

PSE&G / Holdings Overview

PSE&G

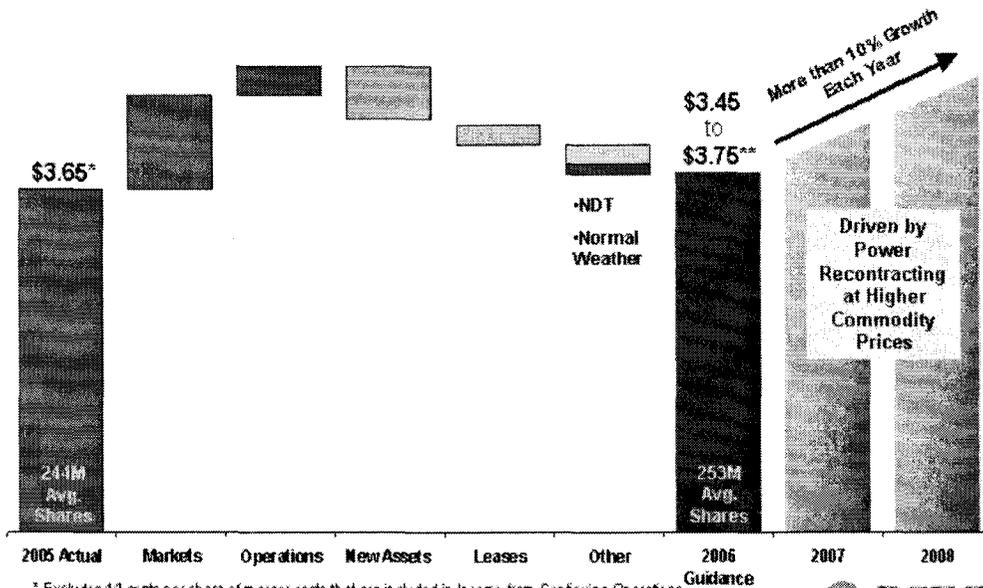
- Providing safe, reliable, low-cost service
- Merger issues & rate relief requirements
- Manageable infrastructure improvements

Energy Holdings

- Significant monetization / debt pay downs
- Stability in international operations
- Strong performance in Texas



PSEG Stand-Alone 2006 Earnings Guidance



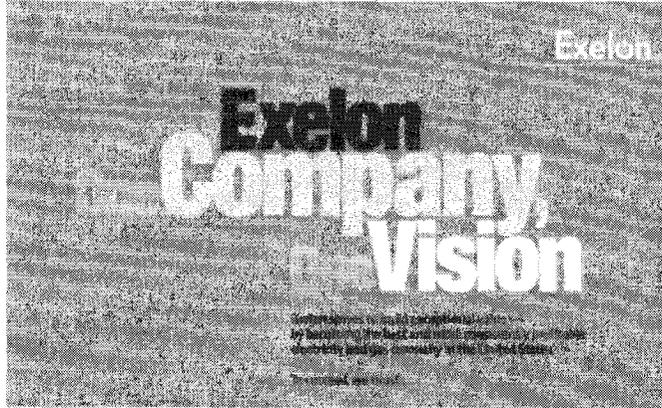
* Excludes 14 cents per share of merger costs that are included in Income from Continuing Operations

** Excluding merger costs that are included in Income from Continuing Operations

NDT = nuclear decommissioning trust



Exelon Update



Live Up to our Commitments
Perform at World-Class Levels
Disciplined Financial Management

