established by the Board), in the place of any member who may be unable to serve. The Chairman or the Directors calling a meeting of the Executive Committee shall call upon alternates, in rotation, to serve as herein provided. When any alternate serves, the minutes of the meeting shall record the name of the member in whose place such alternate serves. The Directors elected as members of the Executive Committee shall serve as such for one year and until their respective successors, willing to serve, shall have been elected. The Executive Committee shall, when the Board is not in session, have and may exercise all of the authority of the Board of Directors, subject to the limitations set forth in Section 10 of this Article IV. Vacancies in the membership of the Executive Committee shall be filled by the Board of Directors. The Executive Committee shall keep minutes of the proceedings at its meetings.

SECTION 2. There shall be an Audit Committee of the Board consisting of not less than three nor more than five members who are not employes of the Company. The Directors elected as members of the Audit Committee shall serve as such for three years and until their respective successors, willing to serve, shall have been elected, provided that, to the extent practicable, the members of the Audit Committee shall be elected for staggered terms. The Board of Directors shall, at its first meeting after the annual meeting of shareholders in each year, elect the successors of the members whose terms shall then expire. The Board of Directors shall designate from time to time the member who is to serve as chairman of the Audit Committee. The Audit Committee shall meet with the Company's independent auditors at least once each year to review the Company's financial statements and the scope and results of such auditors' examinations, monitor the internal accounting controls and practices of the Company, review the annual report to shareholders and make recommendations as to its approval to the Board and recommend, subject to shareholder approval, the appointment of independent auditors, and shall report its findings at least once each year to the Board. The Audit Committee shall have such powers as it shall deem necessary for the performance of its duties. Vacancies in the membership of the Audit Committee shall

be filled by the Board of Directors. The Audit Committee shall keep minutes of the proceedings at its meetings.

SECTION 3. There shall be a Compensation Committee of the Board consisting of those Directors who are not employes or former employes of the Company. The Board of Directors shall, at its first meeting after the annual meeting of shareholders in each year, elect a chairman of the Compensation Committee. The Directors serving as members of the Compensation Committee shall serve as such for one year and until their respective successors, willing to serve, shall have been elected. The Compensation Committee shall administer awards under the Company's Deferred Compensation Plan. The Compensation Committee shall have such power as it shall deem necessary for the performance of its duties. Vacancies in the membership of the Compensation Committee shall be filled by the Board of Directors. The Compensation Committee shall keep minutes of the proceedings at its meetings.

SECTION 4. There shall be a Finance Committee of the Board consisting of not less than three nor more than five members. The Board of Directors shall, at its first meeting after the annual meeting of shareholders in each year, elect a chairman and the other members of the Finance Committee. The Directors elected as members of the Finance Committee shall serve as such for one year and until their respective successors, willing to serve, shall have been elected. The Finance Committee shall review the scope and results of the Company's financing program and review the Company's financial statements, construction budgets and cash budgets as they relate to the Company's financing program, and shall report its findings at least once each year to the Board. The Finance Committee shall have such power as it shall deem necessary for the performance of its duties. Vacancies in the membership of the Finance Committee shall be filled by the Board of Directors. The Finance Committee shall keep minutes of the proceedings at its meetings.

SECTION 5. There shall be a Nominating Committee of the Board consisting of not less than three nor more than five members, a majority of whom are not employes of the Company. The Board of Directors shall, at its first meeting after the annual meeting of shareholders in each year, elect a chairman and the other members of the Nominating Committee. The Directors elected as members of the Nominating Committee shall serve as such for one year and until their respective successors, willing to serve, shall have been elected. The Nominating Committee shall review the requirements for serving as Director, review potential candidates for Director, propose nominees for Director to the Board and recommend to the Board the successor to the Chairman when a vacancy occurs in that position. The Nominating Committee shall have such power as it shall deem necessary for the performance of its duties. Vacancies in the membership of the Nominating Committee shall be filled by the Board of Directors. The

Nominating Committee shall keep minutes of the proceedings at its meetings.

