

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 20, 2007

Date of Report (Date of earliest event reported)

<u>Commission File Number</u>	<u>Exact Name of Registrant as Specified in Its Charter; State of Incorporation; Address of Principal Executive Offices; and Telephone Number</u>	<u>IRS Employer Identification Number</u>
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 7 — Regulation FD

Item 7.01. Regulation FD Disclosure.

On August 20-21, 2007, Exelon Corporation (Exelon) will meet with investors and will reaffirm its adjusted (non-GAAP) operating earnings guidance ranges for 2007 for Exelon, Exelon Generation Company, LLC (Generation), Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Exelon will also reaffirm its GAAP earnings guidance range for 2007 for Exelon. Attached as Exhibit 99.1 to this Current Report on Form 8-K is the handout to be used at the investor meetings.

* * * * *

This combined Form 8-K is being furnished separately by Exelon, Generation, ComEd and PECO (Registrants). Information contained herein relating to any individual Registrant has been furnished by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

This Current Report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as those discussed in (1) Exelon's 2006 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18; (2) Exelon's Second Quarter 2007 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors and (b) Part I, Financial Information, ITEM 1. Financial Statements: Note 13; and (3) other factors discussed in filings with the Securities Exchange Commission by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Current Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Current Report.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor handout

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EXELON CORPORATION
EXELON GENERATION COMPANY, LLC
PECO ENERGY COMPANY**

/s/ John F. Young

John F. Young

Executive Vice President, Finance and Markets
and Chief Financial Officer

Exelon Corporation

COMMONWEALTH EDISON COMPANY

/s/ Robert K. McDonald

Robert K. McDonald

Senior Vice President, Chief Financial Officer,
Treasurer and Chief Risk Officer

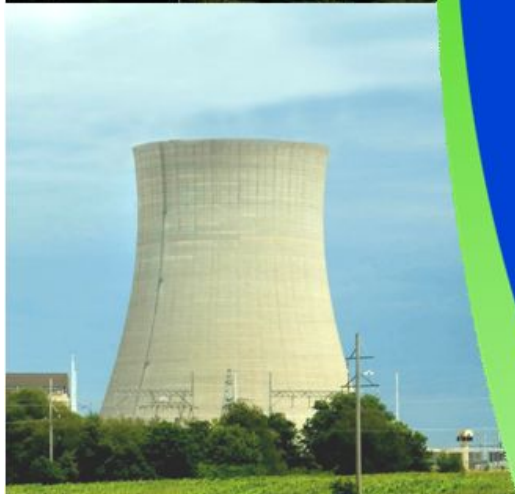
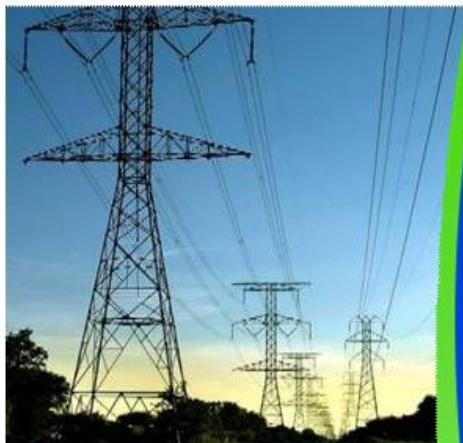
Commonwealth Edison Company

August 20, 2007

EXHIBIT INDEX

Exhibit No.
99.1

Description
Investor handout



Value Driven **Exelon Corporation**

Investor Handout

August 20 and 21, 2007

Exelon Investor Relations Contacts

Inquiries concerning this presentation should be directed to:

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Len.Epelbaum@ExelonCorp.com

Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as those discussed in (1) Exelon's 2006 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18; (2) Exelon's Second Quarter 2007 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors and (b) Part I, Financial Information, ITEM 1. Financial Statements: Note 13; and (3) other factors discussed in filings with the Securities and Exchange Commission (SEC) by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, and PECO Energy Company (Companies). Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. None of the Companies undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

This presentation includes references to adjusted (non-GAAP) operating earnings that exclude the impact of certain factors. We believe that these adjusted operating earnings are representative of the underlying operational results of the company. Please refer to the appendix to the presentation for a reconciliation of adjusted (non-GAAP) operating earnings to GAAP earnings.

The Exelon Story – Value Driven



- Premier U.S. nuclear generator uniquely positioned to capture market opportunities through operational and commercial excellence
- Primary source of Exelon's value going forward



- Completed the transition to a “wires-only” business with a regulatory recovery plan in place



- Predictable source of earnings through transition period; preparing for 2011



- ~9% annual operating EPS growth since inception
- Continued strong growth trend through 2011
- Strong balance sheet and financial discipline
- New value return policy
- Experienced management team

The Exelon Companies



'06 Operating Earnings ⁽¹⁾ :	\$2.2B
'07E Operating Earnings ⁽²⁾ :	\$2.7 - \$2.9B
'07 EPS Guidance ⁽²⁾ :	\$4.00 - \$4.30
Assets (12/31/06):	\$44.3B
Total Debt (12/31/06):	\$13.0B
Credit Rating ⁽⁴⁾ :	BBB



Nuclear, Fossil, Hydro & Renewable Generation Power Marketing

'06 Earnings ⁽¹⁾ :	\$1,275M
'07E Earnings ⁽²⁾ :	\$2,280 - \$2,420M
'06 EPS ⁽¹⁾ :	\$1.88
'07 EPS Guidance ⁽²⁾ :	\$3.40 - \$3.60
Total Debt ⁽³⁾ :	\$1.8B
Credit Rating ⁽⁴⁾ :	BBB+

Illinois Utility	'06 Earnings ⁽¹⁾ :	\$528M
	'07E Earnings ⁽²⁾ :	\$65 - \$125M
	'06 EPS ⁽¹⁾ :	\$0.78
	'07 EPS Guidance ⁽²⁾ :	\$0.10 - \$0.20
	Total Debt ⁽³⁾ :	\$4.6B
	Credit Ratings ⁽⁴⁾ :	BBB-

Pennsylvania Utility	'06 Earnings ⁽¹⁾ :	\$455M
	'07E Earnings ⁽²⁾ :	\$400 - \$420M
	'06 EPS ⁽¹⁾ :	\$0.67
	'07 EPS Guidance ⁽²⁾ :	\$0.60 - \$0.65
	Total Debt ⁽³⁾ :	\$4.2B
	Credit Ratings ⁽⁴⁾ :	A-

(1) 2006 Adjusted (Non-GAAP) Operating Earnings and Operating EPS.

(2) Estimated 2007 Adjusted (Non-GAAP) Operating Earnings and 2007 Operating Earnings Guidance per Exelon share.

(3) As of 12/31/06.

(4) Standard & Poor's senior unsecured debt ratings for Exelon and Generation and senior secured debt ratings for ComEd and PECO as of 8/10/07.

Multi-Regional, Diverse Company

Generating Plants	%MW
Nuclear	▲ 51
Hydro	◆ 5
Coal/Oil/Gas Base-load	● 10
Intermediate	■ 10
Peaker	+ 24

ComEd
An Exelon Company

Electricity Customers: 3.8M

PECO
An Exelon Company

Electricity Customers: 1.6M
Gas Customers: 0.5M

Midwest Capacity

Owned: 11,389 MW
Contracted: 4,791 MW
Total: 16,180 MW

New England Capacity

Owned: 622MW

Mid-Atlantic Capacity

Owned: 11,233MW

ERCOT/South Capacity

Owned: 2,299 MW
Contracted: 2,900 MW
Total: 5,199 MW

Exelon
Generation

Total Capacity

Owned: 25,543 MW
Contracted: 7,691 MW
Total: 33,234 MW

Note: Megawatts based on Exelon Generation's ownership as of 12/31/06.

Financial Performance

	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>2007 Guidance</u>
Adjusted (non-GAAP) Operating EPS			
Operating	\$0.85	\$1.03	\$4.00 - \$4.30
Weather Normalized ⁽¹⁾	\$0.87	\$1.01	

Adjusted (non-GAAP) Operating EPS



Q2 2007 Highlights

- Strong financial and operating results
 - Higher wholesale margins on energy sales
 - Favorable weather conditions
 - Partially offset by lower nuclear output reflecting more refueling outage days, lower net income at ComEd, and higher O&M and D&A expense across Exelon
- ComEd and Generation agreed to a settlement on electric rates and policy in Illinois
- FERC issued conditional order in ComEd's transmission rate case

Q2 2007 earnings were primarily driven by higher energy margins at Generation and the end of ComEd's regulatory transition period




(1) Excludes \$0.02 per share unfavorable impact versus normal weather in Q2 2006 and \$0.02 per share favorable impact versus normal weather in Q2 2007.

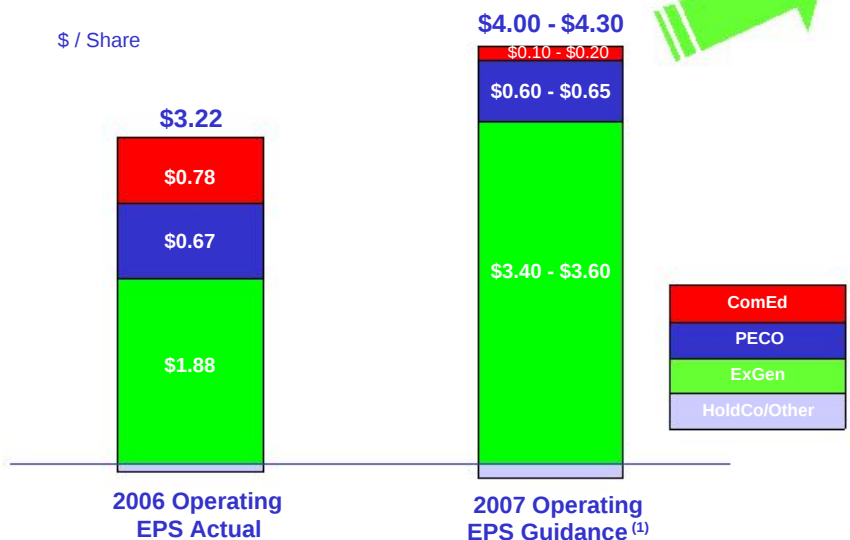
2007 Operating Earnings Guidance

Operating EPS ⁽¹⁾: \$4.00 - \$4.30 per share

GAAP EPS ⁽²⁾: \$3.70 - \$4.00 per share

2007 - 2011

-  Exelon Generation
-  ComEd
-  PECO



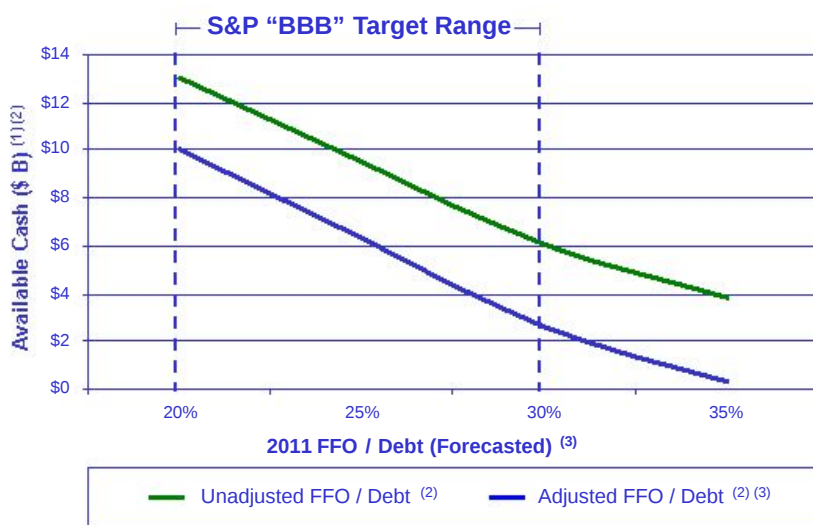
Earnings Drivers

- ComEd regulatory recovery plan
- Improving market fundamentals
 - Gas prices
 - Capacity values
 - Heat rates
- End of IL and PA transition periods
- Carbon regulation

Exelon expects to see robust earnings growth over next five years driven by Exelon Generation and ComEd's recovery

Note: See "Key Assumptions" slide in Appendix.
 (1) Earnings Guidance.
 (2) GAAP Guidance revised on 7/25/07 from \$4.10 - \$4.40 per share.