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Key Messages

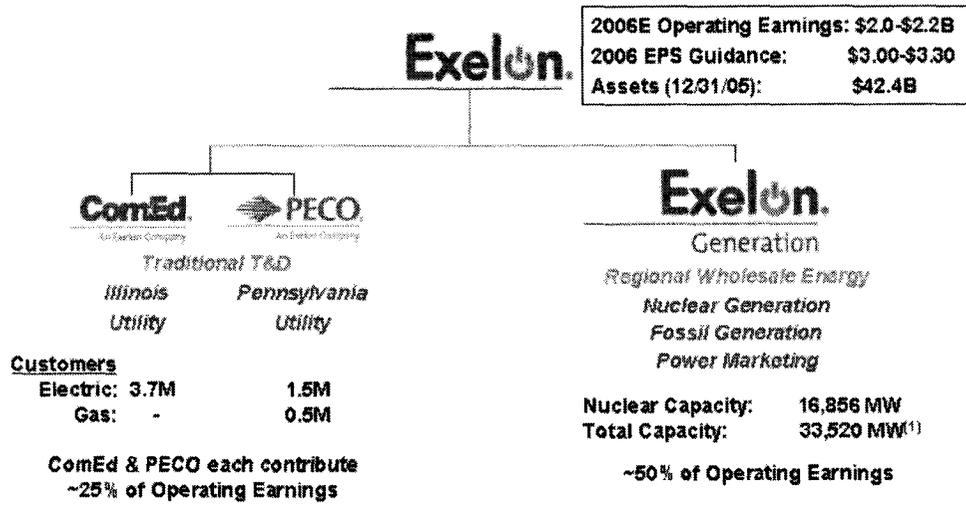
- ➔ Continued strong financial and operating performance
 - ➔ Uniquely positioned generation business
 - ➔ Changing composition of earnings
 - ➔ Managing the transition to Illinois auctions
 - ➔ Stable growth delivery businesses with improving operations
 - ➔ Plan in place to ensure continued viability of ComEd while protecting Exelon
 - ➔ Strong balance sheet and financial discipline

**Demonstrated ability to deliver on
our commitments**

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Exelon Overview



(1) At 12/31/05; includes long-term contracts and investments in two facilities in Mexico of 230 MWs
 Note: See presentation appendix for adjusted (non-GAAP) operating reconciliations to GAAP

Meeting Our Financial and Operating Commitments

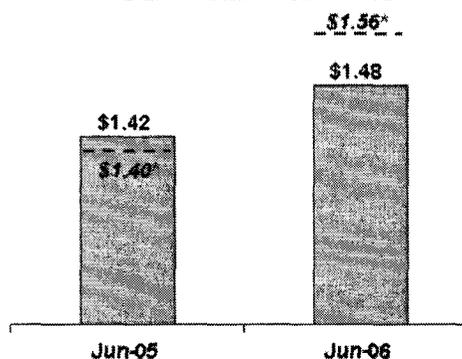
Year-to-date Results:

	<u>Jun-05</u>	<u>Jun-06</u>
Adjusted (non-GAAP)		
Operating EPS	\$1.42	\$1.48
GAAP EPS	\$1.53	\$1.55

First Half 2006 Highlights:

- ICC approved IL auction – proceeding as planned
- ICC order in ComEd rate case
- Higher generation margins
- Strong nuclear and fossil fleet performance
- Successful energy delivery system performance with record heat and new peaks
- Higher O&M expenses and capital expenditures

YTD EPS - Weather Normalized



* Excludes \$0.02/share favorable impact versus normal in 2005 and \$0.08/share unfavorable impact versus normal in 2006, based on Exelon models

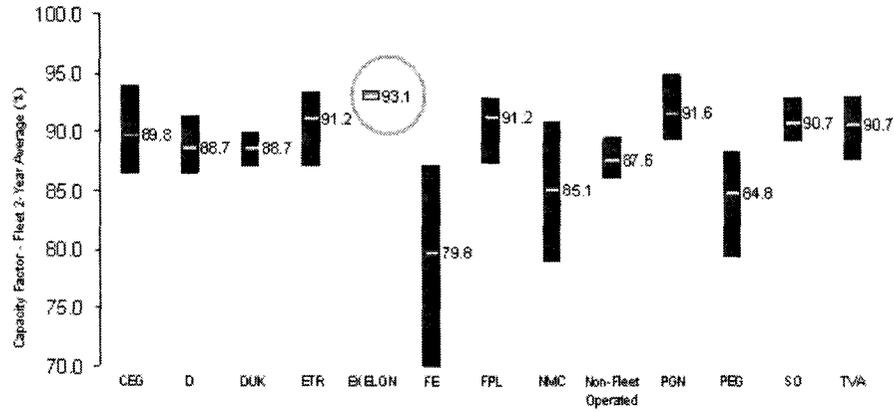
Note: See presentation appendix for reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS

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World-Class Nuclear Operations

Range of Nuclear Capacity Factors (2001-2005)

