NRG ENERGY, INC.
Form DFAN14A
July 02, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant ¨

Filed by a Party other than the Registrant x

Check the appropriate box:

¨ Preliminary Proxy Statement.

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

¨ Definitive Proxy Statement.

x Definitive Additional Materials.

¨ Soliciting Material Pursuant to §240.14a-12.

NRG ENERGY, INC.

(Name of Registrant as Specified in its Charter)

EXELON CORPORATION

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(2) Aggregate number of securities to which the transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

On July 2, 2009, Exelon Corporation used the following presentation in meetings with RiskMetrics Group and PROXY Governance, Inc.:

Exelon s Offer Is About Value
Today and Tomorrow
Are EXC and NRG Together, or Is NRG Stand Alone, Better Built to
Add
Value in a Complex and Carbon-Constrained World?
RiskMetrics
Group
PROXY Governance, Inc.
July 2, 2009

Important Information
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This presentation relates, in part, to the offer (the Offer) by Exelon Corporation (Exelon) through its direct wholly-owned subsidiary, Exelon Xchange Corporation (Xchange), to exchange each issued and outstanding share of common stock (the shares) of NRG Energy, Inc. (NRG) for 0.545 of a share of Exelon common stock. This presentation is for informational purposes only and does not constitute an offer to exchange, or a solicitation of an offer to exchange, NRG shares, nor is it a substitute for the Tender Offer Statement on Schedule TO or the Prospectus/Offer to Exchange included in the Registration Statement on Form S-4 (Reg. No. 333-155278) (including the Letter of Transmittal and related documents and as amended from time to time, the Exchange Offer Documents) previously filed by Exelon and Xchange with the Securities and Exchange Commission (the SEC). The Offer is made only through the Exchange Offer Documents. **Investors and security holders a** urged to read these documents and other relevant materials as they become available, because they will contain important information.

Exelon filed a proxy statement on Schedule 14A with the SEC on June 17, 2009 in connection with the solicitation of proxies (NRG Meeting Proxy Statement) for the 2009 annual meeting of NRG stockholders (the NRG Meeting). Exelon will also proxy statement on Schedule 14A and other relevant documents with the SEC in connection with its solicitation of proxies for meeting of Exelon shareholders (the Exelon Meeting) to be called in order to approve the issuance of shares of Exelon comm stock pursuant to the Offer (the Exelon Meeting Proxy Statement). **Investors and security holders are urged to read the N** Meeting Proxy Statement and the Exelon Meeting Proxy Statement and other relevant materials as they become available, because they will contain important information.

Investors and security holders can obtain copies of the materials described above (and all other related documents filed with the SEC) at no charge on the SEC s website: www.sec.gov. Copies can also be obtained at no charge by directing a request for su materials to Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022, toll free at 1-877-75 9501. Investors and security holders may also read and copy any reports, statements and other information filed by Exelon, Xchange or NRG with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call t at 1-800-SEC-0330 or visit the SEC s website for further information on its public reference room.

Exelon, Xchange and the individuals to be nominated by Exelon for election to NRG s Board of Directors will be participants solicitation of proxies from NRG stockholders for the NRG Meeting or any adjournment or postponement thereof. Exelon and Xchange will be participants in the solicitation of proxies from Exelon shareholders for the Exelon Meeting or any adjournmen postponement thereof. In addition, certain directors and executive officers of Exelon and Xchange may solicit proxies for the Exelon Meeting and the NRG Meeting. Information about Exelon and Exelon s directors and executive officers is available in Exelon s proxy statement, dated March 19, 2009, filed with the SEC in connection with Exelon s 2009 annual meeting of shareholders. Information about Xchange and Xchange s directors and executive officers is available in Schedule II to the Prospectus/Offer to Exchange. Information about any other participants is included in the NRG Meeting Proxy Statement or th Exelon Meeting Proxy Statement, as applicable.

Forward-Looking Statements

This presentation includes forward-looking statements. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. The factors that could cause actual results to differ materially from these forward-looking statements include Exelon s ability to achieve the synergies contemplated by the proposed transaction, Exelon s ability to promptly and effectively integrate the businesses of NRG and Exelon, and the timing to consummate the proposed transaction and obtain required regulatory approvals as well as those discussed in (1) the Exchange Offer Documents; (2) Exelon s 2008 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; (3) Exelon s first quarter 2009 Quarterly Report on Form 10-Q filed on April 23, 2009 in (a) Part II, Other Information, ITEM 1A. Risk Factors and (b) Part I, Financial Information, ITEM 1. Financial Statements: Note 13 and (4) other factors discussed in Exelon s filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this communication. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication, except as required by law. Statements made in connection with the exchange offer are not subject to the safe harbor protections provided to forward-looking statements under the Private Securities Litigation Reform Act of 1995.

All information in this presentation concerning NRG, including its business, operations, and financial results, was obtained from public sources. While Exelon has no knowledge that any such information is inaccurate or incomplete, Exelon has not had the opportunity to verify any of that information.

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3

Background
4
4

On October 19, 2008 Exelon announced its proposal to acquire NRG
and create the largest, most diverse generation company in the U.S.

100% stock consideration, fixed exchange ratio of 0.485 shares of EXC

for
every
share
of
NRG
representing
an
initial
premium
of
37%

The EXC/NRG combination would be the premier power company in a
complex, dynamic industry

Largest
U.S.
power
company
(~48,000
MW
)
with
market
cap
of
~$40
billion and investment grade balance sheet

Significant presence in five major competitive markets (Illinois,
Pennsylvania, Texas, California and the Northeast) rather than two or
three

Second lowest carbon emitting intensity in the industry

Exelon has **increased its offer 12%**
to 0.545, representing a 44%
4
premium today
4
We are seeking your support to elect nine new, independent NRG directors
who will not
constitute a majority of the NRG Board and who will act in the
best interest of NRG shareholders
1.
Premium of 37% based on EXC and NRG closing stock prices on October 17, 2008.
2.
Includes owned and contracted capacity after giving effect to planned asset divestitures.
3.
Exelon and NRG market capitalization as of 6/26/09.

4.
44% premium assumes that Exelon and NRG stand-alone stock prices are halfway between the implied stock price based on co
company indices and the current stock price as of 6/26/09.
2
1
3

For NRG Shareholders, a Combination Means:
5
Scope, scale and strength to build on Exelon s proven capacity to

Execute strategic objectives from a solid financial foundation, with ready access to low-cost capital

Realize significant value creation through operational and financial synergies

Diversify across power markets, fuel types and regulatory jurisdictions

Respond to universally recognized need for industry consolidation

Be a significant voice in industry, policy and regulatory discussions

1.
Exelon: Sustainable Advantage
2.
Exelon-NRG: A Clear Strategic Fit
3.
Value for NRG Shareholders
4.
Achievable Plan to Execute Deal
5.
Action Sought
Discussion Points:
6

Multi-Regional Diverse Company
7
Note: Owned megawatts based on Generation s ownership at
December 31, 2008, using annual mean ratings for nuclear units
(excluding Salem) and summer ratings for Salem and the fossil and
hydro units.
Midwest Capacity
Owned:
11,388 MW