2011 Balance Sheet Capacity (Illustrative)



Potential Uses of Balance Sheet Capacity

- Acquisitions or other growth opportunities
- Future unfunded liabilities
- Buffer against potentially lower commodity prices
- Share repurchases or other value return options

Exelon expects to create substantial incremental balance sheet capacity over the next five years, based on planning assumptions

Note: Data has not been updated since December 12, 2006 Investor Conference.

(1) Available Cash = Cash Flow from Operations - CapEx - Dividends +/- Net Financings. Cash Flow from Operations = Net cash flows provided by operating activities less net cash flows used in investing activities other than capital expenditures. Net Financing (excluding Dividends) = Net cash flows used in financing activities excluding dividends paid on common stock. Assumes annualized dividend of \$1.76 per share in 2007, growing 5% annually; actual amounts may vary, subject to board approval.

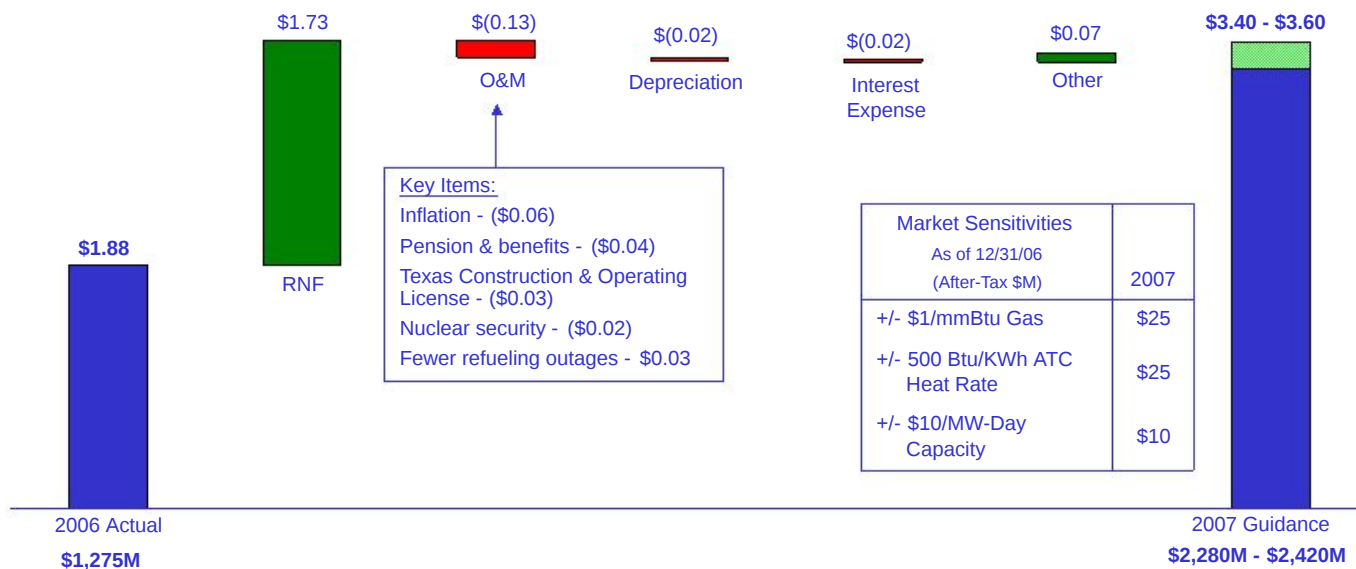
(2) Assumes regulatory recovery plan at ComEd.

(3) See "FFO Calculation and Ratios" definitions slide. Adjusted FFO / Debt includes: debt equivalents for purchased power agreements, unfunded pension and other postretirement benefits obligations, capital adequacy for energy trading, and related imputed interest.

Exelon®

Generation

Exelon Generation 2007 Operating EPS



Earnings growth is driven by the expiration of the below-market ComEd PPA, favorable market conditions, and a contractual price increase in the PECO PPA

Note: See "Key Assumptions" slide in Appendix.

Exelon Generation Operating Earnings Drivers: Next Five Years

\$2,280M - \$2,420M



2007 Guidance

Market Sensitivities ⁽¹⁾ As of 12/31/06 (After-Tax \$M)	2007	2011
+/- \$1/mmBtu Gas	\$25	\$390
+/- 500 Btu/KWh ATC Heat rate	\$25	\$340
+/- \$10/MW-Day Capacity	\$10	\$50
+ \$10/Ton Carbon	N/A	\$660

Exelon Generation's Competitive Position

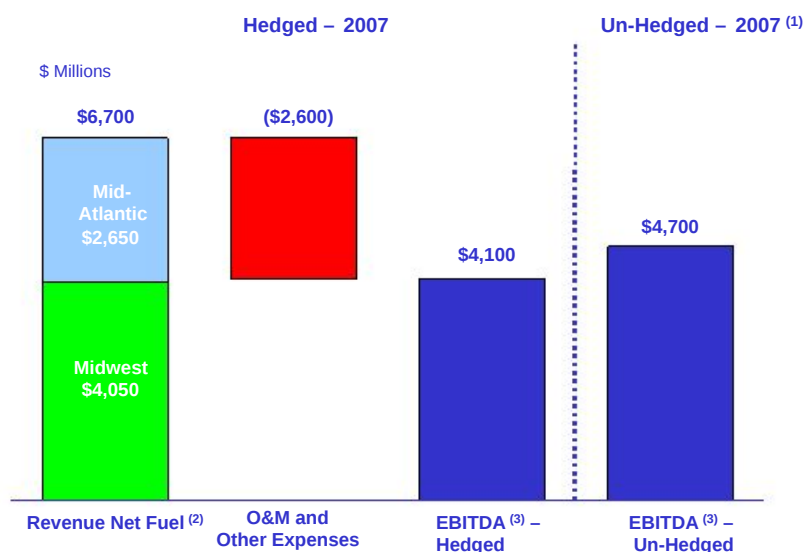
- Large, low-cost, low-emissions, exceptionally well-run nuclear fleet
- Complementary and flexible fossil and hydro fleet
- Improving power market fundamentals (heat rates and capacity values)
- Potential carbon restrictions

Exelon Generation is poised for earnings growth over the next five years driven by the end of the IL and PA transition periods and its unique competitive position

Note: See "Key Assumptions" slide in Appendix.

(1) Differences in sensitivities are largely due to differences in the amount hedged in 2007 vs. 2011.

Valuing Exelon Generation



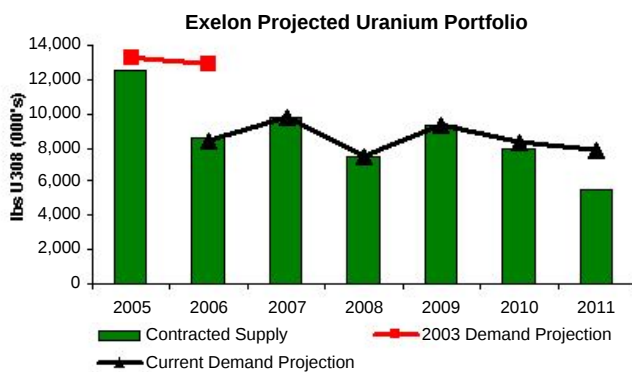
Un-hedged ("Open") EBITDA plus upside from unique competitive position drives Exelon Generation's value

- (1) Exelon Generation's Un-hedged EBITDA assumes that the PECO load is priced at current market prices and removes the impact of "in-the-money" hedges (prices as of 9/14/06).
- (2) Exelon Generation's estimated total Revenue Net Fuel of \$6,700M reflects the Midwest, Mid-Atlantic, South and Other.
- (3) Includes Nuclear Fuel Amortization; refer to last page of Appendix for a reconciliation of Net Income to EBITDA.

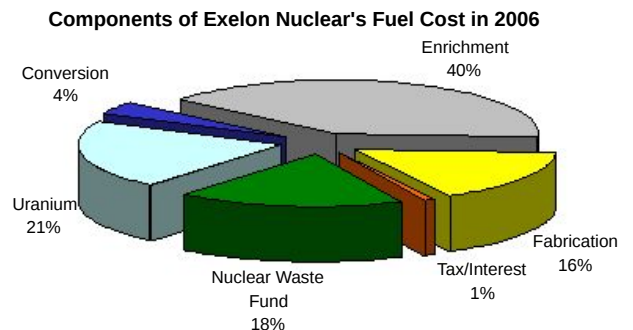
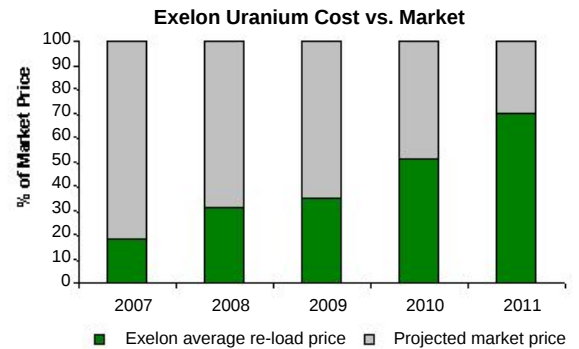
Nuclear Performance –

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

- Reduced uranium demand by 25%
- Contracting strategy protects us and ensures we are significantly below current spot market prices through 2011
- Uranium is small component of total production cost
- Expect long-term market price to decrease due to increasing supply; stabilize based on cost of production



Fuel Costs



Exelon Nuclear is managing fuel costs

Energy Policy Act – Nuclear Incentives

Production Tax Credit (PTC)

- ✓ \$18 per MWh, 8 year PTC for first 6,000 MWe of new capacity
- ✓ Cap of \$125M per 1,000 MWe of capacity per year
- ✓ Protects against a decrease in market prices and revenues earned
- ✓ Significantly improves EPS
- ✓ Benefit will be allocated/ prorated among those who:
 - File COL by year-end 2008
 - Begin construction (first safety-related concrete) by 1/1/2014
 - Place unit into service by 1/1/2021

Regulatory Delay “Backstop”

- ✓ “Insurance” protecting against regulatory delays in commissioning a completed plant
 - First two reactors would receive immediate “standby interest coverage” including replacement power up to \$500M
 - The next four reactors would be covered up to \$250M after six months of delay

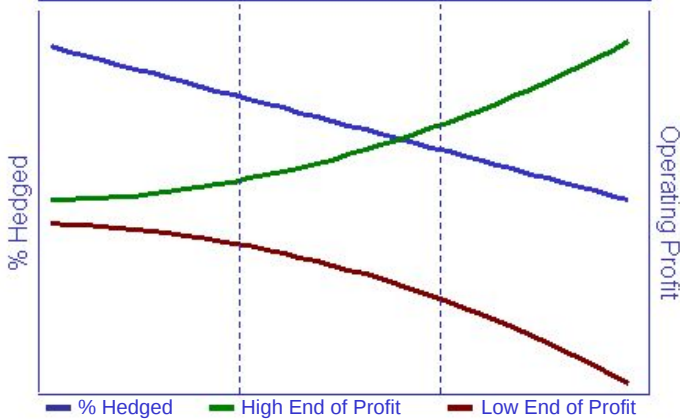
Government Loan Guarantee

- ✓ Results in ability to obtain non-recourse project financing
- ✓ Up to 80% of the project cost, repayment within 30 years or 90% of the project life
- ✓ Need clarification of implementation specifics
- ✓ Availability of funds to nuclear projects at risk given latest program guidelines