SECTION 6. The Board of Directors may from time to time create other committees, standing or special, appoint Directors to serve on such committees and confer such powers upon such committees and revoke such powers and terminate the existence of such committees, as the Board at its pleasure may determine, subject to the limitations set forth in Section 8.40(c) of the Illinois Business Corporation Act of 1983, as amended from time to time.

SECTION 7. Meetings of any committee of the Board may be called at any time by the Chairman, by any two Directors or by the chairman of the committee the meeting of which is being called and shall be held at such place as shall be designated in the notice of such meeting. Notice of each committee meeting stating the time and place at which such meeting will be held shall be given to each member of the committee personally, or by telegraph, or by depositing the same in the mails properly addressed, at least one day before the day of such meeting. A majority of the members of a committee shall constitute a quorum thereof but a lesser number may adjourn the meeting from time to time until a quorum is obtained, or may adjourn *sine die*. A majority vote of the members of a committee present at a meeting at which a quorum is present shall be necessary for committee action.

SECTION 8. The Board of Directors may from time to time designate from among the Directors alternates to serve on one or more committees as occasion may require. Whenever a quorum cannot be secured for any meeting of any committee from among the regular members thereof and designated alternates, the member or members of such committee present at such meeting and not disqualified from voting thereat, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of such absent or disqualified member.

SECTION 9. Every Director of the Company, or member of any committee designated by the Board of Directors pursuant to authority conferred by these By-Laws, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the Company's officers or employees, or committees of the Board of Directors, or by any other person as to matters the Director or member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

ARTICLE V.

OFFICERS.

SECTION 1. There shall be elected by the Board of Directors, at its first meeting after the annual election of Directors in each year if practicable, the following principal officers of the Company, namely: a Chairman, a President, such number of Executive Vice Presidents, Senior Vice Presidents and Vice Presidents as the Board at the time may decide upon, a Secretary, a Treasurer and a Comptroller; and the Board may also provide for a Vice Chairman and such other officers, and prescribe for each of them such duties, as in its judgment may from time to time be desirable to conduct the affairs of the Company. No officer shall be elected for a term extending beyond the first day of the month following the month in which such officer attains the age of 65 years, on which date such officer shall be retired. The Chairman shall be a Director of the Company; any other officer above named may, but need not, be a Director of the Company. Any two or more offices may be held by the same person. All officers shall hold their respective offices until the first meeting of the Board of Directors after the next succeeding annual election of Directors and until their successors, willing to serve, shall have been elected, but any officer may be removed from office by the Board of Directors whenever in its judgment the best interests of the Company will be served thereby. Such removal, however, shall be without prejudice to the contract rights, if any, of the person so removed. Election of an officer shall not of itself create contract rights.

SECTION 2. The Chairman shall be the chief executive officer of the Company and shall have general authority over all the affairs of the Company, including the power to appoint and discharge any and all officers, agents and employes of the Company not elected or appointed directly by the Board of Directors. The Chairman shall, when present, preside at all meetings of the shareholders and of the Board of Directors. The Chairman shall have authority to call special meetings of the shareholders and meetings of the Board of Directors, and of any committee of the Board of Directors and, when neither the Board of Directors nor the Executive Committee is in session, to suspend the authority of any other officer or officers of the Company, subject, however, to the pleasure of the Board of Directors or of the Executive Committee at its next meeting. The Chairman, or such other officer as the Chairman may direct, shall be responsible for all internal audit functions, and the internal audit personnel shall report directly to the Chairman or to such other officer.

SECTION 3. In the absence or disability of the Chairman, the powers and duties of the Chairman shall be performed by the

President or, in the President's absence or disability, by such other principal officer as the Board of Directors or the Executive Committee may designate.

SECTION 4. Except insofar as the Board of Directors, the Executive Committee or the Chairman shall have devolved responsibilities on the other principal officers, the President shall be responsible for the general management and direction of the affairs of the Company, subject to the control of the Board of Directors, the Executive Committee and the Chairman. The President shall have such other powers and duties as usually devolve upon the President of a corporation and such further powers and duties as may be prescribed by the Board of Directors, the Executive Committee or the chairman. The President shall report to the Chairman.