Contracted:
3,230 MW
Total:
14,618 MW
ERCOT/South Capacity
Owned:
2,222 MW
Contracted:
2,917 MW
Total:
5,139 MW
New England Capacity
Owned:
182 MW
Total Capacity
Owned:
24,809 MW
Contracted:
6,483 MW
Total:
31,292 MW
Electricity Customers:
1.6M
Gas Customers:
0.5M
Electricity Customers: 3.8M
Generating Plants
Nuclear
Hydro
Coal/Oil/Gas Base-load
Intermediate
Peaker
Mid-Atlantic Capacity
Owned:
11,017 MW
Contracted:
336 MW
Total:
11,353 MW

1.
EXC market capitalization as of 6/26/09.
2.
Shareholder return from Exelon inception (10/20/00) through 6/26/09. Total return after reinvesting all dividends back into the security at the closing price on the day following the relevant ex-dividend date. Includes stock price appreciation with dividen reinvestment. Excludes taxes and fees.
Exelon s Sustainable Advantage
8
Largest market capitalization in the sector at $33B and an investment grade balance sheet

Investment grade balance sheet that enables consistent access to capital at lower cost
Experienced management team with track record of creating and returning shareholder value

Exelon formed through combination of ComEd and PECO

in
2000

total
shareholder return has reached 124% since that time compared to 45% for the
Philadelphia
Utility
Index,
and
a
negative
23%
for
the
S&P
500
2
Largest merchant generator in the U.S. based on power produced

Management team and culture well-experienced and well-suited for today s
complex and competitive markets

19 nuclear
reactors
largest nuclear operator in U.S., third largest in the world

Industry-leading management model that consistently drives highest capacity
factors
(94%)
and
lowest
generating
cost
of
any
nuclear
fleet
in
the
U.S.

A plan to build 1,300-1,500 MW of new nuclear through uprates
Largest carbon upside in the industry

In addition to positive leverage to any upside from gas, coal and capacity
prices
1

Exelon Is Built to Last and Consistently
Creates Value
Operational Prowess
9
Solid Balance Sheet
Consistent Dividends
$10.00
$12.00
$14.00
$16.00
$18.00
$20.00
2003
2004

2005
2006
2007
2008
Exelon
Industry
Nuclear Annual Avg. Production
Cost ($/MWh)
$1.26
$1.60
$1.60
$1.76
$2.03
$0
$0.50
$1.00
$1.50
$2.00
2004
2005
2006
2007
2008
2009E
$2.50
$2.10

Investment
Grade
Rating
(BBB/A3/BBB+)

Broad Access To The Deepest Capital Markets:
-
$4.3 trillion High Grade Bond market
-
$1.2 trillion Commercial Paper market

Lower Cost of Capital:
-
Offers $250 M in aggregate interest savings over the next five years relative to non-investment grade debt pricing

Financial and Operational Flexibility:
-
Ability to negotiate hedging transactions with better margining terms or avoid incremental credit charges
1.
Exelon Generation Senior Unsecured credit ratings.

2.
Based on internal analysis. Changes in market conditions could impact results.
65%
70%
75%
80%
85%
90%
95%
100%
Operator (# of Reactors)
Range
5-Year Average
1
2

Exelon s Long-Term Value Drivers Generate Post-
Transaction Value for All Shareholders
Carbon
Nuclear
Uprates
PA
Procurement
Cost
Reductions

Long-term fundamentals create value beyond what is currently
reflected in Exelon s stock price

- $1.1 billion and growing annual upside to Exelon EBITDA from Waxman-Markey legislation
- 1,300 MW - 1,500 MW in Exelon nuclear uprates by 2017 increases the value of the existing fleet
- $2,200-2,500/kW overnight cost for uprates vs. $4,000-4,500/kW for new build and additional ~$110/kW in annual savings from lower incremental operating costs from uprates
- $100-102/MWh result in June PECO power procurement suggests robust pricing and higher margins at Exelon Generation in 2011 and beyond
- $350 million in announced O&M reductions for 2010, more than half of which is sustainable

10

1. Assumes $15/tonne carbon pricing.
2. Reflects retail price including line losses and gross receipts tax.

1
2

11

Incremental 1,300
1,500 MWs
of Exelon uprates
over 2009-2017 exceeds NRG s expected ownership of
STP 3&4

Exelon has substantial experience managing 1,100 MWs

of uprate
projects over the past 10 years

Less Risk: less risk of cost overruns and delays; uprates
can also be phased in based on market conditions which
adds value

Lower Cost: Uprates
do not materially increase the O&M of existing plants, saving ~$110/kW in annual costs vs. a
new nuclear plant
Exelon s Nuclear Uprate
Plan Delivers More MWs
Than NRG New Build -
With Less Risk At Half The Cost
1,170 MW
(44% Equity
Ownership)
Average Overnight Cost
Estimate of U.S.
New Build: $4,000-4,500/kW
Year Uprates
Become Operational
0
200
400
600
800
1000
1200
1400
1600
1999-
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2009-
2017
MWs
1,100 MWs
1,300
1,500 MW
Average Overnight Cost
Estimate: $2,200 -

2,500/kW
Exelon s Uprate
Plan
NRG s New Nuclear Plan
at
Max
Equity
Position
1. Exelon expects that NRG s planned equity selldown
would further reduce NRG's net equity interest to
approximately 35%, or 936 MW, and possibly even less

We are impressed with Exelon's optimistic plans to add up to 1,500 MW from nuclear uprates
over the next eight
years The returns on these investments should be very attractive, as the company does not anticipate a higher run-rate of O&M expenses (i.e., O&M/MWh
should decrease).

-
Angie Storozynski, Macquarie Securities, June 12, 2009
1

1.
Exelon: Sustainable Advantage
2.
Exelon-NRG: A Clear Strategic Fit
3.
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4.
Achievable Plan to Execute Deal
5.
Action Sought
Discussion Points:
12

Combination Will Result in Scope, Scale and
Financial Strength
13
Pro Forma
Exelon
Pro Forma Quick Stats
($s in millions)
Combined assets
1
$73,000
LTM EBITDA
2
$10,000
Market cap (as of 6/26/2009)
$40,000
Enterprise value

3
$58,000
Generating capacity
4
~48,000 MWs
Enterprise Value
Market Cap
$0
Exelon
FPL
Duke
Dominion
First
Energy
Entergy
$10
$20
$30
$40
$50
$60
$58 BILLION
NRG
Southern

1. Reflects total assets (under GAAP) with no adjustments. Based upon 3/31/09 10-Q.
2. Reflects Last Twelve Months EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization) as of 3/31/09
3. Calculation of Enterprise Value = Market Capitalization (as of 6/26/09) + Total Debt (as of 3/31/09) + Preferred Securities (as (as of 3/31/09) Cash & Cash Equivalents (as of 3/31/09). Debt, Preferred Securities, Minority Interest and Cash & Cash Equ Form 10-Q.
4. Includes owned and contracted capacity after giving effect to planned divestitures.