Energy Policy Act provides financial incentives and reduced risk by way of production tax credits and loan guarantees

Portfolio Management

Target Financial Hedge ⁽¹⁾ Range		
Prompt Year (2008)	Second Year (2009)	Third Year (2010)
90% - 98%	70% - 90%	50% - 70%



Power Team employs commodity hedging strategies to optimize Exelon Generation's earnings:

- ✓ Maintain length for opportunistic sales
- ✓ Use cross commodity option strategies to enhance hedge activities
- ✓ Time hedging around view of market fundamentals
- ✓ Supplement portfolio with load following products
- ✓ Use physical and financial fuel products to manage variability in fossil generation output

Flexibility in our targeted financial hedge ranges allows us to be opportunistic while mitigating downside risk

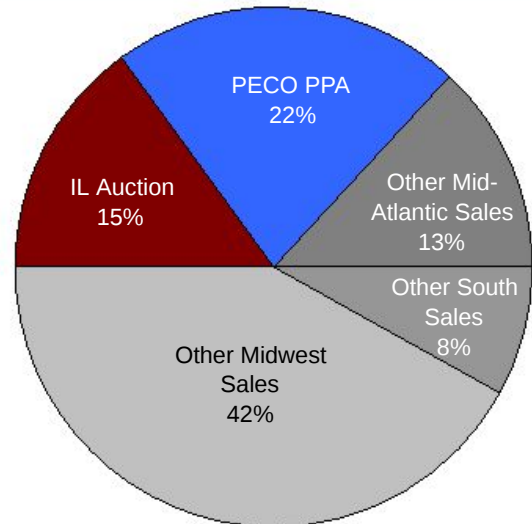
(1) Percent Financially Hedged is our estimate of the gross margin that is not at risk due to a market price drop and assuming normal generation operating conditions. The formula is: Gross margin at the 5th percentile / Expected Gross margin.

Portfolio Characteristics

2007 Expected Total Sales (GWh)

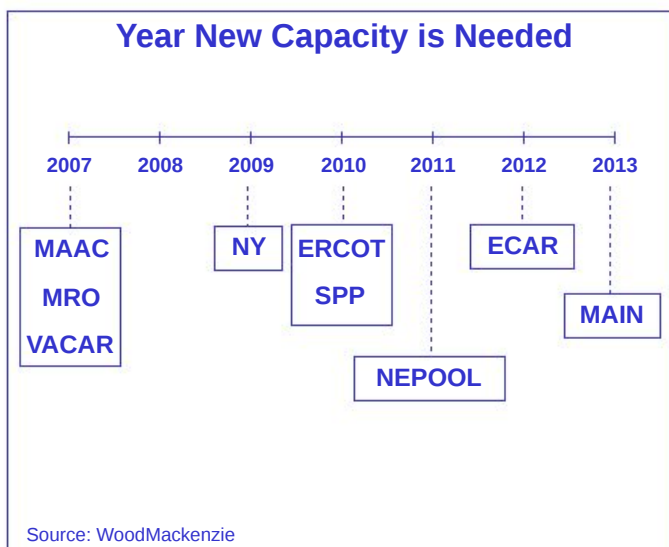
2007 Expected Total Supply (GWh)

Nuclear	139,750
Fossil & Hydro	37,500
Forward & Spot Purchases	7,300
Total	184,550



The transition to competitive power procurement allows Exelon Generation to capture the full market value of its generation portfolio and places more emphasis on hedging and risk management

Fundamentals



Cost of New Build Generation Construction ⁽¹⁾

Technology	EIA (\$/KW)	S&P (\$/KW)
Gas CT	428	
CCGT	615	700
Pulverized Coal	1,316	2,438
IGCC	1,581	2,795 – 2,925
Nuclear	2,123	4,000

(1) Notes:

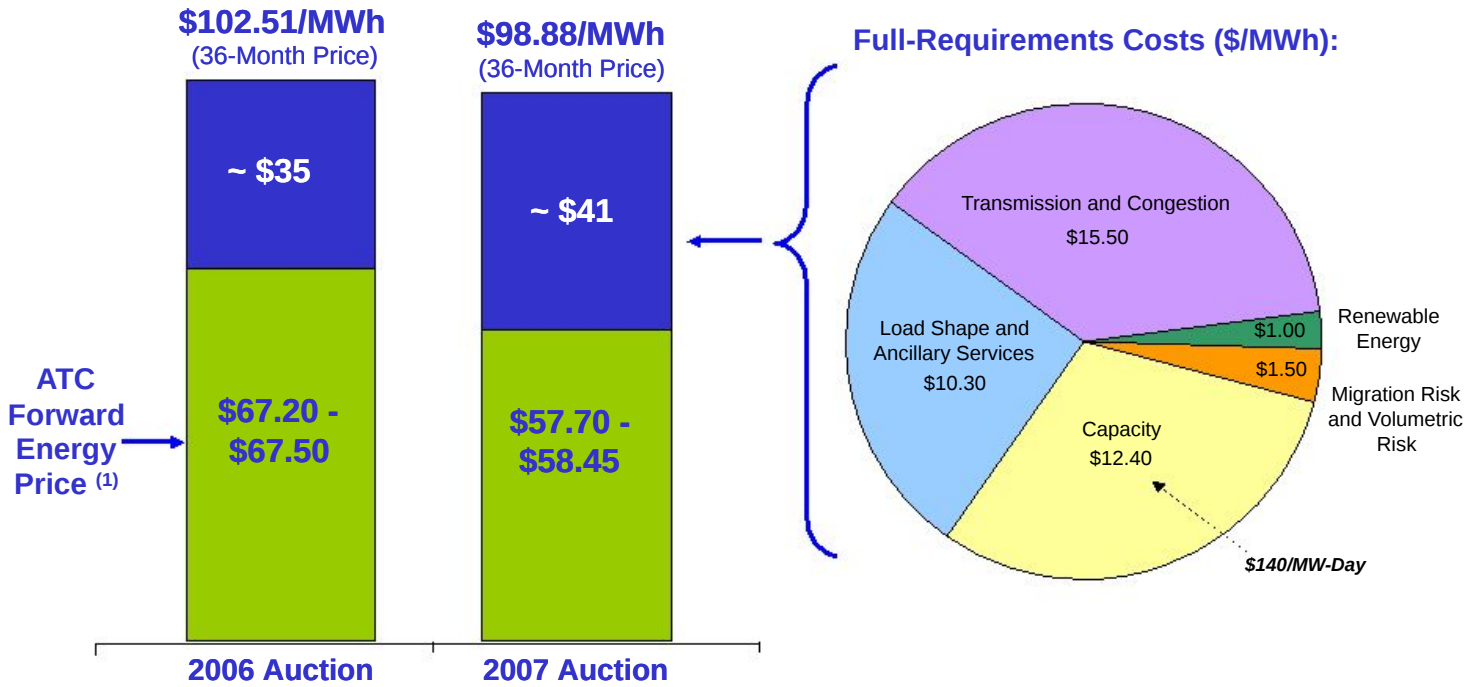
- EIA estimates from Annual Energy Outlook 2007; capital costs converted to 2006 dollars.
- S&P costs from Commodity Report, "Which Power Generation Technologies Will Take the Lead in Response to Carbon Controls," May 11, 2007.
- Cost estimates from EIA and S&P are generic and do not take into account site-specific issues such as transmission and fuels access.

The overbuild is ending in the Eastern Interconnect

New build costs are increasing rapidly and are difficult to project with precision due to limited active construction

Full Requirements Cost

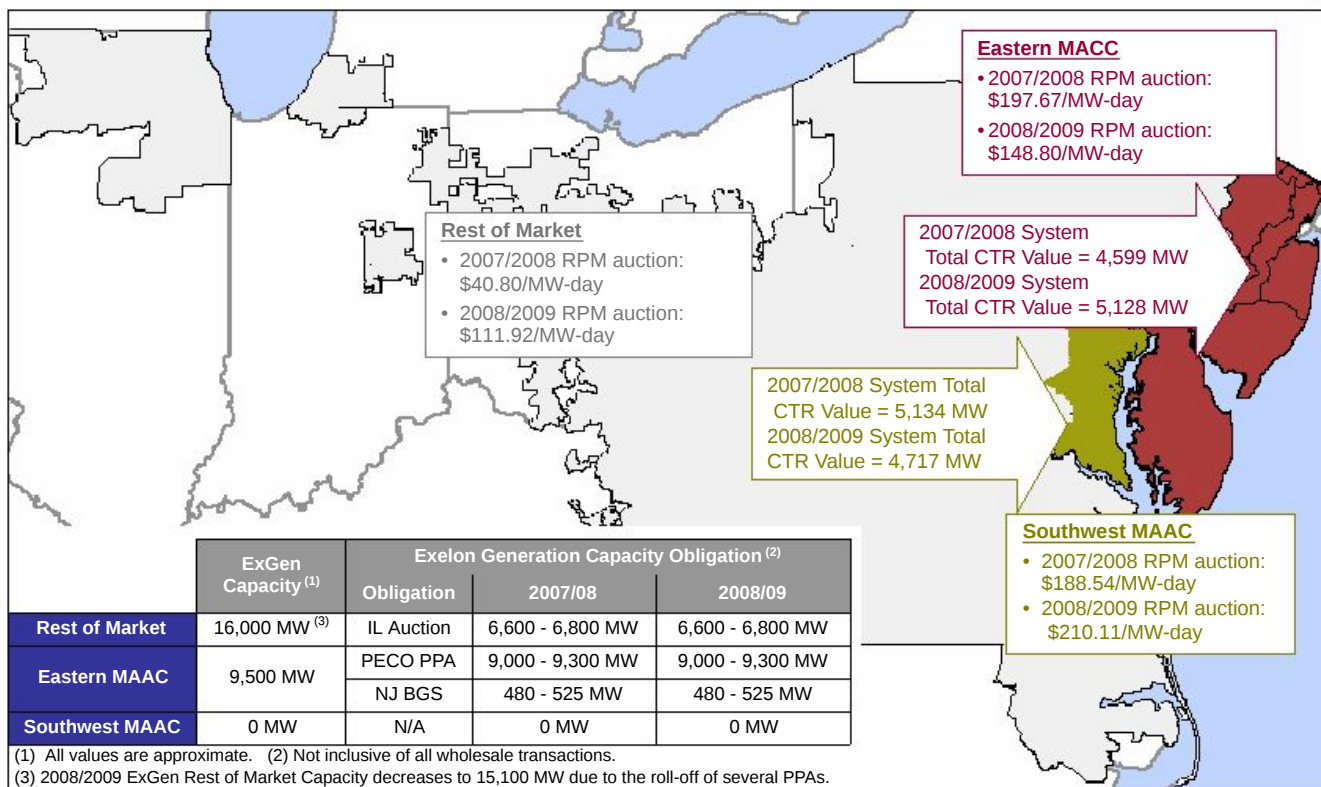
New Jersey BGS Auction for PSEG



The higher full-requirements component is due to increases in costs associated with capacity and congestion

(1) Range of forward market prices that traded during the 2006 and 2007 auctions. The 2006 auction occurred on Feb. 6-7, 2006, and the 2007 auction occurred on Feb. 5-7, 2007.