SECTION 5. The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be prescribed for them, respectively, by the Board of Directors, the Executive committee or the Chairman. Each of such officers shall report to the Chairman or such other officer as the Chairman shall direct.

SECTION 6. The Secretary shall attend all meetings of the shareholders, of the Board of Directors and of each committee of the Board of Directors, shall keep a true and faithful record thereof in proper books and shall have the custody and care of the corporate seal, records, minute books and stock books of the Company and of such other books and papers as in the practical business operations of the Company shall naturally belong in the office or custody of the Secretary or as shall be placed in the Secretary's custody by order of the Board of Directors or the Executive Committee. The Secretary shall keep or cause to be kept a suitable record of the addresses of shareholders and shall, except as may be otherwise required by statute or the by-laws, sign and issue all notices required for meetings of shareholders, of the Board of Directors and of the committees of the Board of Directors. Whenever requested by the requisite number of shareholders or Directors, the Secretary shall give notice, in the name of the shareholder or shareholders or Director or Directors making the request, of a meeting of the shareholders or of the Board of Directors or of a committee of the Board of Directors, as the case may be. The Secretary shall sign all papers to which the Secretary's signature may be necessary or appropriate, shall affix and attest the seal of the Company to all instruments requiring the seal, shall have the authority to certify the by-laws, resolutions of the shareholders and Board of Directors and committees of the Board of Directors and other documents of the Company as true and correct copies thereof and shall have such other powers and duties as are commonly incidental to the office of Secretary and as may be prescribed by the Board of Directors, the Executive Committee or the Chairman. The

Secretary shall report to the Chairman or such other officer as the Chairman shall direct.

SECTION 7. The Treasurer shall have charge of and be responsible for the collection, receipt, custody and disbursement of the funds of the Company. The Treasurer shall deposit the Company's funds in its name in such banks, trust companies or safe deposit vaults as the Board of Directors may direct. Such funds shall be subject to withdrawal only upon checks or drafts signed or authenticated in such manner as may be designated from time to time by resolution of the Board of Directors or of the Executive Committee. The Treasurer shall have the custody of such books and papers as in the practical business operations of the Company shall naturally belong in the office or custody of the Treasurer or as shall be placed in the Treasurer's custody by order of the Board of Directors or the Executive Committee. The Treasurer shall have such other powers and duties as are commonly incidental to the office of Treasurer or as may be prescribed for the Treasurer by the Board of Directors, the Executive Committee or the Chairman. Securities owned by the Company shall be in the custody of the Treasurer or of such other officers, agents or depositaries as may be designated by the Board of Directors or the Executive Committee. The Treasurer may be required to give bond to the Company for the faithful discharge of the duties of the Treasurer in such form and in such amount and with such surety as shall be determined by the Board of Directors. The Treasurer shall report to the Chairman or such other officer as the Chairman shall direct.

SECTION 8. The Comptroller shall be responsible for the executive direction of the accounting organization and shall have functional supervision over the records of all other departments pertaining to revenues, expenses, money, securities, properties, materials and supplies. The Comptroller shall prescribe the form of all vouchers, accounts and accounting procedures, and reports required by the various departments. The Comptroller shall be responsible for the preparation and interpretation of all accounting reports and financial statements as required and for the proper review and approval of all bills received for payment. No bill or voucher shall be so approved unless the charges covered by the bill or voucher shall have been previously approved through job order, requisition or otherwise by the head of the department in which it originated, or unless the Comptroller shall otherwise be satisfied of its propriety and correctness. The Comptroller shall have such other powers and duties as are commonly incidental to the office of Comptroller or as may be prescribed for the Comptroller by the Board of Directors, the Executive Committee or the Chairman. The Comptroller may be required to give bond to the Company for the faithful discharge of the duties of the Comptroller in such form and in such amount and with such surety as shall be determined by the Board of

Directors. The Comptroller shall report to the Chairman or such other officer as the Chairman shall direct.