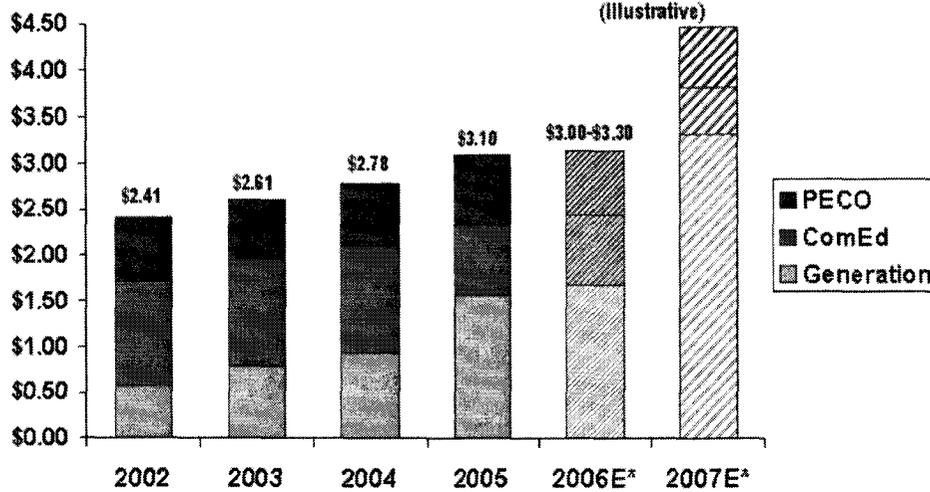


Sources: Platt's, Nuclear News, NRC and Department of Energy

Exelon Nuclear's sustained performance is a competitive advantage; June YTD capacity factor was 93.3%

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Composition of Operating EPS



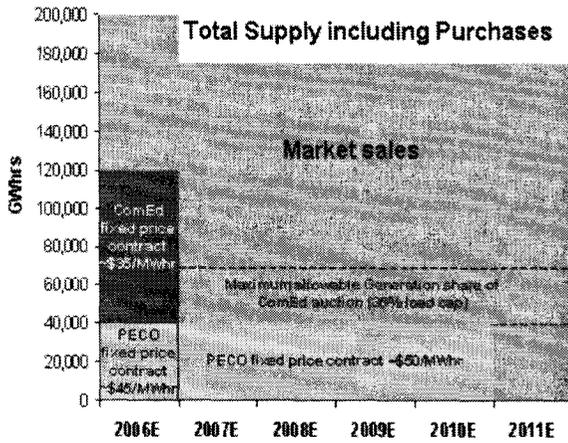
A further shift in relative earnings contribution from Energy Delivery to Generation will occur in 2007 when ComEd becomes a pure wires company and Generation gets a market price for its Midwest production.

* 2006: represents mid-point of guidance range. 2007: represents Thomson First Call consensus EPS estimate of \$4.46 as of 8/31/06 for Exelon stand-alone, not company guidance. Segment results are illustrative only. Note: See presentation appendix for adjusted (non-GAAP) operating EPS reconciliations to GAAP.

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Generation Market Opportunity



- Generation currently supplies 100% of ComEd's POLR* load
- Post-2006, Generation is limited to supplying no more than 35% of ComEd's load through annual auctions
 - Better fit with generation mix than current arrangement where Generation is sole supplier to ComEd
 - Load obligations will be "slice of the system" - suppliers provide capacity, base load, intermediate and peaking energy and ancillary services
 - Excess supply will be sold bilaterally to other market participants

Notes: Approximate 25,000 GWhr projected decrease in supply after 2006 reflects a reduction in purchased power. Chart representation for illustrative purposes only.

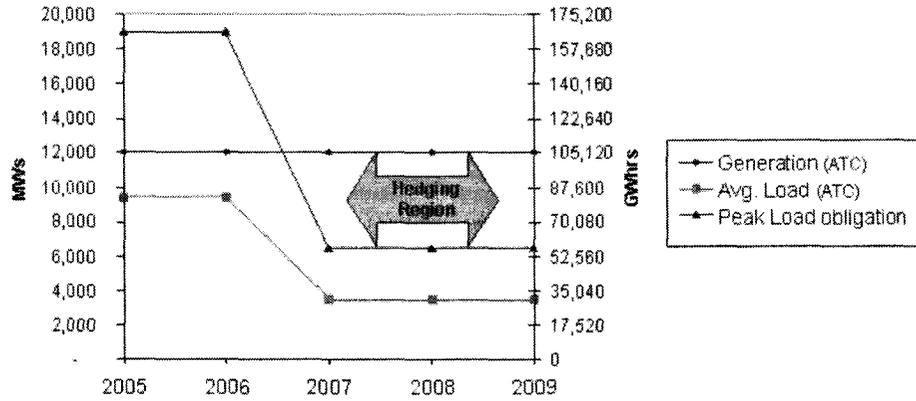
The upcoming transition to power procurement auctions in Illinois reduces Generation's load-following risk, while allowing it to capture the full market value of its Midwest generation portfolio