PJM RPM 2007/2008 & 2008/2009

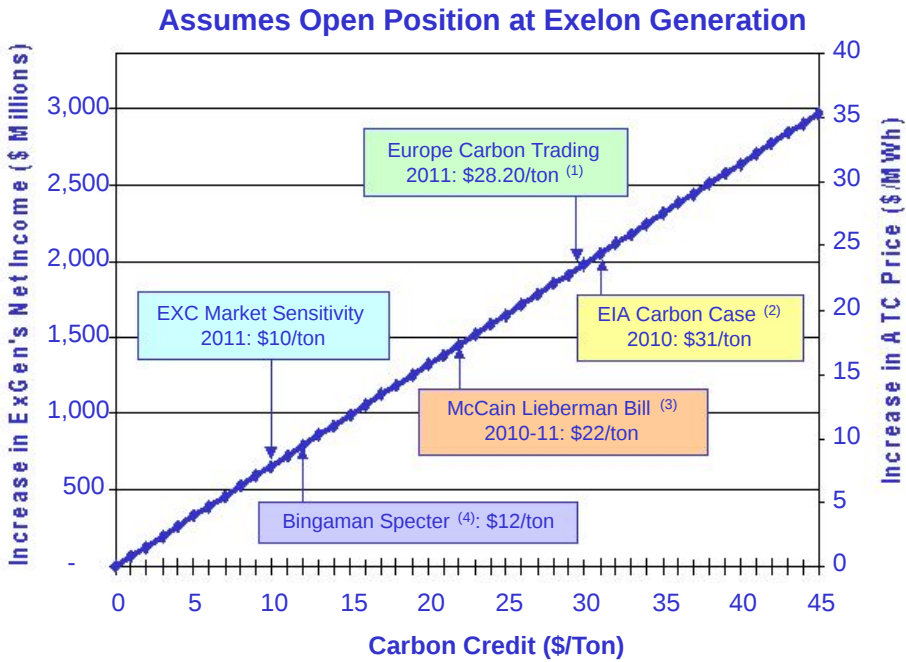


RPM will have limited impact on Exelon's 2007 earnings due to current contracts and forward sales commitments

RPM = Reliability Pricing Model

CTR = Capacity Transfer Rights

Carbon Value



Carbon Value (2011 Assumptions)

Midwest

- ~90,000 GWhs in Midwest nuclear portfolio
- ~55% of time coal on the margin
- ~40% of time gas on the margin

Mid-Atlantic

- ~50,000 GWhs in Mid-Atlantic nuclear portfolio
- ~45% of time coal on the margin
- ~50% of time gas on the margin

Climate change legislation is expected to drive substantial gross margin expansion at Exelon Generation

(1) As of 7/23/07.
 (2) The EIA Carbon Stabilization Case (Case 4) dated March 2006, EIA report number SR/OIAF/2006-1.
 (3) The Energy Information Administration (EIA) valuation of the McCain Lieberman Bill, EIA report number SR/OIAF/2003-02.
 (4) Low Carbon Economy Act initial "Technology Accelerator Payment" (TAP) price in 2012. Allowance price increases at 5% above the rate of inflation thereafter.
 Note: Assumes below \$45/ton carbon cost, no carbon reduction technology (e.g., sequestration) is economical.

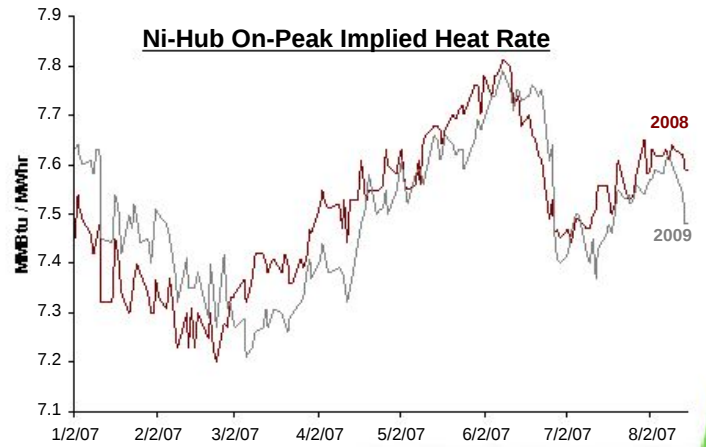
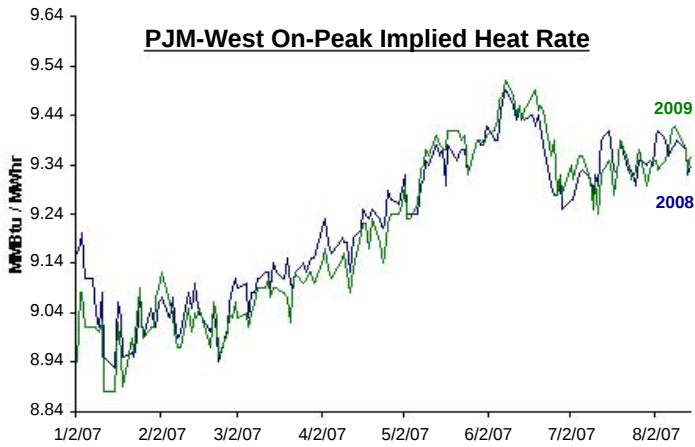
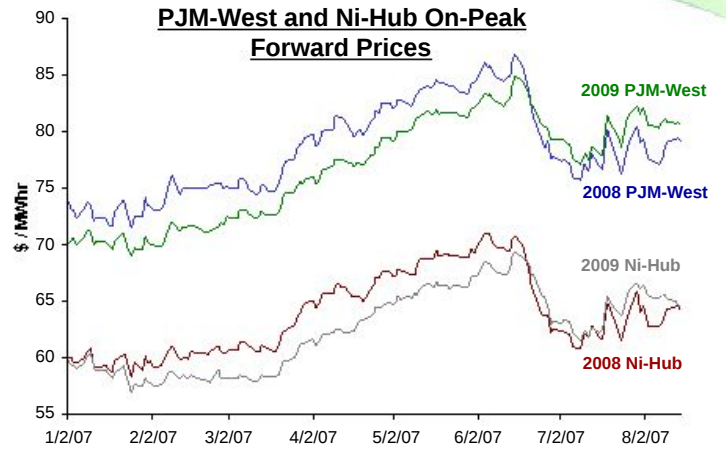
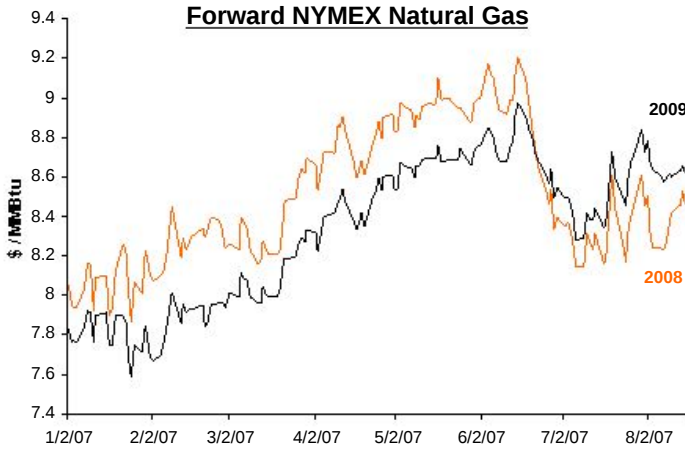
Current Market Prices

	Units	2004 ¹	2005 ¹	2006 ¹	2007 ⁵	2008 ⁶	2009 ⁶
<u>PRICES (as of August 15th, 2007)</u>							
PJM West Hub ATC	(\$/MWh)	42.35 ²	60.92 ²	51.07 ²	57.94	62.75	64.45
PJM NiHub ATC	(\$/MWh)	30.15 ²	46.39 ²	41.42 ²	44.67	46.98	47.72
NEPOOL MASS Hub ATC	(\$/MWh)	52.13 ²	76.65 ²	59.68 ²	66.36	76.58	77.96
ERCOT North On-Peak	(\$/MWh)	49.53 ³	76.90 ³	60.87 ²	61.37	74.18	75.54
Henry Hub Natural Gas	(\$/MMBTU)	5.85 ⁴	8.85 ⁴	6.74 ⁴	7.25	8.46	8.62
WTI Crude Oil	(\$/bbl)	41.48 ⁴	56.62 ⁴	66.38 ⁴	66.08	70.72	69.68
PRB 8800	(\$/Ton)	5.97	8.06	13.04	9.67	10.80	11.50
NAPP 3.0	(\$/Ton)	60.25	52.42	43.87	45.60	47.50	48.75
<u>ATC HEAT RATES (as of August 15th, 2007)</u>							
PJM West Hub / Tetco M3	(MMBTU/MWh)	6.40	6.30	6.98	7.15	6.66	6.69
PJM NiHub / Chicago City Gate	(MMBTU/MWh)	5.52	5.52	6.32	6.27	5.63	5.52
ERCOT North / Houston Ship Channel	(MMBTU/MWh)	7.53	8.21	8.28	7.82	8.02	7.95

1. 2004, 2005 and 2006 are actual settled prices.
2. Real Time LMP (Locational Marginal Price)
3. Next day over-the-counter market
4. Average NYMEX settled prices
5. 2007 information is a combination of actual prices through August 15, 2007 and market prices for the balance of the year
6. 2008 and 2009 are forward market prices as of August 15, 2007.

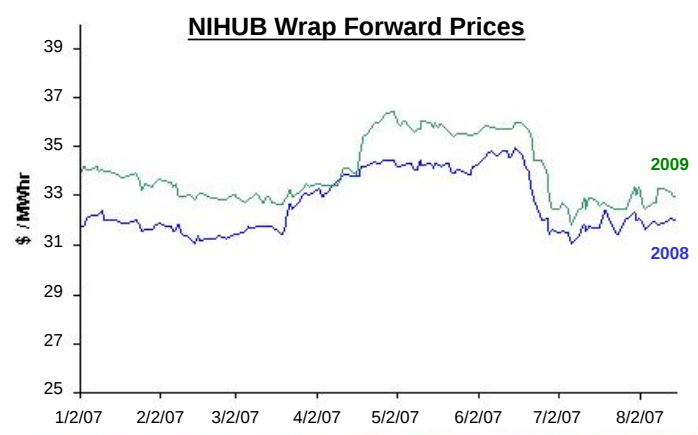
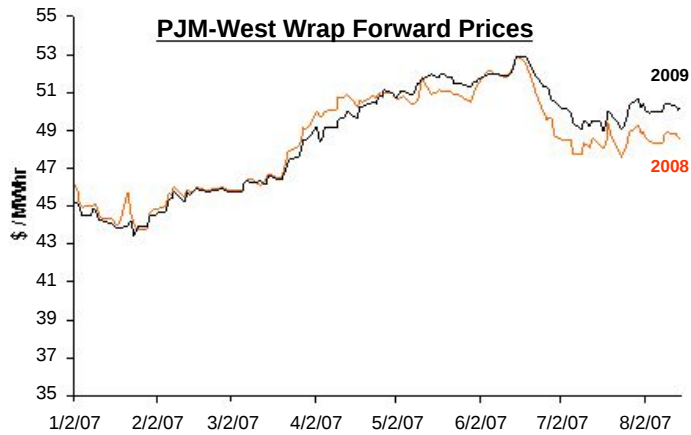
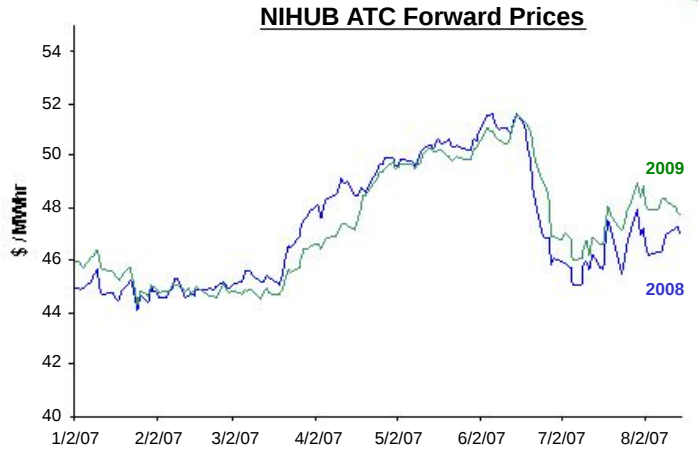
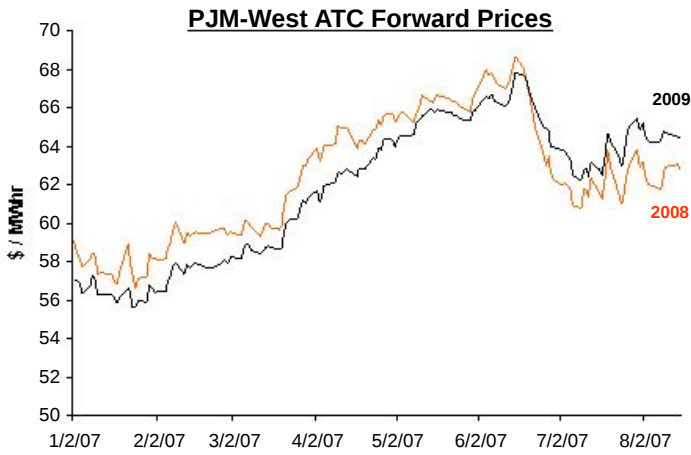
Market Price Snapshot

As of August 15, 2007. Source: OTC quotes and electronic trading system. Quotes are daily.