SECTION 9. Assistant Secretaries, Assistant Treasurers and Assistant Comptrollers, when elected or appointed, shall respectively assist the Secretary, the Treasurer and the Comptroller in the performance of the respective duties assigned to such principal officers, and in assisting such principal officer, each of such assistant officers shall for such purpose have the powers of such principal officer. In case of the absence, disability, death, resignation or removal from office of any principal officer, such principal officer's duties shall, except as otherwise ordered by the Board of Directors or the Executive Committee, temporarily devolve upon such assistant officer as shall be designated by the Chairman.

ARTICLE VI.

INDEMNIFICATION.

SECTION 1. (a) A Director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Company or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the Illinois Business Corporation Act of 1983, as amended, or (iv) for any transaction from which the Director derived an improper personal benefit. If the Illinois Business Corporation Act of 1983 is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Company shall be eliminated or limited to the full extent permitted by the Illinois Business Corporation Act of 1983, as so amended. Any repeal or modification of this Section 1(a) by the shareholders of the Company shall not adversely affect any right or protection of a Director of the Company existing at the time of such repeal or modification.

(b) Each person who is or was or had agreed to become a Director or officer of the Company, and each person who is or was serving or who had agreed to serve at the request of the Board of Directors or an officer of the Company as an employe or agent of the Company or as a director, officer, employe, or agent, trustee or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified by the Company to the full extent permitted by the Illinois Business Corporation Act of 1983 or any other applicable laws as presently or hereafter in effect. Without limiting the generality of the foregoing, the Company may enter into one or more agreements with

any person which provide for indemnification greater or different than that provided in this Section 1(b). Any repeal or modification of this Section 1(b) shall not adversely affect any right or protection existing hereunder immediately prior to such repeal or modification.

SECTION 2. The provisions of this Article shall be deemed to be a contract between the Company and each Director or officer who serves in any such capacity at any time while this Article is in effect, and any repeal or modification of this Article shall not affect any rights or obligations hereunder with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

SECTION 3. The indemnification provided or permitted by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled by law or otherwise, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 4. The Company may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Company, or who is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under the laws of the State of Illinois.

ARTICLE VII.

MISCELLANEOUS.

SECTION 1. No bills shall be paid by the Treasurer unless reviewed and approved by the Comptroller or by some other person or committee expressly authorized by the Board of Directors, the Executive Committee, the Chairman or the Comptroller to review and approve bills for payment.

SECTION 2. All checks, drafts or other orders for payment of money issued in the name of the Company shall be signed by such officers, employees or agents of the Company as shall from time to time be designated by the Board of Directors, the Chairman, the chief financial officer of the Company or the Treasurer.

SECTION 3. Any and all shares of stock of any corporation owned by the Company and any and all voting trust certificates

owned by the Company calling for or r presenting shares of stock of any corporation may be voted at any meeting of the shareholders of such corporation or at any meeting of the holders of such certificates, as the case may be, by any one of the principal officers of the Company upon any question which may be presented at such meeting, and any such officer may, on behalf of the Company, waive any notice required to be given of the calling of such meeting and consent to the holding of any such meeting without notice. Any such principal officer other than the Secretary, acting together with the Secretary or an Assistant Secretary, shall have authority to give to any person a written proxy, in the name of the Company and under its corporate seal, to vote any or all shares of stock or any or all voting trust certificates owned by the Company upon any question that may be presented at any such meeting of shareholders or certificate holders, with full power to waive any notice of the calling of such meeting and consent to the holding of such meeting without notice.

SECTION 4. The fiscal year of the Company shall begin on the first day of January and end on the last day of December in each year.

ARTICLE VIII.

ALTERATION, AMENDMENT OR REPEAL OF BY-LAWS.

These by-laws may be altered, amended or repealed by the shareholders or the Board of Directors.

EXHIBIT 5

Exhibit 5
CECo Holding Company
Form S-4
File No. 33-

SIDLEY & AUSTIN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ONE FIRST NATIONAL PLAZA
CHICAGO, ILLINOIS 60603
TELEPHONE 312: 853-7000
TELEX 25-4364
FACSIMILE 312: 853-7036

LOS ANGELES
NEW YORK
WASHINGTON, D.C.