* POLR = Provider of Last Resort



Managing the Transition to Power Auctions in IL

Generation and Load - Midwest Portfolio



The end of the ComEd PPA will allow Generation to better match assets with sales in the most profitable manner

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Energy Delivery's Competitive Position

- **Large and growing customer base**
- **Low-risk distribution assets**
- **Improving operations and customer satisfaction**
- **Transitioning out of rate freeze/cap environment**
 - ComEd: end of 2006
 - PECO: end of 2010

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ComEd Regulatory Update

Distribution Rate Case

- ICC Order provided for \$8M increase, vs. the Administrative Law Judges' (ALJs') Proposed Order of \$164M and ComEd's original request of \$317M
- On August 30, ICC voted 5-0 to grant key elements of ComEd's request for rehearing
- Due to the ICC Order, ComEd and Exelon will record an after-tax impairment charge of ~\$741M in 3Q06 based on results of ComEd's interim goodwill impairment analysis

IL Auction

- Illinois Supreme Court and Appellate Court denied the Illinois Attorney General's request to stay auction; Appellate Court will consider all appeals
- Auction began September 5th (NJ auctions have taken 2-7 days to complete)
- Auction Manager and ICC Staff reports to the ICC (2 days after auction closes)
- ICC decides whether to reject or accept results (5 days after auction closes)

Residential Rate Stabilization Case

- On August 29, ComEd submitted a modified plan that ICC Staff supports:
 - "10/10/10" caps from 2007 to 2009; deferral recovery from 2010 to 2012 with 6.5% annual carrying charge
 - An "opt-in" feature for customers to enroll through August 22, 2007
 - ICC decision anticipated late November 2006

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Annual Investor Conference Preview

Conference Agenda

- 2006 Performance
- Strategic Direction
- Operations and Regulatory Update
- Results of Financial Policy Alignment Initiative
- 2007 Financial Projections and Key Assumptions by Operating Company

Ensuring alignment of key financial policies:

•Commodity hedging

•Financing plan

- Liquidity
- Capital structure
- Credit targets

•Spending plan

- Capital expenditures
- O&M expenses

•Growth plan

•“Value Return” policy

- Dividends
- Share buy-backs

•Risk controls

Exelon's Conference is scheduled for December 12th in Chicago

Given our changing business profile, we are taking a fresh look at all of our key financial policies to ensure optimal alignment

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Merger Update

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Merger Update – NJ Negotiations

- NJ BPU approval is the final regulatory action needed to complete the merger
- Series of discussions conducted with parties in NJ to arrive at “best offer” proposal
- Exelon and PSEG Boards will reassess and make final decision once NJ requirements are known
- Exelon announced an approximate \$55M pre-tax write-off of capitalized merger costs in 3Q06 due to management's determination that probability of merger completion is no longer “more likely than not”