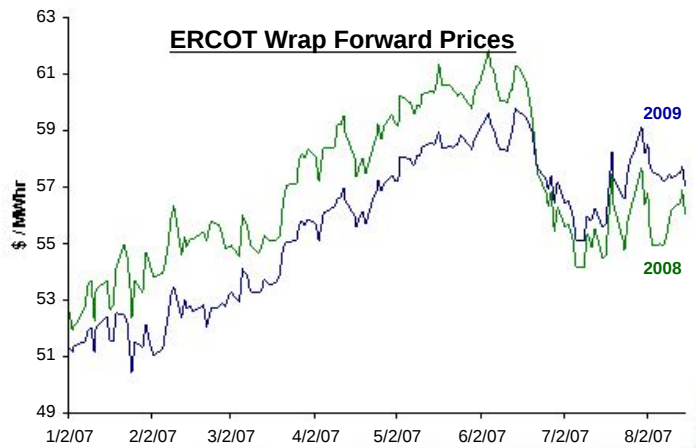
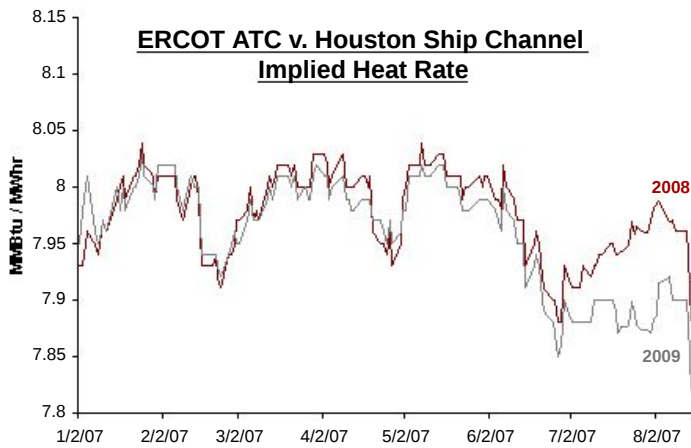
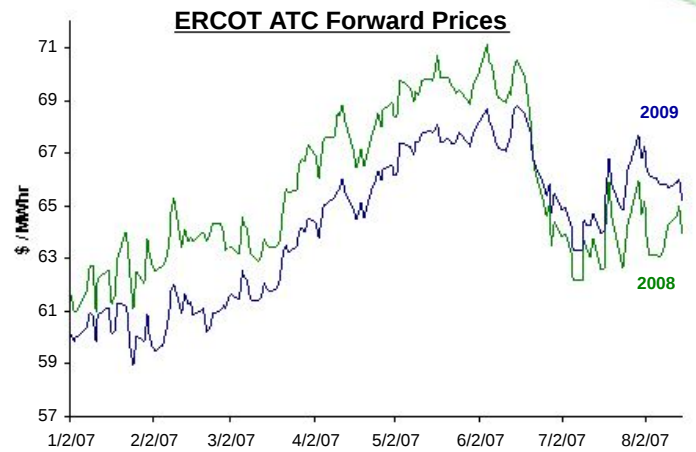
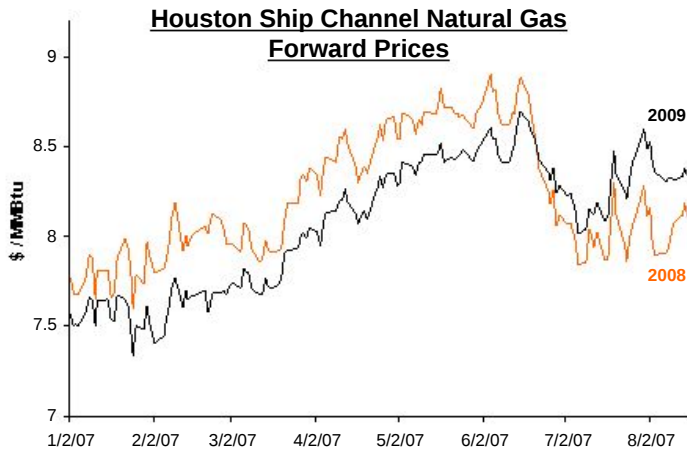
Market Price Snapshot

As of August 15, 2007. Source: OTC quotes and electronic trading system. Quotes are daily.



Market Price Snapshot

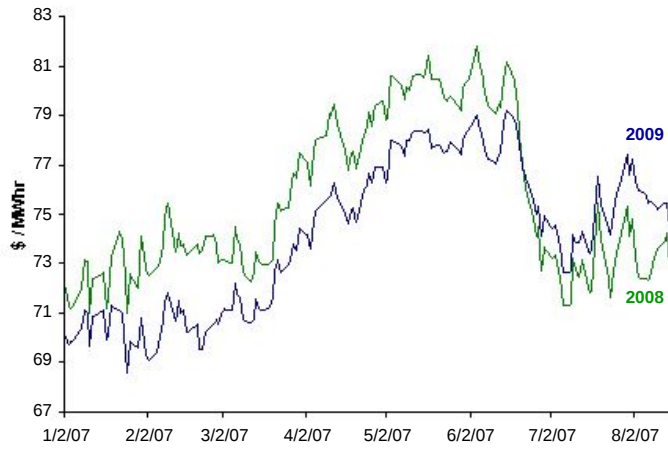
As of August 15, 2007. Source: OTC quotes and electronic trading system. Quotes are daily.



Market Price Snapshot

As of August 15, 2007. Source: OTC quotes and electronic trading system. Quotes are daily.

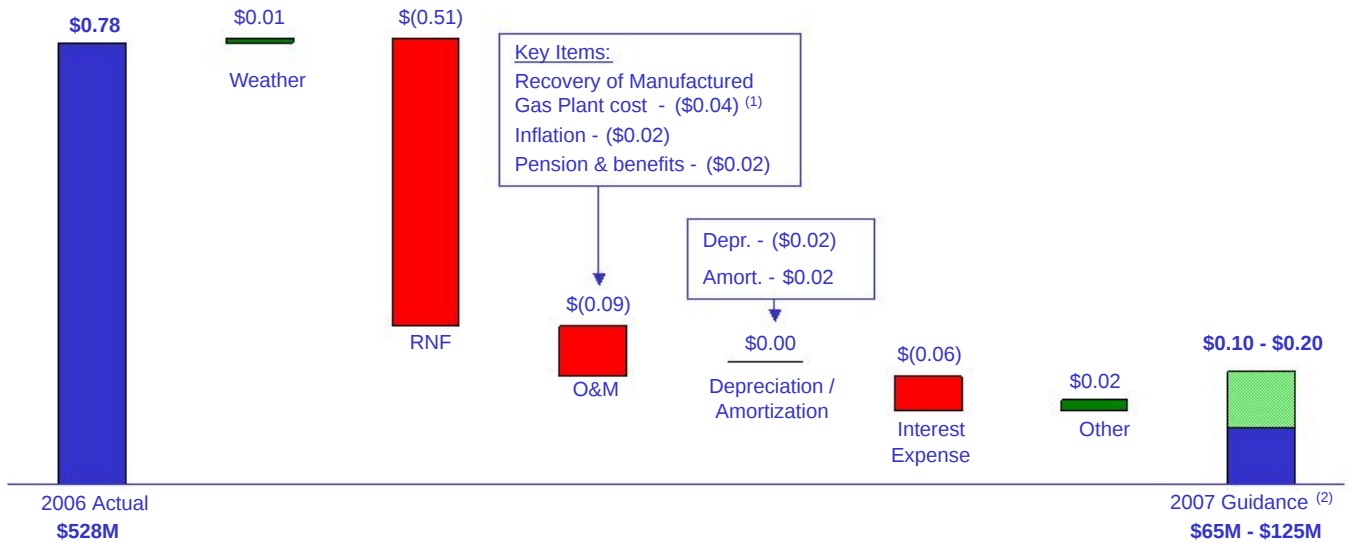
ERCOT On-Peak Forward Prices



ComEd®

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ComEd 2007 Operating EPS



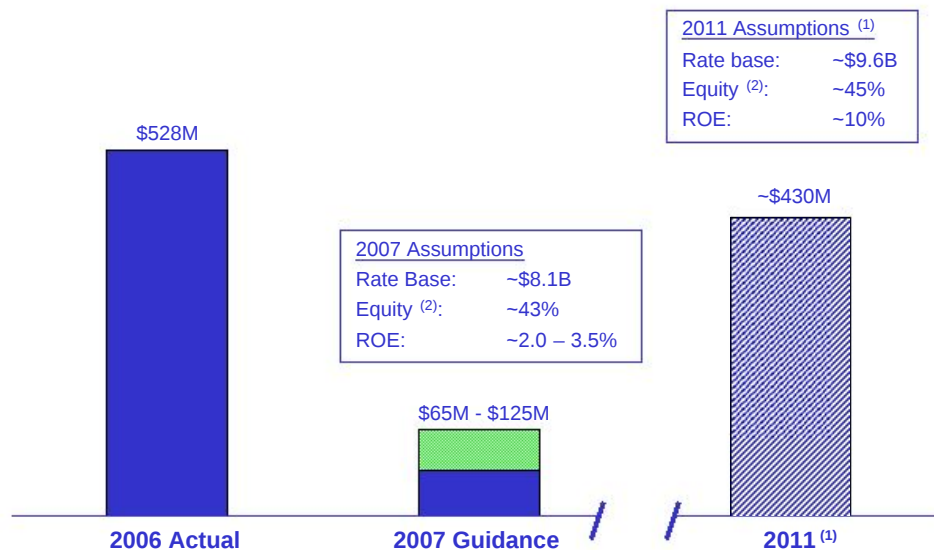
As a "wires-only" company, ComEd is expected to earn less on an operating basis in 2007 than in prior years due to the end of the transition period in Illinois and related transition revenues. The unfavorable ICC Order in the Distribution Case and continued regulatory lag further reduces ComEd's 2007 earnings

Note: See "Key Assumptions" slide in Appendix.

(1) Variance driven by nonrecurring credit in 2006.

(2) Reflects the 12/20/06 ICC amended order on the rehearing of ComEd's Distribution Rate Case.