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Geographically complementary generation asset base

Predominantly located in competitive markets

Strong presence in PJM (Mid-Atlantic and Midwest) and ERCOT
By RTO
Combined
PJM
22,830

ERCOT
13,232
MISO
1,065
ISO NE
2,202
NYISO
3,960
CAL ISO
2,085
Contracted
6,483
51,857
SERC
2,295
WECC
45
Total
54,297
By Fuel Type
Combined
Nuclear
18,158
Coal
9,001
Gas/Oil
18,818
Other
1,837
Contracted
6,483

1. Excludes international assets. Before any divestitures.
2. Contracted in various RTOs, mainly in PJM and ERCOT.

Exelon
NRG
Combination Will Operate in Most Attractive
Markets
1
1
2

0
2
4
6
8
10
12
14
16
18

2003
2004
2005
2006
2007
2008
<1%
<1%
Exelon
~150,000 GWh
Pro Forma
Exelon
~221,000
GWh
Historical
Forward Coal Prices
Combined Entity Will Continue to Benefit
from Low Cost Fuel Sources
Powder River Basin and lignite coal supply (90%
of NRG s coal) provides low-sulfur at a relatively
stable price as compared to northern and
central Appalachian coal mines.
0.00
1.00
2.00
3.00
4.00
5.00
6.00
Northern Appalachian
Production Costs
Combined fleet will continue to be
predominantly low-cost fuel.
6%
Other
Coal
Q1 2007
Q2 2007
Q3 2007
Q4 2007
Q1 2008
Q2 2008
Q3 2008
$/mmbtu
15
Powder
River
Basin
Central Appalachian
Hydro/Other

Gas/Oil
Other Coal
PRB & Lignite Coal
Nuclear
3%
<1%
Q4 2008
Q1 2009
Nuclear
Coal
Gas
Petroleum
6%
Coal
93%
Nuclear
67%
Nuclear
23%
PRB &
Lignite Coal
2
1
1
1.
Based
on
2008
data,
does
not
include
~26,000
GWh
of
Exelon
Purchased
Power.
2.
Historically, Ligntite Coal prices have had similar volatility as Powder River Basin Coal.

Largest Fleet, 2
nd
Lowest Carbon Intensity
Source: Ventyx
Velocity Suite Database
CO_2 Emissions of 15 Largest U.S. Electricity Generators
Bubble size represents **carbon intensity**,
expressed in terms of metric tons of CO_2
per MWh generated
Note: Does not consider effects of
proposed or unplanned divestitures.

0
50
100
150
50
100
150
200
2008 Gross Generation (TWh)
Exelon
Exelon + NRG
AEP
Southern
Duke
TVA
FPL
Entergy
Dominion
Berkshire
Hathaway
Calpine
NRG
First
Energy
Xcel
Ameren
Progress
250
Top 15 Generators by CO2 Intensity
15
Berkshire Hathaway
0.84
14
Ameren Corp
0.81
13
NRG Energy
0.78
12
AEP
0.77
11
Xcel Energy
0.74
10
Southern
0.69
9
Duke Energy
0.63

8
Progress Energy
0.61
7
TVA
0.60
6
FirstEnergy
0.55
5
Dominion
0.49
4
Calpine
0.39
3
FPL Group
0.33
Exelon + NRG
0.31
2
Entergy
0.27
1
Exelon
0.06
1.
Exelon 2020 is Exelon s comprehensive plan to reduce, displace or offset 15 million metric tons of greenhouse gas emissions year by 2020.
Exelon 2020
1
principles will be adapted to the combined fleet
16

Carbon Legislation is Gaining Momentum and
Will Benefit the Combined Company

Waxman-Markey legislation provides allocations to merchant coal units only if they actually run in any given year with this allocation mechanism, merchant coal plants will dispatch more than is economically efficient and fewer merchant coal plants will retire

If merchant coal allocations are granted in a manner that does not change dispatch and retirement incentives, Exelon s EBITDA would increase by about $1.5 billion and NRG s EBITDA would increase by about $150M in Year 1

While Exelon has supported merchant coal allocations as part of an overall industry compromise, if no allocations are granted, Exelon s EBITDA would increase by $1.5 billion and NRG s EBITDA will decrease by $150M in Year 1
Note: Dollar values reflect illustrative results based on potential outcomes of climate legislation and should not be interpreted a
The carbon benefit to be realized by Exelon s nuclear fleet will significantly exceed the carbon costs faced by NRG s coal-dominated generation fleet
$1,100
Exelon
NRG
($M)
Year 1 EBITDA Impact of $15/tonne Carbon With
Waxman-Markey Merchant Coal Allocations
There is no case
where carbon
legislation is
better for NRG
than for Exelon
17
$0
On
June
26
th
,
the
U.S.
House passed the
Waxman-Markey Bill
by a vote of 219-212

1.
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Action Sought
Discussion Points:
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an
Offer Represents Significant Value to NRG
Shareholders

Our original offer provided a 37% premium to NRG's stock price on
10/17/08

When compared
to
all
$1B+
stock
deals
since
12/2003,
that
was
almost
double
the 1-day average of 19%

NRG has responded with obstruction

Refusing to negotiate with Exelon management; excluding us from their
market
discovery
process,
that
has
produced
no

alternatives

Refusing to allow limited two-week due diligence process

Intervening with obstructionist tactics in regulatory proceedings

Pursuing a frivolous and expensive lawsuit

Falsely claiming that the election of Exelon s nine nominees could trigger the poison puts in their debt

Our new offer to NRG shareholders is even better

now implied premium of 44%

Higher exchange ratio = 0.545

Greater growth opportunities than NRG stand-alone, at lower risk and relative cost

~$3.1B transaction value

Now is the time for a new, independent and open-minded NRG board to come to the table

19

1. NRG s lawsuit against Exelon in U.S. District Court, Southern District of New York, was dismissed on June 22, 2009.

1

20
The Value of the Offer to NRG Shareholders
Has Increased
THEN
NOW
Exchange Ratio
Est. NPV of Synergies
0.485
0.545

(12.4% increase)
$1.5
$3.0 B
$3.6
$4.0 B
Exelon s best and final offer
20
1.
Implied ownership as of 2012 assuming the conversion of $1.1 billion of mandatory convertibles. Immediate ownership perce
2.
Includes estimated transaction costs of $654M (pre-tax).
3.
Includes estimated transaction costs of $550M (pre-tax).
Transaction Value to NRG
$2.3 B
$3.1 B
Implied Ownership
16.8%
18.2%
2
1
3

Exelon s offer has increased NRG s stock price and decreased Exelon s stock price relative to each company s peer indices

Assuming that each company s stand-alone stock price is halfway between the comparable company index and current stock price, the premium offered is still 44%
21
21
Current
Stock Price
($50.70)
2

Halfway
Between Index
and Current
($54.03)
Based on
Competitive
Integrated
Index ($57.35)
3
Current Stock
Price ($23.80)
2
16%
24%
31%
Halfway Between
Index and Current
($20.50)
35%
44%
52%
Based on IPP
Index ($17.21)
4
61%
71%
82%
Exelon
Stand-Alone
Stock
Price
NRG
Stand-Alone
Stock Price
Indicative Premium
1
The world has
changed for
IPPs

lower
gas prices, a
weak economy
and likely
carbon
legislation will
translate into
lower IPP
valuations
Best Indicators Suggest Current Exelon Offer

Represents an Implied Premium of 44%

1.

Premium based on 10/17/08 stock prices (last observable stand-alone stock value) is 54% at current offer.

2.

Closing stock prices as of 6/26/09.

3.

EXC implied stock price based on the Competitive Integrateds (AYE, ETR, FPL, PPL, PEG, CEG, EIX, FE) performance fron

4.

NRG implied stock price based on the IPP Index (MIR, CPN, DYN, RRI) performance from 10/17/08 to 6/26/09.