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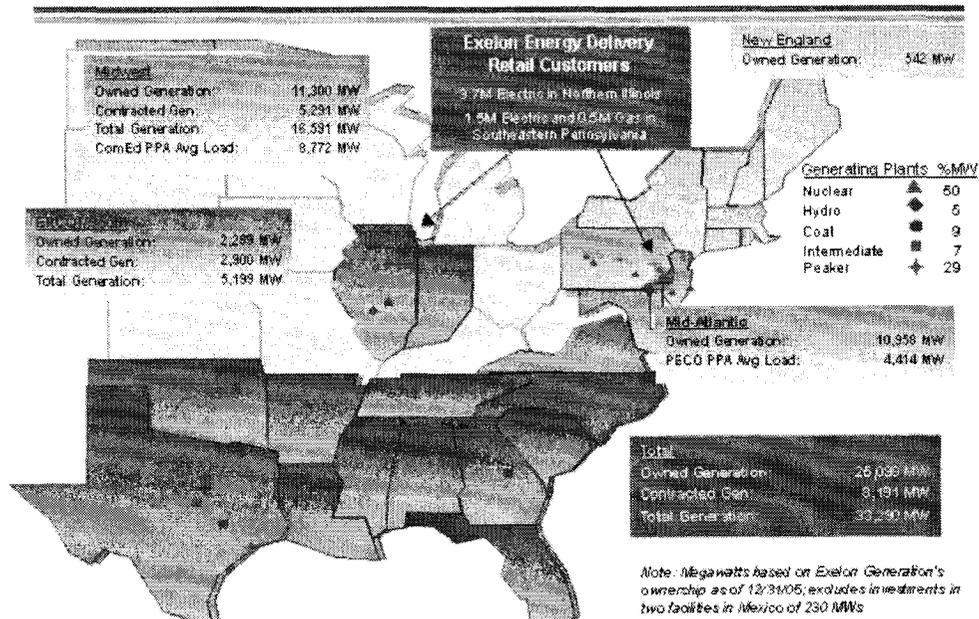


Lehman Brothers
2006 CEO Energy/Power Conference
New York City
September 6, 2006

Appendix – Additional Information

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Our Regional Positions

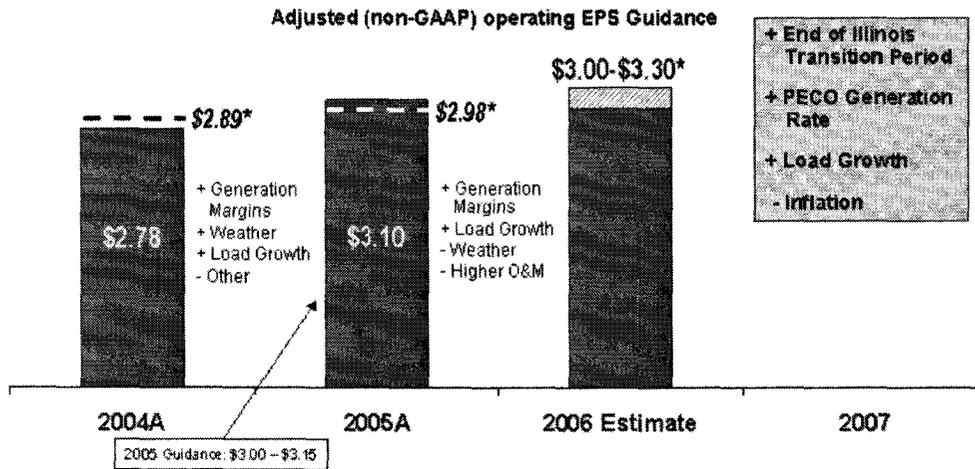


Exelon is positioned as a multi-regional, baseload producer with merchant activity in the South



Source: EXELON CORP, 8-K, September 06, 2006

Exelon's EPS Drivers: 2004 - 2007



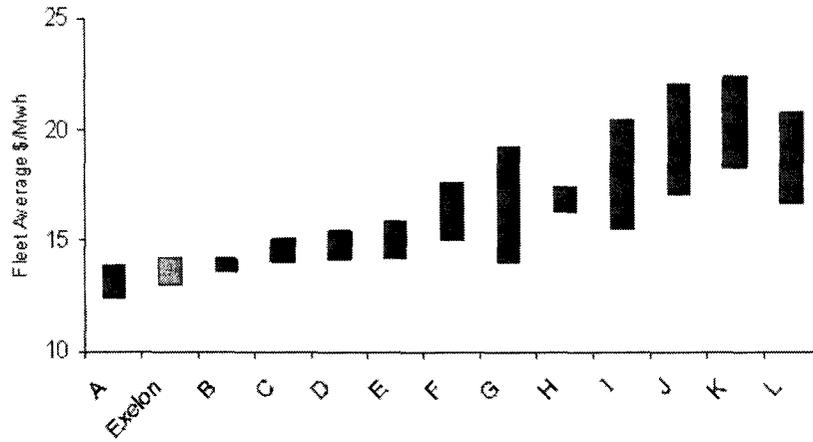
Strong earnings growth is continuing in 2006 and will accelerate in 2007

