NRG ENERGY, INC.
Form 425
July 02, 2009

Filed by Exelon Corporation

Reg. No. 333-155278

Pursuant to Rule 425 under the

Securities Act of 1933, as amended

Subject Company: NRG Energy, Inc.

Important Information

This communication relates, in part, to the offer (Offer) by Exelon through its direct wholly-owned subsidiary, Exelon Xchange Corporation (Xchange), to exchange each issued and outstanding share of common stock (NRG shares) of NRG for 0.485 of a share of Exelon common stock. This communication 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) (the Prospectus/Offer to Exchange and, 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 (SEC). The Offer is made only through the Exchange Offer Documents. **Investors and security holders are urged to read these documents and other relevant materials as they become available, because they contain important information.**

Exelon filed a preliminary proxy statement on Schedule 14A with the SEC on April 17, 2009 in connection with its solicitation of proxies (Preliminary Exelon Meeting Proxy Statement) for a meeting of Exelon shareholders (Exelon Meeting) to be called in order to approve the issuance of shares of Exelon common stock pursuant to the Offer. Exelon expects to file a definitive proxy statement on Schedule 14A with the SEC in connection with the solicitation of proxies for the Exelon Meeting (Definitive Exelon Meeting Proxy Statement) and may file other proxy solicitation material in connection therewith. **Investors and security holders are urged to read the Preliminary Exelon Meeting Proxy Statement and the Definitive Exelon Meeting Proxy Statement and other relevant materials as they become available, because they 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 such materials to Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022, toll free at 1-877-750-9501. 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 the SEC at 1-800-SEC-0330 or visit the SEC s website for further information on its public reference room.

Exelon and Xchange will be participants in the solicitation of proxies from Exelon shareholders for the Exelon Meeting or any adjournment or postponement thereof. In addition, certain directors and executive officers of Exelon and Xchange may solicit proxies for the Exelon Meeting. Information about Exelon and Exelon s directors and executive officers is available in Schedule I to the Prospectus/Offer to Exchange. 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 will be included in the Definitive Exelon Meeting Proxy Statement.

On July 2, 2009, Exelon Corporation issued the following notice:

This morning, Exelon Corporation announced an increase in its offer to acquire all of the outstanding NRG common stock in an all-stock transaction with a fixed exchange ratio of 0.545 Exelon shares for each NRG share, a 12.4 percent increase over the initial exchange offer of 0.485.

Attached is the complete news release and materials for today s conference call. Conference call details are below.

Exelon Corporation will discuss the proposed NRG Energy transaction in a 45-minute conference call scheduled for **Thursday, July 2nd,** at 7:00 AM Central Time (8:00 AM Eastern Time). The call-in numbers are:

US & Canada Callers: 800-690-3108

International Callers: 973-935-8753

Conference ID # if requested: 17092348

A conference call replay will be available two hours after the call ends through July 16th , 2009. The numbers to dial for the replay are:

US & Canada Callers: 800-642-1687

International Callers: 706-645-9291

Conference ID #: 17092348

You will also be able to listen to a live audio webcast on the Investor Relations page of Exelon s website (www.exeloncorp.com). The webcast will be archived and available for replay two hours after the conference call ends.

The call details are also included in the attached document. If you have any problems opening the attachment, please contact Martha Chavez at martha.chavez@exeloncorp.com or call her at 312-394-4069.

Exelon Corporation

10 South Dearborn,

Chicago, IL 60603

On July 2, 2009, Exelon Corporation began using the following presentation in discussions with investors:

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?
Investor Presentation
July 2009

Important Information
2
2
This presentation relates, in part, to the offer (the Offer) by Exelon Corporation (Exelon) through its direct wholly-owne
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 p
only and does not constitute an offer to exchange, or a solicitation of an offer to exchange, NRG shares, nor is it a substitute fo
the Tender Offer Statement on Schedule TO or the Prospectus/Offer to Exchange included in the Registration Statement on Fo
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
The Offer is made only through the Exchange Offer Documents. **Investors and security holders are 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 th
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
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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 i
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 t
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.