Based on These Indicators, Transaction Provides NRG
Shareholders Immediate Value of $3.1 Billion
Share of
Synergies
$0.6B
Plus: EXC Upside
-
Carbon
-
Uprates
-
PECO PPA roll-
off
1.

Based upon implied premium of 44% from previous slide and assumes 277 million NRG fully-diluted shares outstanding.
2.
Share of synergies reflects 18.2% NRG share of synergies (based upon midpoint of $3.6-$4.0B synergies), less NRG share of S
transaction costs.
Implied
Transaction
Value to NRG
Shareholders
of $3.1B
Implied
Premium to
NRG
Shareholders
of $2.5 B
22
Even at June 26
closing prices, NRG
shareholders will
realize immediate
transaction value of
$1.7 billion
If Exelon s offer
is withdrawn,
NRG
shareholders
face downside
risk in their share
price
1
2
th

Then

Assumed a traditional **integrate** model

Reflected preliminary top-down internal estimate without assistance from 3 parties

Notable assumptions included:

40% reduction in NRG s A&G expense

10% reduction in NRG s O&M expense
Now

Assumes an absorb-integrate-transform
model

Reflects bottom-up
functional estimate with
assistance from Booz & Company

Assesses discrete operating areas, updates
assumptions and defines desired outcomes

Reflects enhanced view of NRG s operating profile
(plant benchmarking)

Recognizes impact of Reliant Retail business to NRG
(A&G)
23
Upon Detailed Investigation, Exelon Has
Identified Greater Synergies
Exelon will realize these synergies, just as we have in the past
1.
Based on analysis of publicly available
information.
2.
Primarily reflects severance, systems
integration, retention and relocation costs.
Est. Annual Cost Savings:
$180
-
$300
M
% of Combined Expenses:
~3%-5%
Costs
to
Achieve :
~$100
M
NPV of Est. Synergies: **$1,500**
-
$3,000 M
Est. Annual Cost Savings:
$410
-

$475
M
% of Combined Expenses:
~6%-7%
Costs
to
Achieve
2
:
~$200
M
NPV of Est. Synergies: **$3,600**
-
$4,000 M
rd
1
2
1

Synergies
reflect
a
30%
reduction
in
NRG s
O&M
expense,

which
is
consistent
with
prior
power
sector
transactions
and
reflects
Exelon s
track
record
and
commitment
to
delivering
strong results
additional synergies possible
24
Category
Amount ($M)
Commentary
Key Sources of Synergies
Corporate / IT
$225 -
$245

Includes
enhanced
corporate
synergies
from
initial
case
based
on
detailed
assessment and prior transaction experience, minimizing duplicative corporate
support
Fossil
$75 -
$85

Based on ~350 employee reduction from Exelon/NRG fleet optimization due to
implementation of Exelon s management model
Trading
$65 -
$75

Absorption of NRG trade book into existing Exelon Power Team operations

EXC Power Team is an experienced, multi-state power marketer, enabling smooth integration and significant labor synergies
Development
$20 -
$30

Significant reduction in redundant staffing, without sacrificing continuing growth and development opportunities
Nuclear
$10 -
$20

Integration of STP 1 & 2 into the largest nuclear fleet in the industry (not assumed until 2011, contingent upon agreement with co-owners)
Retail
$15 -
$20

Reflects assumed NRG synergies (since Reliant acquisition was not incorporated into our initial analysis)
Total
$410 -
$475

25
243
170
117
Cost Savings
Estimate ($M)
$ 100
117%

Actual Post Merger
Integration Savings ($M)
% Realized of
Estimate
106%
$ 160
$ 180
135%

Targeted headcount reduction of ~1,200; actual ~1,600

Disciplined integration planning process

Effective use of pre-close period for integration planning purposes to accelerate synergy capture

Reduction in overall staffing levels through centralization/leverage of scale

Elimination of duplicate corporate and administrative positions

Common company-wide management processes
Year
2001
2002
2003
$67
$210
$200
2004
$410
2003
$230
$163
Cumulative Cost Savings
Estimate ($M)
Actual Results (Pre Tax - $M)
(O&M + Capital = Total)
% Realized of
Estimate
100%
129%
$163 + $67 = **$230**
$339 + $188 = **$527**
O&M

Capital
Exelon has the experience and management commitment to deliver on its synergy targets
Exelon Has a Proven Track Record of Delivering Targeted Synergies

Improved capacity factor from 77% in 2004 to 96% in 2006

Reduced average refueling days from 80 in 2004 to 26 in 2006
50
60
70
80
90
100
1998
2000
2002
2004
2006
2008
PECO
Unicom
PSEG
Exelon
AmerGen
PSEG with NOSC

NRG Touts Numerous Growth
Opportunities,
But A Closer Look Reveals Minimal Value
New Nuclear
(NINA)

NRG significantly underestimates both costs and risks

Any value estimate is speculative at this point

Reliant

Purchase appears accretive, but NRG s EBITDA projections are
extremely aggressive and suggested EBITDA multiple is unrealistic

Net value of ~ $1/share
Padoma Wind

150 MW net ownership (0.7% of NRG existing capacity) of new
wind in Texas scheduled to come on-line by the end of 2009

Potential
net
value
in
the
$0.00-0.10/share
range
eSolar

184 MW net ownership (0.8% of NRG existing capacity) of new
solar in Southwest scheduled to come on-line in 2011/2012

Potential
net
value
in
the
$0.00-0.25/share
range
GenConn Energy

200 MW net ownership (0.9% of NRG existing capacity) of new
peaking in Connecticut scheduled to come on-line in 2010/2011

Estimated
net
value
of
~$0.10/share
NRG s only real growth opportunity is the gas and heat rate upside in its existing 23,000
MW
domestic
fleet

Exelon
has
similar
upside
plus

enormous
carbon
upside
as
well
26
1
1
1

1. Upper end of range is based on optimistic net value estimate assuming a 10% profit margin on capital invested.

1.
Exelon: Sustainable Advantage
2.
Exelon-NRG: A Clear Strategic Fit
3.
Value for NRG Shareholders
4.
Achievable Plan to Execute Deal
5.
Action Sought
Discussion Points:
27

1
2
3
Investment grade metrics

We have modeled varying combinations of debt refinancing, asset divestitures, equity or equity-linked issuance and accelerated debt paydown to maintain our investment grade credit ratings

with a view to long-term shareholder value

Our optimal financing plan includes:

- Divesting assets of ~$1.6 billion
- Issuing ~$1.1 billion of mandatory convertible equity or common equity
- Deploying cash on hand of ~$1.7 billion
- Financing $4.2 billion in the debt capital markets

The plan is executable and provides

We have incorporated a cost of issuing equity or equity-linked securities into our model as we believe EXC s long-term value is greater than its current stock price

The strategic benefits, long-term value and synergies created by the combination
are
more
valuable
than
the
cost
of
an
equity
or
equity-linked
issuance
28
28
Exelon Has a Financing Plan That Is Executable, Provides
Investment Grade Metrics and Creates Long-Term Value
I think Exelon has the
capability to refinance
and close the
exchange offer
-
Jonathan Baliff, NRG
Executive Vice
President, Strategy
4

1. Based on relative economics of the two securities and market conditions.
2. Estimated excess cash balance at NRG reflects Exelon internal projections as of FYE 2009.
3. Either at or about the time of the transaction or thereafter.
4. Former investment banker at Credit Suisse testifying under oath in Federal Court on June 1, 2009. NRG Energy. Inc. v. Ex
No. 09 Civ. 2448 (S.D.N.Y.).