* Weather normalized; 2004 - excludes \$0.11/share unfavorable impact vs. normal; 2005 - excludes \$0.12/share favorable impact vs. normal; 2006E - excludes \$0.08/share unfavorable impact vs. normal
 Note: See presentation appendix for adjusted (non-GAAP) operating EPS reconciliations to GAAP



Exelon Nuclear Performance – Cost Management

Range of Nuclear Production Costs (2001-2005)



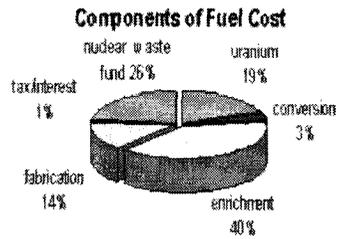
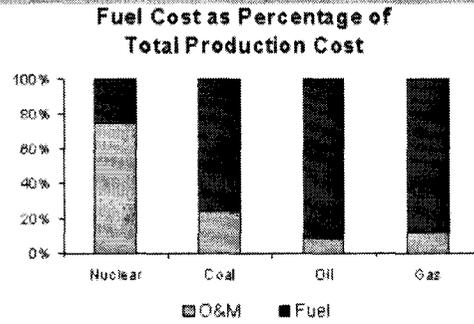
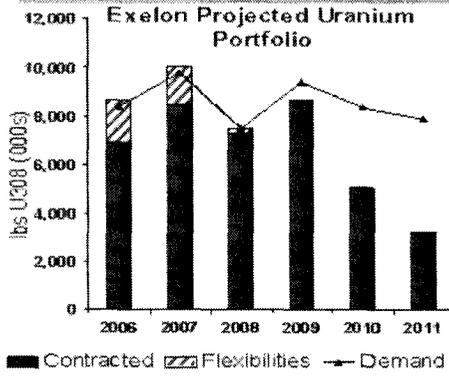
Source: Electric Utility Cost Group

Exelon Nuclear's production cost is consistently lower than the industry average; YTD cost was \$14/MWh

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Nuclear Performance – Fuel Costs



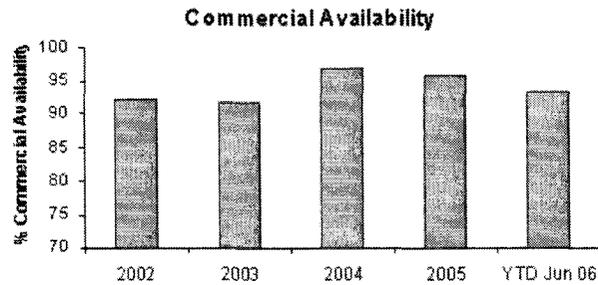
Uranium market prices have increased, but Exelon is managing its portfolio

- Reduced uranium consumption by 25%
- Contracting strategy protects us from increases through 2008
- Uranium is a small component of total production cost
- Expect long-term prices in \$20-25/lb. range due to new uranium production

Exelon Nuclear is managing fuel costs

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Exelon Power Performance - Reliability



Targeted capital investment and sound operating fundamentals driving fleet efficiency and reliability

- Market-driven investments in plant improvements that increase unit profitability
- Material condition improvement resulting in improved unit reliability, heat rate and capacity
- Capitalizing on market opportunities through improved operating flexibility and market responsiveness

Application of Management Model has resulted in improved operations

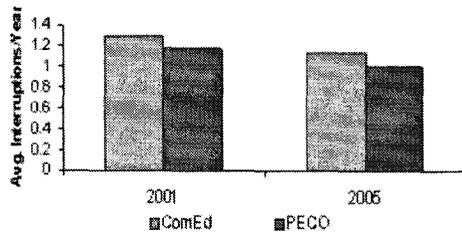
Exelon Power is well positioned to capitalize on market opportunities

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Improved Delivery Service Performance

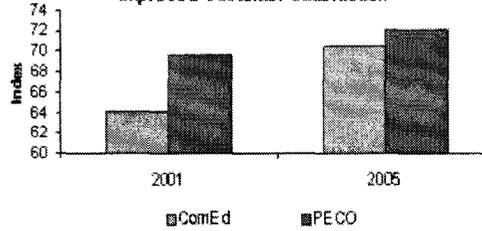
Fewer Interruptions (Frequency)



- Investing in T&D system
- Improving material condition of gas distribution system
- Completing high-impact maintenance