LONDON
SINGAPORE
TOKYO

FOUNDED 1866

WRITER'S DIRECT NUMBER

January 31, 1994

CECo Holding Company
10 South Dearborn Street
P.O. Box 767
Chicago, Illinois 60690-0767

Re: 215,770,000 Shares of Common Stock, without par value

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-4 (the "Registration Statement") being filed by CECo Holding Company, an Illinois corporation (the "Company"), with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of 215,770,000 shares of Common Stock, without par value (the "New Shares"), of the Company.

We are familiar with the proceedings to date with respect to the proposed issuance, sale and delivery of the New Shares and have examined such records, documents and questions of law, and satisfied ourselves as to such matters of fact, as we have considered relevant and necessary as a basis for the opinions expressed herein.

Based on the foregoing, we are of the opinion that:

1. The Company is duly incorporated and validly existing under the laws of the State of Illinois.

2. The New Shares will be legally issued, fully paid and non-assessable when (i) the Registration Statement, as finally amended, shall have become effective under the Securities Act; (ii) the Company's Board of Directors shall have duly adopted final resolutions authorizing the issuance, sale and delivery of the New Shares as contemplated by the Registration Statement; (iii) in the case of the New Shares issuable pursuant to the sale of such shares under the Employe Savings and Investment Plan and Employe Stock Purchase Plan (the "Stoc Purchase Plan") of Commonwealth Edison Company, an Illinois corporation ("Edison"), post-effective amendments to the

Registration Statement on Form S-8 shall have been filed with the Commission and become effective under the Securities Act and all other conditions and requirements applicable to the delivery of such New Shares upon such sale in accordance with the governing instruments shall have been duly satisfied; (iv) in the case of the New Shares issuable pursuant to the sale of such shares under the Stock Purchase Plan, certificates representing the New Shares shall have been duly executed, countersigned and registered and duly delivered to the persons entitled thereto against receipt of the agreed consideration therefor; and (v) the merger of CECo Merging Corporation, an Illinois corporation, with and into Edison described in the Registration Statement shall have become effective as described therein.

We do not find it necessary for the purposes of this opinion to cover, and accordingly we express no opinion as to, the application of the securities or blue sky laws of the various states to the sale of the New Shares.

We hereby consent to the filing of this opinion letter as an Exhibit to the Registration Statement and to all references to our firm included in or made a part of the Registration Statement.

Very truly yours,

Sidley & Austin

EXHIBIT 8

Exhibit 8
CECO Holding Company
Form S-4
File No. 33-

SIDLEY & AUSTIN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ONE FIRST NATIONAL PLAZA
CHICAGO, ILLINOIS 60603
TELEPHONE 312: 853-7000
TELEX 25-4364
FACSIMILE 312: 853-7036

LOS ANGELES
NEW YORK
WASHINGTON, D.C.

LONDON
SINGAPORE
TOKYO

125th
Anniversary
1866-1991

WRITER'S DIRECT NUMBER

January 28, 1994

Commonwealth Edison Company
10 South Dearborn Street
Post Office Box 767
Chicago, Illinois 60690-0767

Gentlemen:

We are counsel to Commonwealth Edison Company, an Illinois corporation ("Edison"). We have been requested by Edison to render this opinion in connection with a proposed corporate restructuring (the "Merger") in which Edison will become a subsidiary of a new holding company currently named CECo Holding Company ("Holding Company"), with the current holders of the outstanding shares of Edison Common Stock becoming the holders of all the outstanding shares of common stock of Holding Company.

Edison has entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of January 28, 1994, and a Supplemental Agreement, dated as of January 28, 1994, pursuant to which CECo Merging Corporation ("Merging Corp."), a newly organized Illinois corporation which is a wholly-owned subsidiary of Holding Company, will be merged into Edison. As a result of the Merger, each share of Edison Common Stock will be converted into one share of Holding Company Common Stock and Edison will become a subsidiary of Holding Company. The proposed transaction, the Merger Agreement and the Supplemental Agreement are more fully described in the Registration Statement on Form S-4 to be filed by Holding Company with the Securities and Exchange Commission on January 31, 1994, pursuant to the Securities Act of 1933, as amended (the "Registration Statement"). Defined terms not otherwise defined herein have the meanings ascribed to them in the Registration Statement.