ComEd Operating Earnings: Next Five Years



ComEd Highlights

- IPA and new procurement process
- Roll-out of customer rate relief programs per the IL Settlement
- Regulatory recovery plan
 - Transmission formula rate approved by FERC, effective May 1, 2007 (subject to hearing and potential refund)
 - Distribution rate case filing expected late 3Q07; decision expected 11 months after filing
- Rate Design docket (No. 07-0166)

After 2007, ComEd's earnings are expected to increase as regulatory lag is reduced over time through regular rate requests, putting ComEd on a path toward appropriate returns

Note: See "Key Assumptions" slide in Appendix.

(1) Provided solely for illustrative purposes, not intended as earnings guidance. The earnings figure represents a possible scenario that is based on the assumptions shown above as well as assumptions about other factors, including, but not limited to, judgments about changes in load growth, spending and ratemaking proceedings, as well as future economic, competitive and financial market conditions, and the absence of adverse regulatory and legislative developments, all of which are subject to uncertainties and have not been subject to the same degree of analysis as we apply to 2007 forecasts. The scenario should not be relied upon as being necessarily indicative of future results.

(2) Reflects equity based on definition provided in most recent ICC distribution rate case order (book equity less goodwill). Projected book equity ratio in 2007 is 58%.



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Topics for Today's Discussion

- ✓ Legislative Overview & Update
 - Current activity
 - Special Session agenda
 - Governor's Energy Independence Strategy – Legislative Package
- ✓ Procurement Models
- ✓ Regulatory Overview & Update
 - PAPUC Rulemaking
 - Default Service Provider Regulations/Policy
- ✓ PECO Post-2010 Strategy

Legislative Overview

- ✓ The Pennsylvania General Assembly introduced four bills that would enable elements of Governor Rendell's Energy Independence Plan
- ✓ One of the four bills, HB 1203, was passed by the General Assembly and was signed into law on July 17, 2007
 - HB 1203 amends the Alternative Energy Portfolio Standards (AEPS) Act by increasing solar obligations and modifying standards that utilities must meet in order to obtain "force majeure" waiver from PAPUC
- ✓ A bill not originally part of the Governor's Energy Initiative, HB 1530, was passed by the General Assembly and signed into law on July 17, 2007
 - Supported by Duquesne Energy, US Steel and ATI
 - Allows all distribution companies to provide long-term, fixed price contracts for customers with peak demands of 15 MW or greater
 - Allows Duquesne to own generation to serve customers with peak demands of 20 MW or greater (3-year window to enter into a contract or acquire generation)
- ✓ Legislature agreed to hold a Special Session on Energy Policy set to begin on September 17, 2007

Special Session Agenda

- ✓ Senate has agreed to take up the following topics in the Special Session:
 - Investment in clean and renewable energy and incentives for conservation without new taxes
 - Legislation to set standards for liquid fuels
- ✓ Additional legislation supporting the Governor's Energy Independence Strategy is still under consideration in the Legislature; elements of those bills may be considered in the Special Session:
 - Procurement
 - Conservation and renewable power
 - Rate increase phase-in plan
 - System benefits charge to support \$850M bond initiative
 - Smart meters and time-of-use pilot
 - Micro-grids
 - Pennsylvania Energy Development Authority (PEDA) energy procurement authority
 - Alternative fuels

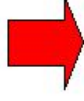
Governor's Energy Independence Strategy – Legislative Package

HB 1201 – PAPUC Statute Bill



- Procurement using the portfolio model with “lowest reasonable rates” and prioritizes demand side management and alternative energy resources
- Allows for long-term, cost-based rates for larger energy users
- Provides for 3-year phase-in of rate increases for all customers
- Establishes system benefits charge of 0.5 mills/KWh
- Mandates time-of-use pilot for all customers and full deployment of “smart meter” program in 6 years

HB 1200 – PEDDA Authorization



- Authorizes Pennsylvania Energy Development Authority (PEDDA) to spend the \$850M of proceeds from securitization of systems benefit charge
- Provides PEDDA right to “acquire, buy and sell electric power”

HB 1203 – Renewable Portfolio Standards Amendment



- Accelerates the minimum thresholds for the acquisition of Solar/Photovoltaic as Tier-1 Resource
- Force Majeure language modified to consider “good faith effort” by utilities to procure renewable energy

HB 1202 – Liquid Fuels Bill



- Sets standards for ethanol content in transportation fuels
- Sets standards for bio-diesel content of diesel fuel

Summary of PAPUC Rulemakings

Rulemaking	Description	Final Order	Effective Date
Default Service Regulations	Addresses issues around procurement, rate design, cost recovery, filing requirements	Issued May 10, 2007	Expected in September 2007
Default Service Policy Statement	Reflects the PAPUC's current thinking on application of the regulations	Issued May 10, 2007	May 10, 2007
Mitigation of Rate Increases	Discusses consumer education, conservation and energy efficiency, impact on low income customers	Issued May 10, 2007	May 17, 2007
Demand Side Response Energy Efficiency (DSR/EE)	Will address the benefits of DSR/EE and requirements for utilities to implement such programs	Expected in the Fall 2007	It will likely be effective immediately, as it is a policy statement

Default Service Provider Regulations/Policy

Procurement



- Competitive process but no statewide auction
- Utility run RFPs or auctions are preferred; portfolio approach is allowed
- Staggered auctions/RFPs to avoid high market risk
- Long term contracts limited to renewable resources
- Non-renewable contracts limited to 1-3 years
- Encourages spot market purchases for a portion of supply

Cost Recovery



- Full cost recovery, no prudence review
- Reconciliation not required but is mandatory for AEPS

Rate Design



- Preference for a single price for each rate class
- Eliminates declining block rates and demand charges
- Frequent rate changes –quarterly or monthly, to better track the market
- Hourly or monthly pricing for large customers

Mitigation



- Provides for an opt-in phase-in for increases of >25% for customers <25 KW; must be competitively neutral
- Transition period of up to 3 years for rate design changes
- Statewide education program
- Utility specific education plans to be filed by 12/31/2007
- Encourages energy efficiency and demand response

PECO Post-2010 Strategy

Procurement



- PECO to propose an auction approach to conduct multiple procurements prior to 2011
- May offer 1-year fixed rate for large energy users
- Requirement for some spot market purchases

Rate Stabilization



- Procurement plan will include early, staggered procurement
- Rate increase phase-in for residential & small commercial customers offered on an opt-in basis if rate increase > 25%
- Three-year phase-out to minimize impact of rate design changes

Consumer Education



- PECO will file its individual Customer Education Plan with PAPUC by 12/31/07
- Participate in PAPUC Working Group to develop effective statewide campaign

Demand Side Response & Energy Efficiency (DSR/EE)



- Expect PAPUC action on DSR/EE in 4th quarter 2007
- PECO to begin real-time pricing pilot for 300 customers in 2008
- Plan to expand current offerings and add new programs, based upon PAPUC rules and cost recovery



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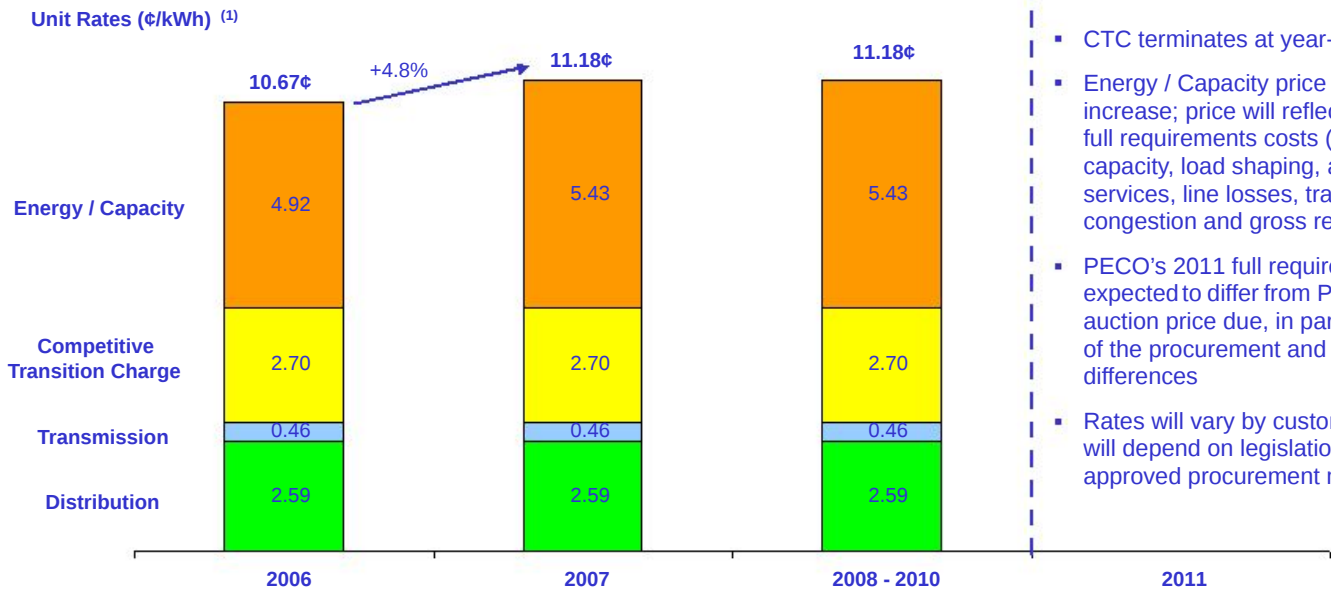
Additional Slides

