



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN \$16 BILLION MERGER OF EXELON AND PUBLIC SERVICE ENTERPRISE GROUP

Divestiture of Six Electricity Generating Plants Will Preserve Competition for Customers throughout Mid-Atlantic Region

WASHINGTON — The Department of Justice announced today that it will require Exelon Corporation (Exelon) and Public Service Enterprise Group Incorporated (PSEG) to divest six electricity generating plants—two in Pennsylvania and four in New Jersey— in order to proceed with their \$16 billion merger. The Department said that the transaction, as originally proposed, would have caused higher prices for wholesale electricity, ultimately increasing prices paid by millions of electricity consumers in the mid-Atlantic region.

The Department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"Electricity is essential to the everyday lives of consumers and business," said Thomas O. Barnett, Assistant Attorney General for the Antitrust Division. "These divestitures will ensure that customers continue to benefit from competitive markets for this critical product."

According to the complaint, the merger would create one of the largest electricity companies in the United States and combine the assets of two of the largest competitors in the mid-Atlantic region. Together, the companies would own nearly half of the electricity generating

capacity in the densely populated area encompassing eastern Pennsylvania, New Jersey, the District of Columbia, and parts of Maryland and Virginia. The combination of their assets would enhance the incentive and ability of the merged firm to raise wholesale electric prices.

Under the terms of the proposed consent decree, the merged firm must divest six electricity plants, which in total provide more than 5,600 megawatts of generating capacity. The plants to be divested are Cromby Generating Station and Eddystone Generating Station in Pennsylvania and Hudson Generating Station, Linden Generating Station, Mercer Generating Station, and Sewaren Generating Station in New Jersey. The merged company also is required to obtain the prior approval of the Department before acquiring or obtaining control of any existing electricity plants in the mid-Atlantic region in the future.

Both Exelon and PSEG participate in the PJM Interconnection LLC (PJM) Regional Transmission Organization. PJM administers the wholesale electricity markets in an area that includes New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia and parts of North Carolina, Kentucky, Ohio, Indiana, Michigan, and Illinois. PJM is the largest wholesale electricity region in the United States, overseeing the delivery of energy to 51 million people.

Exelon is incorporated in Pennsylvania and has its headquarters in Chicago. Exelon owns the PECO utility of Philadelphia and the Commonwealth Edison utility of Chicago. Exelon had \$15.3 billion of revenues in 2005.

PSEG is incorporated in New Jersey and has its headquarters in Newark, N.J. PSEG owns the PSE&G utility, which serves an area around Newark that includes 70 percent of New Jersey's population. PSEG had \$12.4 billion of revenues in 2005.

As required by the Tunney Act, the proposed settlement and the Department's

competitive impact statement will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Donna N. Kooperstein, Chief, Transportation, Energy, and Agriculture Section, Antitrust Division, United States Department of Justice, 325 Seventh St. NW, Suite 500, Washington, D.C. 20530 (202-307-3278). At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed consent decree upon finding that it is in the public interest.

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