2

We Have A Plan To Meet Our Financing Needs

The Plan is Flexible and Executable

Exelon has many options to
address its financing needs

Capital markets

Bank financing

TopCo
structure

Asset sales / Equity issuance

Bond waivers

Excess NRG cash

Capital markets remain strong

Over $200 billion in bank
commitments (over $1 billion) in
the last twelve months
7

Over $88 billion in investment
grade bond issues (over $1 billion)
year to date
7

$130 billion in U.S. equity
issuances year to date, of which
over $19 billion is convertible
equity
0
7

We can finance the transaction at
an ~8% interest rate given current
market conditions
29
Note: Estimated balances based on internal estimates, reported data in NRG s Form 10-Q as of 3/31/09 and
10-K dated 12/31/08.
1.
Synthetic LOCs
require drawn bridge loan.
2.
Credit Suisse has the option to keep the security outstanding and make fair value adjustments.
3.
Includes estimated fees, net of taxes and other non-recourse obligations.
4.
Assumes divestiture of various assets including Big Cajun and other Louisiana Plants.
5.
Excludes CS Notes and preferred interest.
6.
Either at or about the time of the transaction or thereafter.
7.
UBS market data.
Summary Financing Needs ($ M)
Principal
Bank Debt (Includes TLB and Synthetic LOCs)
1
$3,114
Senior Notes due '14, '16, and '17 (in aggregate)
4,700
8.500% Senior Notes due 2019
700
3.625% Preferred Stock

250
Other
3
908
Potential Financing Needs
$9,672
Preliminary Financing Plan
Estimated Excess NRG Cash and Equivalents (as of FYE '09)
$1,700
Equity / Mandatory Convert Issuance
1,100
Asset Sales
4
1,600
Assumption of 2019 Bonds
700
Assumption of Select Non-Recourse Obligations
5
379
Debt Capital Markets Financing
6
4,193
Total Sources
$9,672

Q2 2009
Q3 2009
Q4 2009
Receive Regulatory
Approvals
10/19:
Announce
Offer

Annual NRG and
Exelon Special
Shareholder
Meetings
11/12:
Exchange
Offer Filed
Make Filings and Work to Secure Regulatory Approvals
(NRC, DOJ/FTC, PUCT, NYPSC, PAPUC, CPUC)
Shareholder Proposal and Proxy Solicitation
8/21:
Exchange
Offer Expires
2/25:
Over
51% of NRG
Shares
Tendered
Regulatory approvals are manageable and we expect the
transaction to close in 2009
5/21: FERC
Approval
Expected
Transaction Close
Exelon is Committed to the Combination
Q4 2008
Q1 2009
30
Discussing regulatory
concerns of an
NRG/Exelon tie-up,
Crane said he did not
expect the bidder to
have any regulatory
problems.
David
Crane Interview with
Peter Semler
of
Mergermarket, March
10, 2009

1
31
Jurisdiction
Status
FERC
Acquisition approved on May 21, 2009
Hart-Scott-Rodino
Statutory waiting period expired April 30, 2009
NRC
Application under review without further information
requests
Texas

Commission
ruled
application
is
sufficient
-
hearing
to
be held on
October 15, 2009
New York
To be decided without evidentiary hearing
Pennsylvania
Hearings scheduled for July 15-17, 2009
California
CPUC accepted application; will be decided without
evidentiary hearing
Regulatory Approvals Are Advancing As
Expected
Completed
In Process
1. As of June 26, 2009
Note: It is also worth noting that NRG s lawsuit against Exelon in U.S. District Court, Southern District of New York, was di
June 22, 2009 and will not be an obstacle to closing.

1.
Exelon: Sustainable Advantage
2.
Exelon-NRG: A Clear Strategic Fit
3.
Value for NRG Shareholders
4.
Achievable Plan to Execute Deal
5.
Action Sought
Discussion Points:
32

Elect
each
of
the
four
independent
candidates

nominated
to
run
in
opposition to the incumbent directors up for re-election

Expand
the
size
of
the
NRG
board
to
19
directors

Elect
each
of
the
five
independent
candidates
to
serve
on
the
expanded board
NRG Shareholders can secure the best transaction possible by taking the following actions:
This approach will allow NRG shareholders to share in the significant value to be
generated from creating the largest, most diversified
power company in the U.S.
33
This will **not**
result
in Exelon s slate
constituting a
majority of the
NRG Board

NRG s Board has been entrenched in its steadfast opposition to a transaction
with Exelon by:
-
Supporting an entrenched CEO and Senior Management who have sought to
obstruct Exelon s attempts to obtain regulatory approvals for the
transaction
-
Consistently ignoring the spoken will of a majority of NRG s shareholders
and refusing to negotiate with Exelon or allow due diligence

We are committed to this transaction but will continue our efforts only as long
as we have shareholder support. The election of only four new directors would
raise a significant question about the level of that support
Voting For Only Four Directors Will Reduce the Likelihood of a Value-Enhancing Transaction
It s Time to Capture This Value

34
Exelon s Slate of Experienced
Independent Nominees
Nominees have extensive business and management experience and experience serving on boards of public companies. Slate comprised of a broad range of financial, legal and industry expertise
Four independent, highly qualified candidates to replace directors of NRG whose terms expire at the 2009 Annual Meeting

Betsy S. Atkins, Ralph E. Faison, Coleman Peterson and Thomas C. Wajnert
Five independent, highly qualified candidates to fill the newly created

seats upon an approved board expansion
John MAlbertine, Marjorie L. Bowen, Donald DeFosset
Jr., Richard
Koppes
and Ralph G. Wellington
Exelon s
proposed
slate
of
directors
is
highly
qualified
and
independent
and
will
not
constitute
a
majority
of
the
Board

35
This Transaction Is Unique

Substantial
synergies
-
fairly
shared

Compelling value

Catalyst for consolidation
The time is now the parties are NRG and Exelon
the price is fair

Appendix
36

NRG Will Benefit from Exelon s Carbon Upside
37
Assumptions:

$10/tonne carbon

50% of requirement in
free allowances from
government

80% recovery through
power prices

Yields $4/MWh increase in wholesale power prices ($10*.5*80%)

Among the principal beneficiaries of the Waxman bill, therefore, will be utilities with a large proportion of unregulated nuclear generation, such as Exelon, Entergy and Constellation . Most adversely affected will be RRI Energy (RRI). Allegheny Energy (AYE), NRG Energy (NRG), PNM Resources (PNM), Westar Energy (WR), Ameren (AEE), Great Plains Energy (GXP), Mirant (MIR) and Dynegy (DYN).

Hugh Wynne,

Bernstein Commodities and Power: What Are the Consequences of the Waxman-Markey Climate Change Bill for the Power Sector? (June 29, 2009)

Based on the table to the left, EXC EBITDA estimated to **increase** 8% (~$600M) in 2012 while NRG **loses** 2% ($62 M) by 2012 .

The negative impact to NRG becomes even more pronounced as allowance grants are phased out, while Exelon s benefits continue to grow.