PECO Average Electric Rates

Electric Restructuring Settlement



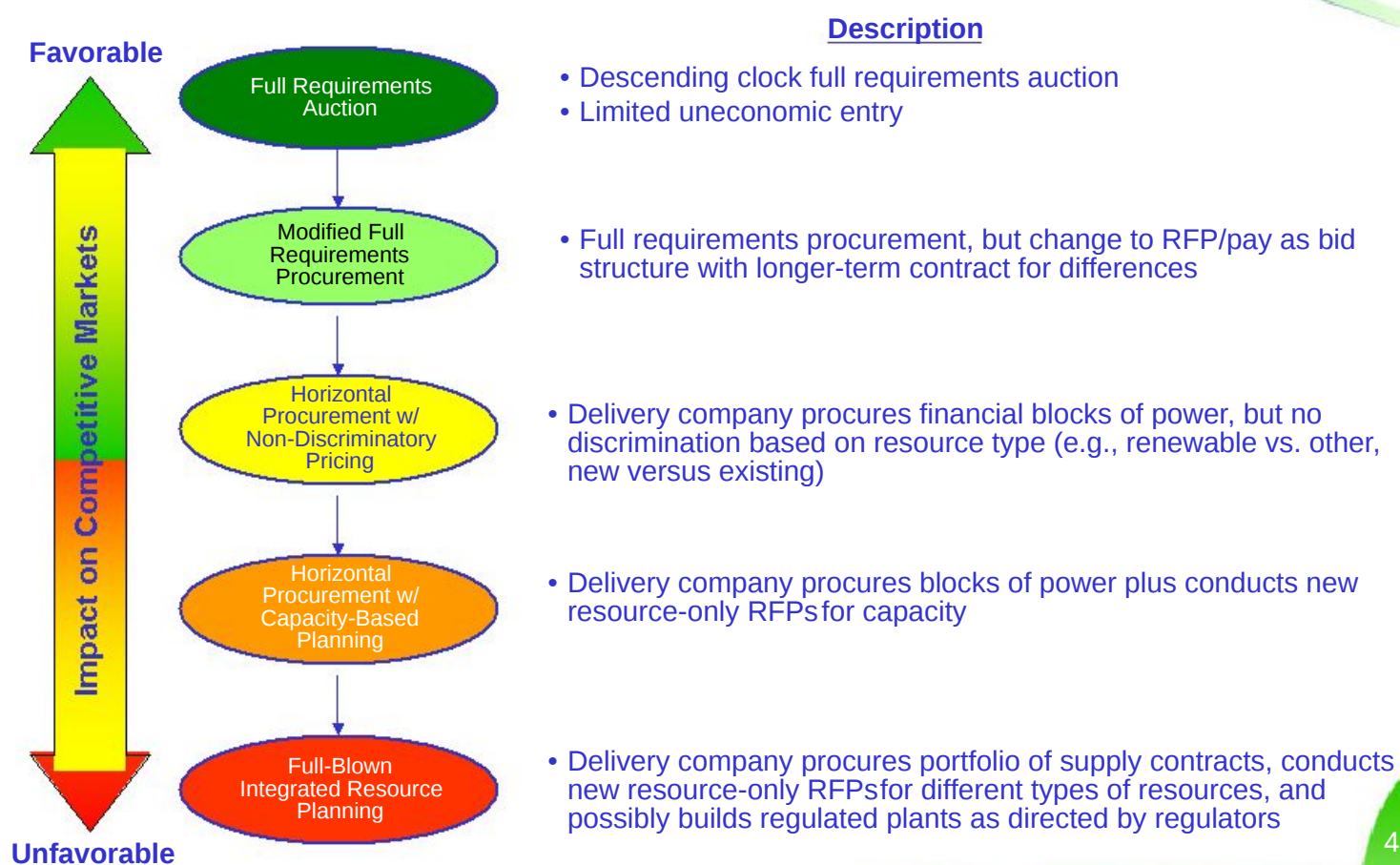
Post-Transition Factors



- CTC terminates at year-end 2010
- Energy / Capacity price is expected to increase; price will reflect associated full requirements costs (including capacity, load shaping, ancillary services, line losses, transmission congestion and gross receipts tax)
- PECO's 2011 full requirements price is expected to differ from PPL's first auction price due, in part, to the timing of the procurement and locational differences
- Rates will vary by customer class and will depend on legislation and approved procurement model

(1) Rates increased from original settlement by 1.6% to reflect the roll-in of increased Gross Receipts Tax and \$0.02/kWh for Universal Service Fund Charge and Nuclear Decommissioning Cost Adjustment.

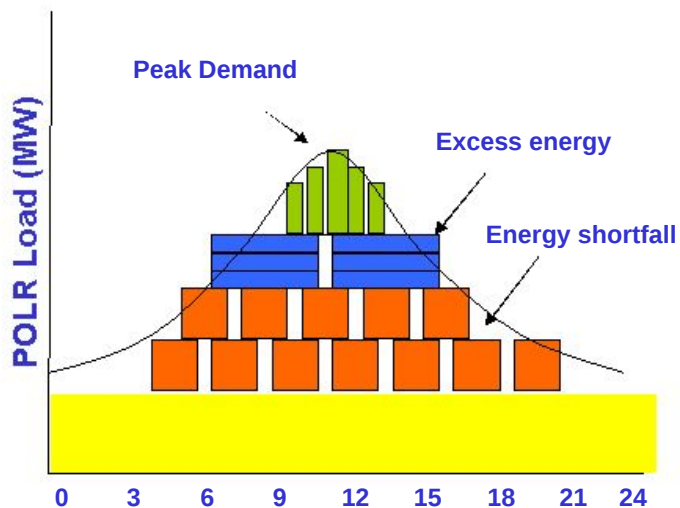
Procurement Models



Procurement Models (cont'd)

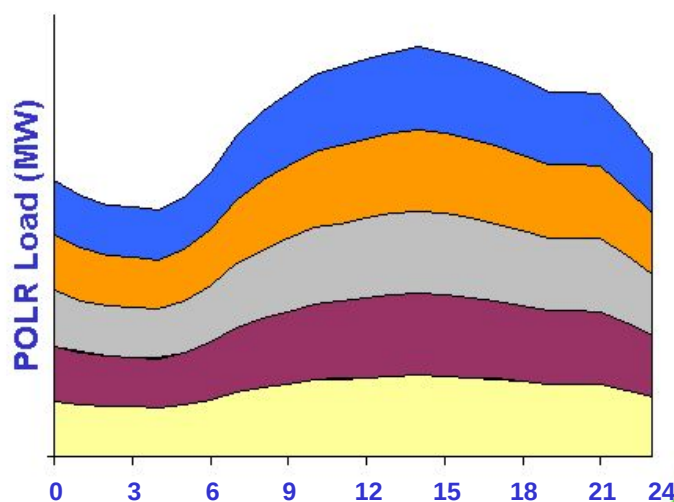
Horizontal Procurement

- Upfront regulatory planning process
- Utility procures “standard” products
- Contracts are for fixed volume
- Utility manages risks
- All decisions subject to prudence review

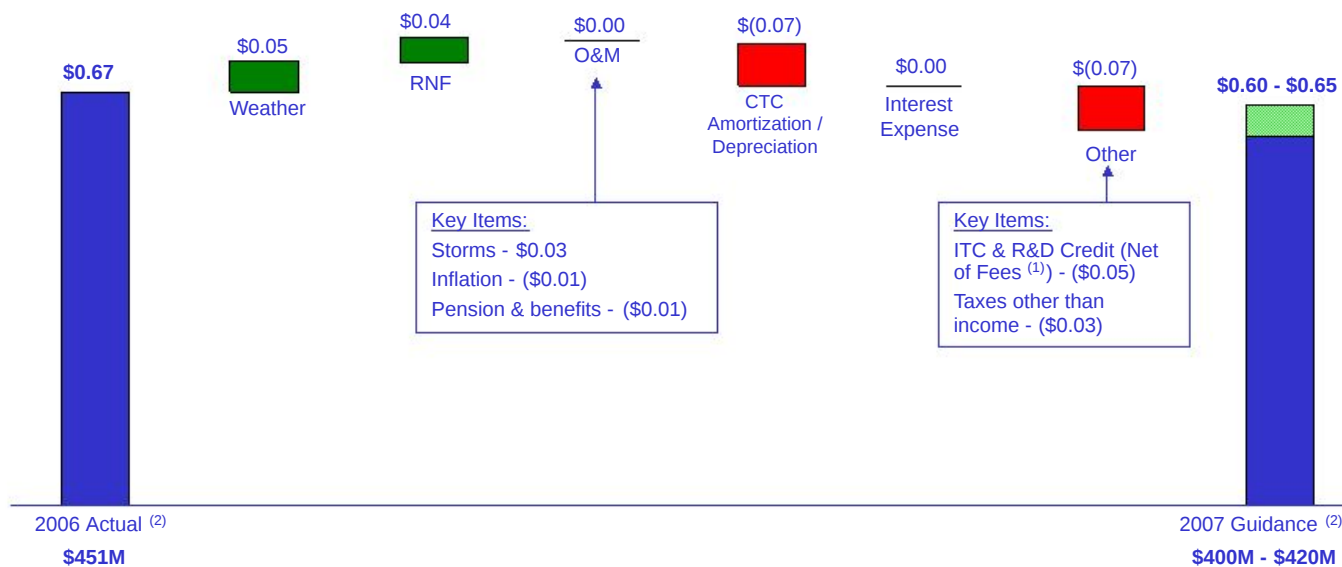


Vertical Procurement

- Full Requirements
- Product is % of actual load
- Suppliers assume all risk
- Fixed price including risk



PECO 2007 Operating EPS



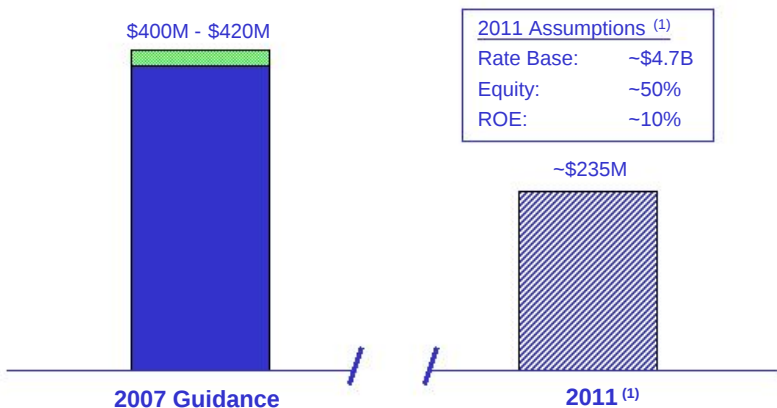
PECO's operating earnings are expected to decrease slightly from 2006 to 2007 primarily due to increasing CTC amortization

Note: See "Key Assumptions" slide in Appendix.

(1) Variance primarily driven by nonrecurring credits in 2006.

(2) Adjusted for (\$4M) preferred securities from HoldCo.

PECO Operating Earnings: Next Five Years



PECO Highlights

- Legislative activity:
 - HB 1203 and HB 1530 signed by governor on 7/17/07
 - Other energy issues are expected to be addressed in a special legislative session scheduled for 9/17/07
- PAPUC:
 - Issued POLR rules on 5/10/07
 - PUC's Final Default Service rules provide competitive procurement framework with full cost recovery
 - PUC's Price Mitigation Order focuses on customer education to prepare customers for potential rate increase
 - AEPS Act – PECO expects a recommendation from the ALJ by the end of 3Q07 with a PUC decision in 4Q07 on its early procurement filing of 3/07

PECO is expected to provide a predictable source of earnings to Exelon through the remainder of the transition period

Note: See "Key Assumptions" slide in Appendix.

(1) Provided solely for illustrative purposes, not intended as earnings guidance. The earnings figure represents a possible scenario that is based on the assumptions shown above as well as assumptions about other factors, including, but not limited to, judgments about changes in load growth, spending and ratemaking proceedings, as well as future economic, competitive and financial market conditions, and the absence of adverse regulatory and legislative developments, all of which are subject to uncertainties and have not been subject to the same degree of analysis as we apply to 2007 forecasts. The scenario should not be relied upon as being necessarily indicative of future results.

**Appendix –
Key Assumptions, Projected
2007 Credit Measures &
GAAP Reconciliation**

Key Assumptions

	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Est.</u>
Nuclear Capacity Factor (%) ⁽¹⁾	93.5	93.9	94.0
Total Genco Sales Excluding Trading (GWhs)	194,337	190,680	184,500
Total Genco Sales to Energy Delivery (GWhs)	121,961	119,354	40,500 ⁽⁵⁾
Total Genco Market and Retail Sales (GWhs) ⁽²⁾	72,376	71,326	144,000
Henry Hub Gas Price (\$/mmBtu)	8.85	6.74	8.00
PJM West Hub ATC Price (\$/MWh)	60.92	51.07	59.50
Tetco M3 Gas Price (\$/mmBtu)	9.67	7.31	9.00
PJM West Hub Implied ATC Heat Rate (mmbtu/MWh)	6.30	6.98	6.60
NI Hub ATC Price (\$/MWh)	46.39	41.42	44.00
Chicago City Gate Gas Price (\$/mmBtu)	8.41	6.56	7.60
NI Hub Implied ATC Heat Rate (mmbtu/MWh)	5.52	6.32	5.80
PJM East Capacity Price (\$/MW-day)	0.13	1.75	44.30
PJM West Capacity Price (\$/MW-day)	0.13	1.75	16.60
Electric Volume Retention (%)			
PECO	95	98	98
ComEd	79	77	53
Electric Delivery Growth (%) ⁽³⁾			
PECO	0.9	1.2	0.6
ComEd	1.3	0.6	0.9
Effective Tax Rate (%) ⁽⁴⁾	37.5	37.0	37.0

(1) Excludes Salem.

(2) 2007 estimate includes Illinois Auction Sales.

(3) Weather-normalized retail load growth.