Based upon our review of the Registration Statement, the Merger Agreement, the Supplemental Agreement and such other documents as we have deemed necessary and upon certain representations made by Edison, we are of the opinion that, assuming the Merger and all other events occur as contemplated in the Registration Statement, under the Federal income tax law in effect on the date hereof:

1) no gain or loss will be recognized by non-dissenting holders of Edison Common Stock upon the conversion of Edison Common Stock into Holding Company Common Stock in the Merger;

2) no gain or loss will be recognized by non-dissenting holders of Edison Preferred Stock or Edison Preference Stock as a result of the Merger;

3) the basis of the Holding Company Common Stock deemed received in the Merger by non-dissenting holders of Edison Common Stock will be the same as the basis of the Edison Common Stock converted into such Holding Company Common Stock in the Merger;

4) the holding period of Holding Company Common Stock deemed received in the Merger by non-dissenting holders of Edison Common Stock will include the period during which they held the Edison Common Stock converted into such Holding Company Common Stock in the Merger, provided such Edison Common Stock is held as a capital asset by such holders at the effective time of the Merger; and

5) no gain or loss will be recognized by Holding Company or Edison as a result of the Merger.

Very truly yours,

Sidley & Austin

EXHIBIT 23(b)

Exhibit 23(b)
CECo Holding Company
Form S-4
File No. 33-

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Form S-4 Registration Statement of our reports dated January 28, 1993, included or incorporated by reference in Commonwealth Edison Company's Annual Report on Form 10-K for the year ended December 31, 1992 and our reports dated May 13, 1993, August 11, 1993 and November 10, 1993, included in Commonwealth Edison Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1993, June 30, 1993 and September 30, 1993. We also hereby consent to all references to our Firm included in this Form S-4 Registration Statement.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Chicago, Illinois
January 31, 1994

EXHIBIT 99(a)

[X] PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE.

Exhibit 99(a)
CECo Holdin, Company
Form S-4
File No. 33-

THIS PROXY/DIRECTION WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, IT WILL BE VOTED FOR ELECTION OF DIRECTORS AND FOR ITEMS B, C AND D.

A. Election of Directors FOR except vote withheld from the following nominee(s):	FOR [_]	WITHHELD [_]

Director Nominees:

Jean Allard	Byron Lee, Jr.
James W. Compton	Edward A. Mason
Sue L. Gin	James J. O'Connor
Donald P. Jacobs	Frank A. Olson
George E. Johnson	Samuel K. Skinner
Harvey Kapnick	

	FOR	AGAINST	ABSTAIN
B. AGREEMENT AND PLAN OF MERGER	[_]	[_]	[_]
C. AMENDMENT TO EDISON'S RESTATED ARTICLES	[_]	[_]	[_]
D. APPOINTMENT OF AUDITORS	[_]	[_]	[_]

If you have noted comments on the other side of the card, please mark box at right. [_]

SIGNATURE(S)_____DATE_____
The signer hereby revokes all proxies heretofore given by the signer to vote at said meeting or any adjournments thereof.

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

. FOLD AND DETACH HERE .

(COMMONWEALTH EDISON LOGO APPEARS HERE)

TO OUR SHAREHOLDERS

The regular annual meeting of shareholders of Commonwealth Edison Company will be held on Tuesday, May 10, 1994 in the Grand Ballroom of the Chicago Hilton and Towers, 720 South Michigan Avenue, Chicago, Illinois. You are invited to attend.

The enclosed Proxy Statement describes several items of business to be conducted at that meeting. Along with the usual election of Directors and appointment of auditors, you are asked to vote on a proposed corporate restructuring and an amendment to the Commonwealth Edison Restated Articles of Incorporation.

As always, your vote is very important. This year it will help to determine the future course of our Company. Therefore, I urge you to exercise your proxy and return it as early as possible. This action will expedite the tabulation process and minimize costs associated with possible follow-up mailings or reminder contacts.