Exelon has the liquidity, market access and financial flexibility to manage risk
and pursue sizeable growth initiatives when appropriate
Exelon s Balance Sheet Can Weather
Volatile Commodity Markets

Lower interest rates and lower cost of capital

Lower cost of equity capital

Ability
to
source
capital
from
multiple
markets
(e.g.
commercial
paper)
reduces
risk
of
liquidity crunch

Investment grade market more likely to be accessible during challenging business cycles

Banks in this environment more willing to lend to large, diversified, highly-rated companies

Over 20 banks committed to Exelon s facilities providing over $7B in aggregate commitments
Broad
Access to
Capital
38
Lower
Cost of
Capital

Lower margin and collateral needs

Ability to bid competitively on PPAs and long-term deals since counterparties prefer investment grade companies

Reduced working capital requirements, no prepayments on long-term contracts
Financial
and
Business
Flexibility

Risks Inherent In A Non-investment Grade
Balance Sheet
Though currently re-opened, the non-investment grade market has closed on several occasions in recent memory, while the high-grade market has been consistently accessible regardless of economic cycles
Erratic access to such a critical source of funding would have significant liquidity implications for non-investment grade issuers like NRG
39
High Yield

Market
High Grade
Market
4%
5%
6%
7%
8%
9%
10%
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
0
20,000
40,000
60,000
80,000
100,000
120,000
140,000
$160,000
Source: SDC, J.P. Morgan
JULI Yield (%)
Monthly new issuance volume ($mm)
6%
7%
8%
9%
10%
11%
12%
13%
14%
15%
16%
17%
18%
19%
20%
1998
1999

2000
2001
2002
2003
2004
2005
2006
2007
2008
0
5,000
10,000
15,000
20,000
25,000
30,000
$35,000
JPMorgan Global HY Index Yield to Worst
Monthly new issuance volume ($mm)

40

Exelon Generation s full requirements power purchase agreement with PECO Energy expires on December 31, 2010

Recent PJM prices for full requirements products:
Procurement
Date
Delivery Period

$/MWh
PSE&G
(NJ BGS)
February 2009
June 1, 2009 -
May 31, 2012
$103.72 Residential and Small
C&I[1]
PPL
April 2009
January 1, 2010 -
December 31, 2010
$86.74 Residential
$87.59 Small C&I
Allegheny
June 2009
Residential: 17-month and 29-month
contracts, both beginning January 1,
2011
Non-residential: 17-month contracts
beginning January 1, 2011
$71.64 Residential
$75.40 Non-residential
PECO
June 2009
17-month and 29-month contracts
beginning January 1, 2011
$100-102 Residential
(approximate)
Pennsylvania Procurement Provides Strong
Evidence of the Value of Exelon s Mid-Atlantic Fleet
2
2
2
2
3
1.
Wholesale level pricing (excludes adjustments for taxes and transmission and distribution losses); includes cost of Network Tr
Service (NTS).
2.
Retail level pricing but excluding NTS. Retail price includes cost of Gross Receipts Tax and adjustment for transmission and d
(T&D) losses. Retail prices based on distribution company press releases.
3.
Estimated retail price (i.e., inclusive of Gross Receipts Tax and adjustment for T&D losses but not NTS) converted from ExGe
offers using Residential Retail Generation Rate Conversion Model at PECO Procurement website
(http://www.pecoprocurement.com/index.cfm?s=supplierInformation&p=rates).

41
RPM Capacity Auctions in PJM
The results of the recent RPM capacity auction are not anticipated to reflect a new
norm
due to an anticipated market response to low clearing prices and rule changes
for demand response bidding

The RTO clearing price for 2012/2013 was $16.46 MW-day. The clearing price for MAAC and Eastern MAAC resources was $133.37 MW-day and $139.73 MW-day respectively.

- Exelon offered 12,200 MWs of capacity in the RTO region; 1,500 MWs in the MAAC region; and 9,600 MWs of capacity in Eastern MAAC region

A market response to the low clearing prices in the RTO region is anticipated

- Modified resource bidding behavior
- Retirement of costly and less efficient generation
- Cancellation of new generation projects
- Less Cleared Demand Response (DR)

The RPM capacity auction prices for 2012/2013 are the result of increased generation supply and demand response resources, decreased load PJM wide, and locational reliability requirements

The 2012/2013 capacity auction was the first time in which Interruptible Load Resources (ILR) were required to offer into RPM as a capacity resource

- The PJM tariff was interpreted to require existing ILR Resources to bid at $0

On June 8, 2009, PJM and its stakeholders began considering changes that would eliminate offer caps on DR

- Tariff changes could result in future auctions that better reflect the true market value of capacity (i.e. the value to end use customers who sell firm power rights)

ERCOT Wind:
18 GW of Transmission Approved, Can Sell RECs Nationally Under Federal RES, and Price Depression Will Be Absorbed By Texas Alone
Upper Midwest Wind:
Dependent on Not-Yet-Approved Multi-State Transmission Buildout
and Price Depression
Will be Spread Over A Broad Area
Mid-Atlantic Wind:

Limited Wind Resources, So Will
Purchase RECs
From Other Areas
42
Federal RES will result in incremental wind build in Texas to support REC
purchases
in
other
markets

depressing power prices in ERCOT
42
Federal RES Will Reduce Prices More in ERCOT
than in Midwest or Mid-Atlantic

43
Historical projected and actual costs of
nuclear construction ($/kW)
1974/75
$1,156
$4,410
1976/77
$1,493
$4,008

$560
$1,170
1966/67
% Over Original Estimate
+381%
+269%
+209%

No
success with planned equity selldown

Insufficient
DOE
loan
guarantee
funds
to
support
all
identified projects

Even with DOE loan guarantee of $4.6B and $3B in
loan guarantees from Japan (which we see as
aggressive), there is a financing gap of $2.5B -
$5B
that NRG has not secured

No
disclosed details on risk mitigation plan for Toshiba s first
U.S. nuclear construction project

No
signed
PPAs
because
current
market
fundamentals
do
not support pricing needed to cover construction costs
Significant Risks Make It Impossible To Ascribe Value At
This Early Stage
Nuclear
new
build
estimates
Overnight
$/kW
FPL
$3,170-$4,630/kW

Progress (Levy County)
$4,345/kW
Brattle Group
$4,038/kW
Exelon (Victoria County)
$4,148/kW
U.S. Consensus
$4,000-4,500/kW
NRG
$3,200/kW
vs.
Sources:
NEI
Whitepaper
The
Cost
of
New
Generating
Capacity
in
Perspective
February
2009,
Brattle
Group
IRP
for
Connecticut -
January 2008
, NRG 6/4/09 Presentation at Macquarie Global Infrastructure Conference
1.
Amounts shown
in
2008$,
assuming
2%
inflation
over
2007$
for
FPL
and
Progress.
Exelon
estimate
includes
initial
fuel load cost.
2.

NRG Investor Presentation, June 17, 2009
Overnight Cost Growth (1966-1977)
Est:
+167%
Actual:
+243%
NRG Underestimates the Risks of Being a First Mover
STP 3&4 Is Subject To Project Execution And Cost
Escalation Risks That NRG Shareholders Cannot Ignore

U.S. Supply chain and labor force must be re-established

Japanese modular construction practices have not been applied in the U.S.