(4) Excludes results related to investments in synthetic fuel-producing facilities.

(5) Sales to PECO only.

Notes: 2005 and 2006 prices are average for the year.

2007 prices reflect observable prices as of 9/14/06.

Projected 2007 Key Credit Measures

		With PPA & Pension / OPEB ⁽¹⁾	Without PPA & Pension / OPEB	S&P Credit Ratings ⁽²⁾	"BBB" Target Range ⁽³⁾
Exelon Cons:	FFO / Interest	4.6x	5.6x	BBB	3.2x – 4.5x
	FFO / Debt	22%	28%		20% – 30%
	Rating Agency Debt Ratio	70%	63%		55% – 45%
	Adjusted Book Debt Ratio: 54%				
Generation:	FFO / Interest	6.5x	12.4x	BBB+	3.5x – 5.5x
	FFO / Debt	41%	79%		25% – 40%
	Rating Agency Debt Ratio	58%	40%		52% – 42%
	Adjusted Book Debt Ratio: 38%				
ComEd:	FFO / Interest	3.0x	3.0x	BBB-	3.5x – 5.5x
	FFO / Debt	10%	12%		25% – 40%
	Rating Agency Debt Ratio	61%	58%		52% – 42%
	Adjusted Book Debt Ratio: 43%				
PECO:	FFO / Interest	4.4x	4.4x	A-	2.5x – 3.5x
	FFO / Debt	17%	18%		12% – 20%
	Rating Agency Debt Ratio Adjusted Book Debt Ratio: 49%	53%	52%		62% – 52%

Exelon's balance sheet is strong

Notes: Projected credit measures reflect impact of Illinois electric rates and policy settlement. Exelon, ComEd and PECO metrics exclude securitization debt. See following slide for FFO (Funds from Operations)/Interest, FFO/Debt and Adjusted Book Debt Ratio reconciliations to GAAP.

(1) Reflects S&P updated guidelines, which include imputed debt and interest related to purchased power agreements (PPA), unfunded pension and other postretirement benefits (OPEB) obligations, and capital adequacy for energy trading. Debt is imputed for estimated pension and OPEB obligations by operating company.

(2) Current senior unsecured ratings for Exelon and Generation and senior secured ratings for ComEd and PECO as of 8/10/07.

(3) Based on S&P Business Profiles: 7 for Exelon, 8 for Generation and ComEd, and 4 for PECO.

FFO Calculation and Ratios (updated)

FFO Calculation
Net Income
Add back non-cash items:
+ Depreciation, amortization (including nucl fuel amortization), AFUDC/Cap. Interest
+ Change in Deferred Taxes
+ Gain on Sale, Extraordinary Items and Other Non-Cash Items ⁽³⁾
- PECO Transition Bond Principal Paydown
= FFO

Debt to Total Cap	
<i>Adjusted Book Debt</i> Total Adjusted Capitalization	<i>Rating Agency Debt</i> Rating Agency Capitalization
Debt:	Adjusted Book Debt
+ LTD	+ Off-balance sheet debt equivalents ⁽²⁾
+ STD	+ ComEd Transition Bond Principal Balance
- Transition Bond Principal Balance	
= Adjusted Book Debt	= Rating Agency Debt
Capitalization:	Total Adjusted Capitalization
+ Total Shareholders' Equity	- Goodwill
+ Preferred Securities of Subsidiaries	+ Off-balance sheet debt equivalents ⁽²⁾
+ Adjusted Book Debt	
= Total Adjusted Capitalization	= Total Rating Agency Capitalization

FFO Interest Coverage
<i>FFO + Adjusted Interest</i> <i>Adjusted Interest</i>
Net Interest Expense (Before AFUDC & Cap. Interest)
- PECO Transition Bond Interest Expense
+ 7% of Present Value (PV) of Operating Leases
+ Interest on imputed debt related to PV of Purchased Power Agreements (PPA), unfunded Pension and Other Postretirement Benefits (OPEB) obligations, and Capital Adequacy for Energy Trading ⁽²⁾ , as applicable
= Adjusted Interest

FFO Debt Coverage
<i>FFO</i> <i>Adjusted Debt</i> ⁽¹⁾
Debt:
+ LTD
+ STD
- PECO Transition Bond Principal Balance
Add off-balance sheet debt equivalents:
+ A/R Financing
+ PV of Operating Leases
+ 100% of PV of Purchased Power Agreements ⁽²⁾
+ Unfunded Pension and OPEB obligations ⁽²⁾
+ Capital Adequacy for Energy Trading ⁽²⁾
= Adjusted Debt

Note: Updated to reflect revised S&P guidelines and company forecast. FFO and Debt related to non-recourse debt are excluded from the calculations.

(1) Use current year-end adjusted debt balance.

(2) Metrics are calculated in presentation unadjusted and adjusted for debt equivalents and related interest for PPAs, unfunded Pension and OPEB obligations, and Capital Adequacy for Energy Trading.

(3) Reflects depreciation adjustment for PPAs and decommissioning interest income and contributions.

GAAP EPS Reconciliation 2000-2002

2000 GAAP Reported EPS	\$1.44
Change in common shares	(0.53)
Extraordinary items	(0.04)
Cumulative effect of accounting change	--
Unicom pre-merger results	0.79
Merger-related costs	0.34
Pro forma merger accounting adjustments	(0.07)
2000 Adjusted (non-GAAP) Operating EPS	\$1.93
2001 GAAP Reported EPS	\$2.21
Cumulative effect of adopting SFAS No. 133	(0.02)
Employee severance costs	0.05
Litigation reserves	0.01
Net loss on investments	0.01
CTC prepayment	(0.01)
Wholesale rate settlement	(0.01)
Settlement of transition bond swap	--
2001 Adjusted (non-GAAP) Operating EPS	\$2.24
2002 GAAP Reported EPS	\$2.22
Cumulative effect of adopting SFAS No. 141 and No. 142	0.35
Gain on sale of investment in AT&T Wireless	(0.18)
Employee severance costs	0.02
2002 Adjusted (non-GAAP) Operating EPS	\$2.41

GAAP EPS Reconciliation 2003-2005

2003 GAAP Reported EPS	\$1.38
Boston Generating impairment	0.87
Charges associated with investment in Sithe Energies, Inc.	0.27
Employee severance costs	0.24
Cumulative effect of adopting SFAS No. 143	(0.17)
Property tax accrual reductions	(0.07)
Enterprises' Services goodwill impairment	0.03
Enterprises' impairments due to anticipated sale	0.03
March 3 ComEd Settlement Agreement	0.03
2003 Adjusted (non-GAAP) Operating EPS	\$2.61
2004 GAAP Reported EPS	\$2.78
Charges associated with debt repurchases	0.12
Investments in synthetic fuel-producing facilities	(0.10)
Employee severance costs	0.07
Cumulative effect of adopting FIN 46-R	(0.05)
Settlement associated with the storage of spent nuclear fuel	(0.04)
Boston Generating 2004 impact	(0.03)
Charges associated with investment in Sithe Energies, Inc.	0.02
Charges related to the now terminated merger with PSEG	0.01
2004 Adjusted (non-GAAP) Operating EPS	\$2.78
2005 GAAP Reported EPS	\$1.36
Investments in synthetic fuel-producing facilities	(0.10)
Charges related to the now terminated merger with PSEG	0.03
Impairment of ComEd's goodwill	1.78
2005 financial impact of Generation's investment in Sithe	(0.03)
Cumulative effect of adopting FIN 47	0.06
2005 Adjusted (non-GAAP) Operating EPS	\$3.10

GAAP Earnings Reconciliation

Year Ended December 31, 2006

(in millions)	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>Other</u>	<u>Exelon</u>
2006 GAAP Reported Earnings (Loss)	\$1,407	\$(112)	\$441	\$(144)	\$1,592
Mark-to-market adjustments from economic hedging activities	(61)	3	-	-	(58)
Investments in synthetic fuel-producing facilities	-	-	-	24	24
Charges related to now terminated merger with PSEG	8	4	10	36	58
Severance charges	9	4	4	1	18
Nuclear decommissioning obligation reduction	(89)	-	-	-	(89)
Recovery of debt costs at ComEd	-	(52)	-	-	(52)
Impairment of ComEd's goodwill	-	776	-	-	776
Recovery of severance costs at ComEd	-	(95)	-	-	(95)
Impairment of Generation's investments in TEG and TEP	1	-	-	-	1
2006 Adjusted (non-GAAP) Operating Earnings (Loss)	\$1,275	\$528	\$455	\$(83)	\$2,175

Note: Amounts may not add due to rounding

GAAP EPS Reconciliation

Year Ended December 31, 2006

	<u>ExGen</u> ⁽¹⁾	<u>ComEd</u> ⁽¹⁾	<u>PECO</u> ⁽¹⁾	<u>Other</u> ⁽¹⁾	<u>Exelon</u>
2006 GAAP Reported EPS	\$2.08	(0.17)	0.65	(0.21)	\$2.35
Mark-to-market adjustments from economic hedging activities	(0.09)	-	-	-	(0.09)
Investments in synthetic fuel-producing facilities	-	-	-	0.04	0.04
Charges related to now terminated merger with PSEG	0.01	0.01	0.01	0.05	0.09
Severance charges	0.01	0.01	0.01	-	0.03
Nuclear decommissioning obligation reduction	(0.13)	-	-	-	(0.13)
Recovery of debt costs at ComEd	-	(0.08)	-	-	(0.08)
Impairment of ComEd's goodwill	-	1.15	-	-	1.15
Recovery of severance costs at ComEd	-	(0.14)	-	-	(0.14)
2006 Adjusted (non-GAAP) Operating EPS	\$1.88	\$0.78	0.67	(0.11)	\$3.22

Note: Amounts may not add due to rounding

(1) Amounts shown per Exelon share and represent contributions to Exelon's EPS

GAAP EPS Reconciliation

3 Months Ended June 30, 2006 and 2007

	<u>Exelon</u>
2006 GAAP Reported EPS	\$0.95
Mark-to-market adjustments from economic hedging activities	(0.06)
Investments in synthetic fuel-producing facilities	0.08
Charges related to now terminated merger with PSEG	0.01
Nuclear decommissioning obligation reduction	(0.13)
2006 Adjusted (non-GAAP) Operating EPS	\$0.85
2007 Adjusted (non-GAAP) Operating EPS	\$1.03
Mark-to-market adjustments from economic hedging activities	(0.02)
Investments in synthetic fuel-producing facilities	0.04
ComEd 2007 rate relief program	(0.02)
2007 GAAP Reported EPS	\$1.03

Note: Amounts may not add due to rounding

2007 Earnings Outlook

- ✓ Exelon's outlook for 2007 adjusted (non-GAAP) operating earnings excludes the earnings impacts of the following:
 - costs associated with the Illinois electric rate settlement, including ComEd's previously announced customer Rate Relief and Assistance Initiative
 - mark-to-market adjustments from economic hedging activities
 - investments in synthetic fuel-producing facilities
 - significant impairments of intangible assets, including goodwill
 - significant changes in decommissioning obligation estimates
 - other unusual items
 - any future changes to GAAP
- ✓ GAAP guidance excludes the impact of unusual items which the Company is unable to forecast, including any future changes to GAAP
- ✓ Both our operating earnings and GAAP earnings guidance are based on the assumption of normal weather

Reconciliation of Net Income to EBITDA

Net income (loss)

- +/- Cumulative effect of changes in accounting principle
- +/- Discontinued operations
- +/- Minority interest
- + Income taxes

Income (loss) from continuing operations before income taxes and minority interest

- + Interest expense
- + Interest expense to affiliates
- Interest income from affiliates
- + Depreciation and amortization

Earnings before interest, taxes, depreciation and amortization (EBITDA)