Even if you now expect to attend the annual meeting, please sign, date and return the accompanying proxy in the enclosed addressed, postage-paid envelope. (You may revoke your proxy at any time before it is voted by delivering written notice of such revocation to Commonwealth Edison, executing a subsequent proxy or attending the annual meeting and voting in person.)

Sincerely,

James J. O'Connor
Chairman

(COMMONWEALTH EDISON LOGO)

COMMONWEALTH EDISON
10 South Dearborn Street
Post Office Box 767
Chicago, Illinois 60690-0767

PROXY/DIRECTION

THIS PROXY/DIRECTION IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF COMMONWEALTH EDISON COMPANY (THE "COMPANY") FOR THE ANNUAL MEETING OF STOCKHOLDERS ON MAY 10 1994.

The undersigned appoints James J. O'Connor, Samuel K. Skinner and David A. Scholz, or any of them, as Proxies each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side, all shares of the Company's stock held in the undersigned's name and shares held by agents in Plans, hereafter described, subject to the voting direction of the undersigned at the Annual Meeting of Stockholders to be held on May 10, 1994, or any adjournment thereof and, in the Proxies' discretion, to vote upon such other business as may properly come before the meeting, all as more fully set forth in the Proxy Statement related to such meeting, receipt of which is hereby acknowledged.

ALL SHARES VOTABLE HEREBY BY THE UNDERSIGNED INCLUDE SHARES, IF ANY, HELD IN THE NAME OF AGENTS, FOR THE BENEFIT OF THE UNDERSIGNED, IN THE COMPANY'S DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN AND THE COMPANY'S EMPLOYE SAVINGS AND INVESTMENT PLAN TRUST.

Comment/Change of address:

PLEASE SEE REVERSE SIDE

EXHIBIT 99(b)

Exhibit 99(b)
CECO Holding Company
Form S-4
File No. 33-

CONSENT OF PROSPECTIVE DIRECTOR

The undersigned, being a director of Commonwealth Edison Company, an Illinois corporation, acting in accordance with Rule 438 promulgated under the Securities Act of 1933, as amended, hereby consents to being named as a prospective director of CECo Holding Company, an Illinois corporation, in the Registration Statement on Form S-4 of CECo Holding Company.

Dated January 31 , 1994

Jean Allard

Jean Allard

CONSENT OF PROSPECTIVE DIRECTOR

The undersigned, being a director of Commonwealth Edison Company, an Illinois corporation, acting in accordance with Rule 438 promulgated under the Securities Act of 1933, as amended, hereby consents to being named as a prospective director of CECo Holding Company, an Illinois corporation, in the Registration Statement on Form S-4 of CECo Holding Company.

Dated January 31 , 1994

James W. Compton

CONSENT OF PROSPECTIVE DIRECTOR

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Dated January 31 , 1994

Sue L. Gin

CONSENT OF PROSPECTIVE DIRECTOR

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Dated January 31 , 1994

Donald P. Jacobs

CONSENT OF PROSPECTIVE DIRECTOR

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Dated January 31 , 1994

George E. Johnson

CONSENT OF PROSPECTIVE DIRECTOR

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Dated January 31 , 1994

Harvey Kapnick

CONSENT OF PROSPECTIVE DIRECTOR

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Dated January 31 , 1994

Byron Lee Jr.
Byron Lee, Jr.

CONSENT OF PROSPECTIVE DIRECTOR

The undersigned, being a director of Commonwealth Edison Company, an Illinois corporation, acting in accordance with Rule 438 promulgated under the Securities Act of 1933, as amended, hereby consents to being named as a prospective director of CECo Holding Company, an Illinois corporation, in the Registration Statement on Form S-4 of CECo Holding Company.

Dated January 31 , 1994

Edward A. Mason

Edward A. Mason

CONSENT OF PROSPECTIVE DIRECTOR

The undersigned, being a director of Commonwealth Edison Company, an Illinois corporation, acting in accordance with Rule 438 promulgated under the Securities Act of 1933, as amended, hereby consents to being named as a prospective director of CECo Holding Company, an Illinois corporation, in the Registration Statement on Form S-4 of CECo Holding Company.

Dated January 31 , 1994

F Olson

Frank A. Olson