- Creating customer-focused culture
- Enhancing customer outage communications
- "Telling our story" through media outreach
- Achieved five-year high in customer satisfaction at PECO

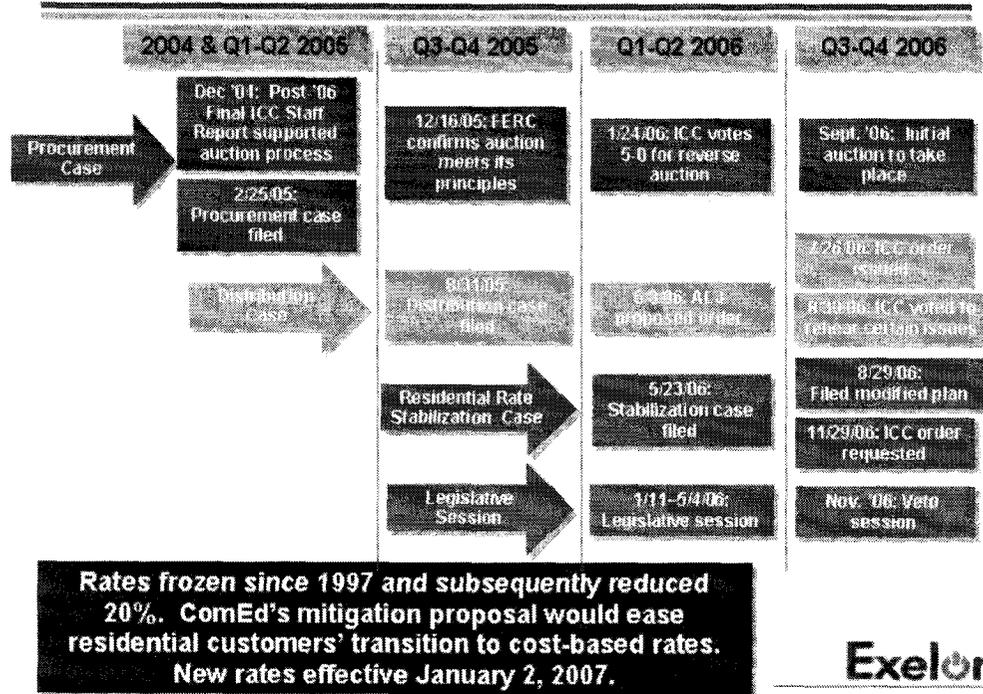
Improved Customer Satisfaction



ComEd and PECO initiatives are leading to improved reliability and customer satisfaction

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Meeting the Regulatory Challenge



ComEd Rate Case Summary

While the Administrative Law Judges' (ALJs) Proposed Order provided for a revenue increase of \$164M compared to ComEd's original request of \$317M, the ICC Order provided for only an \$8M increase

(\$ in millions)	Revenue Requirement	Revenue Increase
Original request	\$1,895	\$317
Final position – ComEd brief	\$1,857	(\$38)
ROE @ 10.045% / Capital Structure @ 42.86% equity	\$1,732	(\$125)
Pension asset	\$1,662	(\$70)
Administrative & General expenses	\$1,601	(\$61)
ComEd incentive compensation	\$1,591	(\$10)
Other ICC adjustments	\$1,586	(\$5)
Approved increase in distribution rate revenue		\$8M

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ComEd Rate Case Update

- The ICC Order provided for only an \$8M increase, versus the Administrative Law Judges' (ALJs) Proposed Order of \$164M and ComEd's original request of \$317M
- On August 30, ICC voted 5-0 to rehear several key issues that ComEd sought for rehearing
 - ICC has 150 days to complete rehearing process
- **Key issues on rehearing**
 - Administrative & General Expense: Seeking approval of disallowed costs (\$61M improvement to ICC Order)
 - Pension Asset: Seeking to recover pension expense as if ComEd had funded contribution through debt or, alternatively, to recover pension expense as if contribution had never been made (\$27-\$35M improvement to Order)
 - Common Equity Ratio: Seeking to establish a 46% common equity ratio as recommended in ALJs' Proposed Order, rather than the ICC Order's 42.86% common equity ratio (\$17M improvement to Order)
 - Governmental Consolidated Billing (GCB) Rider: Seeking to either eliminate the Rider or ensure acceptable allocation of annual subsidy (\$36-\$62M) to other customers

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