SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-28000; 70-10291)

Exelon Corporation

Order Authorizing Amendment to Articles of Incorporation

July 12, 2005

Exelon Corporation ("Exelon"), Chicago, Illinois, a registered holding company, has filed a declaration, as amended ("Declaration") under sections 6(a), 7 and 12(e) of the Public Utility Holding Company Act of 1935, as amended ("Act"), and rules 54 and 62 under the Act. The Commission issued a notice of the Declaration on June 1, 2005, HCAR No. 27978. No request for a hearing was received.

Exelon seeks authority to amend its Amended and Restated Articles of Incorporation to increase the amount of the Exelon's authorized capital stock.

On December 20, 2004, Exelon and Public Service Enterprise Group Incorporated ("PSEG"), an electric and gas utility holding company that claims exemption from registration pursuant to rule 2 under section 3(a)(1) of the Act, entered into an Agreement and Plan of Merger ("Merger Agreement").[1] Under the terms of the Merger Agreement, PSEG would merge into Exelon ("Merger"), thereby ending the separate corporate existence of PSEG. Each PSEG shareholder will be entitled to receive 1.225 shares of Exelon common stock for each PSEG share held and cash in lieu of any fraction of an

[1] The Merger is subject to a number of conditions, including the approval of the Commission under the Act and other regulatory approvals. On March 15, 2005, Exelon filed an application with this Commission seeking approval of the Merger and related transactions. SEC File No. 70-10294.

Exelon share that a PSEG shareholder would have otherwise been entitled to receive. Exelon common stock will be unaffected by the Merger, with each issued and outstanding share remaining outstanding following the Merger as a share in the surviving company. Upon completion of the Merger, Exelon will change its name to Exelon Electric & Gas Corporation ("Exelon").

As the surviving company in the Merger, Exelon will remain the ultimate corporate parent of Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), Exelon Generation Company, LLC ("Exelon Generation") and the other Exelon subsidiaries, and become the ultimate corporate parent of Public Service Electric and Gas Company ("PSE&G"), a public utility company under the Act, and the other PSEG subsidiaries.

Exelon will continue to be a registered public utility holding company under the Act, and ComEd, PECO and PSE&G will continue to be operating franchised public utility companies. Exelon will remain headquartered in Chicago, but will also have energy trading and nuclear headquarters in southeastern Pennsylvania and generation headquarters in Newark, New Jersey. PSE&G will remain headquartered in Newark. PECO will remain headquartered in Philadelphia and ComEd will remain headquartered in Chicago.

Under the terms of the Merger Agreement, Exelon and PSEG have agreed to convene meetings of their respective shareholders for the purpose of obtaining required stockholder approvals relating to the Merger. Exelon will seek to obtain the affirmative vote of a majority of votes cast by holders of the outstanding shares of the common stock

of Exelon ("Exelon Shares") represented at the Exelon shareholders meeting ("Exelon Shareholders Meeting") (provided that at least a majority of the Exelon Shares are represented in person or by proxy at such meeting). Exelon is seeking authority, and asks that the Commission issue an order authorizing Exelon, to amend its Amended and Restated Articles of Incorporation to increase the number of authorized shares of Exelon common stock from 1,200,000,000 to 2,000,000,000.

According to Exelon, the total authorized shares of capital stock of Exelon consist of 1,200,000,000 shares of common stock and 100,000,000 shares of preferred stock, no par value. At the close of business on December 17, 2004, 666,256,558 shares of Exelon common stock were outstanding and no shares of Exelon preferred stock were issued and outstanding. In addition, 2,499,865 shares of common stock were held by Exelon in its treasury, 25,278,095 shares of common stock were reserved for issuance under outstanding options to purchase common stock granted under Exelon's Long-Term Incentive Plan, Exelon's Amended and Restated Long-Term Incentive Plan, as amended, and Exelon's 1998 Stock Option Plan (together with Exelon's Directors, Stock Unit Plan,[2] the "Exelon Stock Incentive Plans"), 14,610,750 shares of common stock were reserved for the grant of additional awards under the Exelon Stock Incentive Plans, 7,000,000 shares of common stock were reserved for issuance under Exelon's Employee Stock Purchase Plan, 562,000 shares of common stock were reserved for issuance in connection with outstanding restricted shares (shares of common stock subject to forfeiture) and 1,343,000 shares of common stock were reserved for issuance under outstanding deferred shares (shares of common stock the issuance of which had been

[2] Exelon's Non-Employee Directors Deferred Stock Unit Plan.

deferred under Exelon's Deferred Compensation Plan). According to Exelon, there are now 478,788,343 authorized shares of Exelon common stock that are not reserved and that may be used for any future business purposes. As a result, according to Exelon, it is proposing to amend its Amended and Restated Articles of Incorporation to increase its number of authorized shares of common stock from 1,200,000,000 to 2,000,000,000.

The proposed transactions are subject to the requirements of rule 54. Rule 54 provides that in determining whether to approve the issue or sale of a security by a registered holding company for purposes other than the acquisition of an EWG or FUCO, or other transactions by such registered holding company or its subsidiaries other than with respect to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of any subsidiary which is an EWG or a FUCO upon the registered holding company if paragraphs (a), (b) and (c) of rule 53 are satisfied.

Exelon currently does not meet all of the conditions of rule 53(a). As of December 31, 2004, Exelon's "aggregate investment," as defined in rule 53(a)(1), in EWGs and FUCOs was approximately $2.2 billion which is in excess of the 50% of Exelon's average consolidated retained earnings of $3.0 billion at that date. However, in the Financing Order, the Commission has authorized Exelon to increase its "aggregate investment" in EWGs and FUCOs to an amount of up to $4 billion.[3] Therefore, although Exelon's "aggregate investment" in EWGs and FUCOs currently exceeds the 50% "safe harbor" limitation, this investment level is permitted under the Financing Order.

[3] By order issued April 1, 2004, HCAR No. 27830, the Commission reserved jurisdiction over Exelon's request to further increase its "aggregate investments" in EWGs and FUCOs to an amount of up to $7.0 billion dollars.

Furthermore, as a result of the sale of Sithe Energies, Inc. ("Sithe") on January 31, 2005, Exelon's aggregate investment in EWGs decreased to approximately $1.4 billion.

Exelon satisfies all of the other conditions of paragraphs (a) and (b) of rule 53. Finally, rule 53(c) by its terms is inapplicable since the proposed transaction does not involve the issue or sale of a security to finance the acquisition of an EWG or FUCO.

With regard to capitalization, since December 31, 2000, there has been no material adverse impact on Exelon's consolidated capitalization resulting from Exelon's investments in EWGs and FUCOs. Exelon's common equity ratio has remained above 30% since 2000 and its position at December 31, 2004 was 40.8%

Fees and expenses in the estimated amount of $2,140,750.00 are expected by Exelon to be incurred in connection with the proposed transaction (including costs associated with the solicitation of proxies approved by order issued June 1, 2005, HCAR No. 27978). Exelon states that no state or federal commission, other than this Commission, has jurisdiction over the transaction proposed in the Declaration.

Due notice of the filing of the Declaration has been given in the manner prescribed in rule 23 under the Act and no hearing has been requested of or ordered by the Commission. Based on the facts in the record, the Commission finds that the applicable standards of the Act and rules are satisfied and that no adverse findings are necessary.

IT IS ORDERED, under rule 62 under the Act, that the Declaration regarding the proposed amendment to Exelon's Amended and Restated Articles of Incorporation in

order to increase the number of authorized shares of common stock from 1,200,000,000 to 2,000,000,000 be, and it hereby is, permitted to become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jill M. Peterson
Assistant Secretary