NRG has not announced completion of construction contract

U.S. labor productivity vs. Japanese is unknown

Construction proximity to an operating nuclear plant poses significant risk to construction execution, schedule, and cost

Owner s costs and site development risks are material, despite the brownfield
site
2
1

Scale and Complexity of Nuclear New Build
Introduces a Unique Set of Challenges for NRG
44
New nuclear build is a high risk proposition for NRG and represents a substantial portion of the company s market cap

Even with financing support by the U.S. and Japanese governments, NRG is placing a significant portion of the company s market cap at risk

Exelon s size and investment grade balance sheet significantly lessens the impact of this mega-project on the company s operating and financial risk profile

Total
nuclear
new
build
equity
financing
as
a
percentage
of
market
capitalization
NRG
EXC/NRG
-
+25%
+50%
+75%
+100%
+125%
+150%
$8.9 billion
$11.2 billion
$13.4 billion
$15.7 billion
$17.9 billion
$20.1 billion
$22.4 billion
12%
16%
19%
22%
25%
28%
31%
2%
2%
3%
3%
4%
4%
5%
0%
5%
10%
15%
20%
25%

30%
35%
40%
$ 4,142
/ kW
$ 5,178
/ kW
$ 6,213
/ kW
$ 7,249
/ kW
$ 8,284
/ kW
$ 9,320
/ kW
$ 10,355
/ kW
2
1
1.
New build equity financing percentages are presented for various levels of total nominal project costs per kW, assuming 80% c
market capitalization as of 6/26/09. The equity financing percentages reflect NINA ownership of STP units 3 and 4 at 40%, an
NINA at 88%.
2.
Estimate of the total nominal project cost per kW based on the midpoint of the NRG price range for the nominal EPC and own
NRG s 6/4/09 presentation at Macquarie Global Infrastructure Conference, plus estimated interest during construction, initial
guaranteed loan fees and debt service reserve.

45

NRG Is Overvaluing Reliant Retail s Financial
Impact

Valuation Considerations

Even when assuming a $250 million run rate EBITDA for Reliant Retail, the financial impact to NRG is less than $1.00 per share

Exelon fully supports the retail business model, and the Reliant acquisition appears value-accretive

However,
the
suggestion
that
over
$1
billion
in
equity
value
(or
~$4.50
per
share)
has
been
created
is
an overstatement

Valuation of 4-6x EBITDA is not achievable

NRG paid 1.9x to 2.6x
EBITDA in an auction

Public markets have not imputed attractive
multiples
to retail businesses in the past

No allocation of debt
in NRG s valuation either in the
form of collateral or increased working capital

NRG seems to ignore the **higher level of risk**
for retail;
implies higher cost of capital
Potential Price Per Share Impact ($ M)

$250 million run rate EBITDA appears aggressive

Gross margins
($670 M) assume steady mass market
and Commercial & Industrial margins which **have been**
volatile

Aggressive pricing from **large competitors**
(e.g.,
Centrica, FPL, CEG) **will**

likely **compress margins**

Requires strong execution
across
key disciplines (e.g.,
risk management, customer service)
Earnings Considerations
Low
High
NRG
Management
(as
of
3/2/09):
1
Purchase Price
$388
$388
(a)
Original EBITDA Estimate
$200
$150
(b)
Implied EV / EBITDA
1.9x
2.6x
Revised
NRG
Estimates
(as
of
5/27/09):
2
(c)
Revised Run-rate EBITDA
$250
$250
(d)
Change
/
Implied
Synergies
(c
-
a)
$50
$100
(e)
NRG Purchase Multiple Range (line b)
1.9x

-
2.6x
1.9x
-
2.6x
Implied Value Created (d * e)
$95
$130
$190
$260
Est.
Price
Per
Share
Impact
3
$0.34
$0.47
$0.69
$0.94
1.
NRG Investor presentation - March 2, 2009.
2.
NRG Investor presentation - May 27, 2009.
3.
Assumes 277 million NRG fully-diluted shares outstanding.

46
0
100
200
300
400
500
600

700
$800
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Exelon Estimate
Incremental
CapEx
(High Case)
Exelon
Estimate

Incremental
CapEx
(Low Case)
NRG Form 10-K Disclosure
$1.3-$2.3
billion
of
incremental
environmental
compliance
costs
could
limit
NRG s
ability
to
fund
its
future
growth

particularly
in
light
of
its
leveraged
balance sheet and non-investment grade ratings
Total
NRG Estimate
$1.15B

Incremental
Cap Ex
$1.3

$2.3B
Total
$2.45

$3.45B
46

Under the new administration, we anticipate there will be more stringent environmental rules and regulations, including NOX and SO2 and particulate reductions under a revised Clean Air Interstate Rule (CAIR), an aggressive EPA/DOJ New Source Review enforcement initiative

These regulations may result in significant compliance costs for NRG s coal-fired generation assets

These regulations will have minimal impact on Exelon s compliance costs given our nuclear portfolio

1. In its 3/31/09 Form 10-Q, NRG states that it has prepared an environmental capital expenditure plan for numerous pending regulations but does not disclose the amount of the planned expenditures.

2. Forecasted amounts shown above are included in transaction analysis.

Environmental Capital Expenditures
Could Severely Limit NRG s Future Growth

1
2

NRG claims
that its hedge program insulates it from the current commodity
down-cycle
looking
closer:

NRG has sold about 2/3 of its baseload
energy forward for 2011, but at much lower prices
than for 2009 sales

As
NRG s

above-market
hedges
roll
off,
we
estimate
that
NRG s
baseload
energy
revenues
could decline by ~$700 million based on current market prices between 2009 and 2011
At Current Forward Prices, ~$700 Million in
NRG Revenue Deterioration From 2009-2011
Between 2009
and 2011,
Exelon
Generation s
estimated
gross margin
grows by
~$500
million,
largely due to
the PECO PPA
roll-off
47
0
1
2
3
4
2009
2010
2011
$B
NRG Baseload
Energy Revenues
5% Sold in Short-
Term Market
95% Sold Forward at
an Average Price of
$61/MWh
79% Sold Forward at
an Average Price of
$58/MWh
$700
Million
Decline
33% Remaining Sales at an

Average Price ~$53/MWh
Assuming 5/29/09 Market
67% Sold Forward at
an Average Price of
$52/MWh
1
2
1.
Based on 2/28/09 market conditions, per Exelon Hedging Disclosures (April 2009).
2.
Percentages sold and average prices in blue as disclosed in NRG s 2008 Form 10-K. 2010-2011 average prices in green are ba
Exelon internal analysis. Average price represents weighted average of TX, NY and PJM baseload energy sales using mark
conditions as of 5/29/09.
21% Remaining Sales at an
Average Price ~$46/MWh
Assuming 5/29/09 Market

Premium Paid Analysis
All stock transactions with equity values greater than $1.0 billion, announced since
12/5/2003, U.S. targets (excluding withdrawn deals and spin-offs)
Source:
SDC, Bloomberg, FactSet
Note:
Excludes Wells Fargo's acquisition of Wachovia, Bank of America's acquisition of Merrill Lynch, JP Morgan's acquisition of
Stearns and Bank of America's acquisition of Countrywide.
48
Date
Date
Equity Value

Premium Prior to Announcement (%)
Announced
Effective
Target
Acquiror
($mm)
1 Day
1 Week
4 Weeks
04/01/09
Metavante Technologies Inc
Fidelity Natl Info Svcs Inc
2,982
23.1
23.5
27.5
03/03/09
Magellan Midstream Hldg LP
Magellan Midstream Partners LP
1,148
22.1
23.5
29.8
01/15/09
Terra Industries Inc
CF Industries Holdings Inc
3,397
102.9
107.5
109.8
10/19/08
NRG Energy Inc
Exelon Corp
6,261
36.7
38.0
31.1
06/23/08
12/05/08
Allied Waste Industries Inc
Republic Services Inc
6,098
0.9
3.5
5.0
04/24/08
09/29/08
Wendy's International Inc
Triarc Cos Inc
2,346

11.1
16.0
23.2
04/14/08
10/29/08
Northwest Airlines Corp
Delta Air Lines Inc
2,918
14.1
14.9
20.2
05/04/07
10/01/07
Greater Bay Bancorp,Palo Alto
Wells Fargo,San Francisco,CA
1,657
7.5
13.8
16.3
05/01/07
09/04/07
MAF Bancorp,Clarendon Hills,IL
Natl City Corp,Cleveland,Ohio
1,973
39.5
39.9
38.1
03/18/07
08/30/07
InfraSource Services Inc
Quanta Services Inc
1,253
17.4
18.1
16.0
02/05/07
08/20/07
Hanover Compressor Co
Universal Compression Holdings
2,077
2.4
1.7
4.1
02/05/07
07/02/07
Investors Financial Svcs Corp
State Street Corp
4,505
38.5
38.5

42.4
02/02/07
03/07/07
Weyerhaeuser Co
Weyerhaeuser Shareholders/Domtar
2,939
0.0
0.0
0.0
12/04/06
04/02/07
Agere Systems Inc
LSI Logic Corp
3,795
28.2
30.4
26.5
12/03/06
07/02/07
Mellon Financial,Pittsburgh,PA
Bank of New York Co Inc,NY
16,371
(6.1)
(6.2)
(5.3)
10/17/06
07/12/07
CBOT Holdings Inc
Chicago Mercantile Exchange
11,025
55.3
59.8
59.4
08/31/06
11/04/06
Glamis Gold Ltd
Goldcorp Inc
6,829
32.4
32.4
35.4
07/10/06
12/01/06
Harbor Florida Bancshares Inc
Natl City Corp,Cleveland,Ohio
1,110
21.6
21.6
21.6
07/06/06

02/21/07
Peoples Energy Corp
WPS Resources Corp
1,588
15.0
13.6
11.6
06/12/06
11/15/06
Pacific Energy Partners LP
Plains All American Pipeline
1,395
10.6
12.2
14.3
05/25/06
11/04/06
AmSouth Bancorp,Alabama
Regions Finl Corp
10,035
(2.0)
(0.0)
0.3
05/08/06
11/09/06
Fisher Scientific Intl Inc
Thermo Electron Corp
10,280
7.0
8.2
7.4
01/24/06
05/05/06
Pixar Inc
Walt Disney Co
7,555
2.5
4.5
4.9
12/20/05
05/22/06
Maxtor Corp
Seagate Technology Inc
1,879
59.8
58.2
62.3
09/12/05
03/01/06
WFS Financial Inc

Wachovia Corp,Charlotte,NC
3,035
13.8
12.6
15.3
09/12/05
03/01/06
Westcorp,Irvine,CA
Wachovia Corp,Charlotte,NC
3,419
4.7
3.8
6.3
05/09/05
04/03/06
Cinergy Corp
Duke Energy Corp
8,655
13.4
13.9
12.6

Premium Paid Analysis
All stock transactions with equity values greater than $1.0 billion, announced since
12/5/2003, U.S. targets (excluding withdrawn deals and spin-offs)
Source:
SDC, Bloomberg, FactSet
Note:
Excludes Wells Fargo's acquisition of Wachovia, Bank of America's acquisition of Merrill Lynch, JP Morgan's acquisition of B
Stearns and Bank of America's acquisition of Countrywide.
Exelon s offer at
10/17/08 represented a:

1 day premium of 37%

Premium to 1-week
average exchange ratio
of 38%

Premium to 4-week
average exchange ratio
of 31%
49
Date
Date
Equity Value
Premium Prior to Announcement (%)
Announced
Effective
Target
Acquiror
($mm)
1 Day
1 Week
4 Weeks
05/04/05
08/08/05
SpectraSite Inc
American Tower Corp
3,153
9.5
9.6
9.1
04/18/05
12/03/05
Macromedia Inc
Adobe Systems Inc
3,588
25.1
26.0
33.4
03/21/05
07/19/05
Ask Jeeves Inc
IAC/InterActiveCorp
1,952
16.5
16.3
21.5
03/09/05
07/01/05
Great Lakes Chemical Corp
Crompton Corp

1,552
10.1
10.4
11.0
03/03/05
05/16/05
Siliconix Inc
Vishay Intertechnology Inc
1,003
16.2
18.6
14.7
01/31/05
11/18/05
AT&T Corp
SBC Communications Inc
14,732
(6.6)
(0.7)
3.3
01/28/05
10/01/05
Gillette Co
Procter & Gamble Co
54,907
17.6
20.6
21.7
01/10/05
03/21/05
Fox Entertainment Group Inc
News Corp
34,466
9.8
12.9
14.1
12/16/04
07/02/05
Veritas Software Corp
Symantec Corp
13,520
9.5
28.6
47.0
08/12/04
03/11/05
Varco International Inc
National-Oilwell Inc
2,551
9.2

9.6
13.4
08/02/04
01/01/05
First National Bankshares FL
Fifth Third Bancorp,OH
1,253
40.5
43.4
45.2
06/21/04
11/01/04
SouthTrust Corp,Birmingham,AL
Wachovia Corp,Charlotte,NC
14,157
20.2
21.5
24.1
04/07/04
06/25/04
Westport Resources Corp
Kerr-McGee Corp
2,600
10.7
10.2
9.6
03/29/04
08/13/04
Tularik Inc
Amgen Inc
1,796
47.1
48.5
45.7
03/17/04
08/02/04
Apogent Technologies Inc
Fisher Scientific Intl Inc
2,691
5.5
6.4
7.5
02/26/04
12/21/04
ILEX Oncology Inc
Genzyme Corp
1,051
25.0
22.6
19.9

02/17/04
07/01/04
Provident Financial Group Inc
Natl City Corp,Cleveland,Ohio
2,094
15.3
15.6
15.7
02/16/04
10/01/04
GreenPoint Financial Corp,NY
North Fork Bancorp,Melville,NY
6,203
14.1
15.1
19.3
02/06/04
04/16/04
NetScreen Technologies Inc
Juniper Networks Inc
4,175
59.0
59.5
43.8
01/23/04
07/01/04
Union Planters Corp,Memphis,TN
Regions Financial Corp
5,857
(2.5)
(3.5)
(3.1)
01/14/04
07/01/04
Bank One Corp,Chicago,IL
JPMorgan Chase & Co
58,847
15.1
14.3
8.2
12/15/03
09/30/04
Gulfterra Energy Partners LP
Enterprise Products Partners
2,551
2.2
4.1
3.4
Mean
7,372

19.2
20.7
21.7
Median
3,035
14.1
15.1
16.0
High
58,847
102.9
107.5
109.8
Low
1,003
(6.6)
(6.2)
(5.3)