3

3

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

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

Largest U.S. power company (~48,000 MW[1]) with market cap of ~$40 billion[2] 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

For NRG and Exelon Shareholders, a Combination Means:

4

1. Includes owned and contracted capacity after giving effect to planned divestitures.

2. Exelon and NRG market capitalization as of 6/26/09.

5
For NRG Shareholders, Exelon Means
Participation in a Company with:

The largest, best run, lowest cost nuclear fleet in the U.S.

A plan to build 1,300-1,500 MW of new nuclear through
uprates
at a fraction of the cost and risk of NRG s partial
ownership of STP 3&4

The largest carbon upside in the industry

The opportunity to realize any upside from gas, coal and
capacity prices without the higher risk from downside
commodity cycles facing stand-alone NRG

A history of financial discipline and shareholder return

Investment
grade
balance
sheet
(BBB/A3/BBB+)
that
enables
consistent access to capital at lower cost

Total shareholder return of 124% since 2000, compared with 45% for
the
UTY
and
negative
23%
for
the
S&P
500
1.
Exelon Generation Senior Unsecured credit ratings.
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 dividend reinvestment. Excludes taxes and fees.

2

1

An EXC/NRG Combination Is Compelling

For NRG shareholders

Higher exchange ratio = 0.545

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

~$3.1 billion transaction value

For Exelon shareholders

$0.6-$2.5 billion transaction value

2% -
7% accretion to EPS

Improved cash flow

Retained investment grade rating

~$1.5 billion in additional, bankable synergies ($3.6 to $4.0 billion total)

NRG is more vulnerable to low gas prices, high carbon costs and credit constraints

We can get this deal done -
regulatory approvals and financing are on course

Now is the time to move forward quickly: Elect Exelon s slate of nine independent candidates for the NRG Board
6

The Transaction Offers Greater Value
to Shareholders of Both Companies
7

3
2
1
8
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
8
1.
Implied ownership as of 2012 assuming the conversion of $1.1 billion of mandatory convertibles. Immediate ownership perce
close is 18.6%.
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%
Vote the BLUE Proxy to decide the
outcome of this offer

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%
9
9
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 from 10/17/08 to 6/26/09.
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 $550 million pre-tax total estimated transaction costs.
Implied
Transaction
Value to NRG
Shareholders
of $3.1B
Implied
Premium to
NRG
Shareholders
of $2.5 B
10
Even at June 26
th
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

Then

Assumed a traditional **integrate**
model

Reflected
preliminary
top-down
internal

estimate
without assistance from 3
rd
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)
11
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 :
$200
M
NPV of Est. Synergies: **$3,600**
-
$4,000 M
1
1
2
2

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
12

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

13
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

14
The Value Of The Offer To Exelon Shareholders
Is Substantial
THEN
NOW
14
Operating EPS Accretion
to EXC
2%
10%
5
2%
7%
5
1.
Assumes total asset sale proceeds of ~$1.0B.
2.
Assumes total asset sale proceeds of $1.6 B and a $1.1B mandatory convertible offering.
3.
Includes estimated transaction costs of $654M (pre-tax).
4.
Includes estimated transaction costs of $550M (pre-tax).

5.
Does not include effects of purchase accounting.
Transaction Value to EXC
$1.0
$3.0 B
$0.6
$2.5 B
4
Est. NPV of Synergies
$1.5
$3.0 B
$3.6
$4.0 B
3
1
2

Transaction Will Create Significant Value under
Multiple Scenarios
Value
($B)
Gas Prices
Federal RES
Carbon Year:Price
Post-Recession

Growth
15
$1.2
$0.6
Merchant Allocation?
2014:$25
$7.00
No
Low
Yes
2020:$29
$6.80
No
Stagflation
Yes
2014:$25
$6.90
Yes
Low
Yes
2014:$17
$6.00
No
Low
No
$1.1
$2.5
The transaction offers positive value creation of $0.6-$2.5B
2012:$25
$7.90
No
Moderate
Yes
$1.1
1
2
3
4
5
6

1.
Includes the cost of issuing $1.1 B of mandatory convertibles at a price below Exelon s long-term value; therefore long-term value estimates are reduced by $0.1 B to $0.5 B (depending on the scenario).

2.
Gas price is long-term price in 2008 $/MMBtu.

3.
Carbon Year is year in which national cap and trade starts, Carbon Price is in 2014 $/tonne assuming 7% annual escalation. In $7.90 gas case, 2012 and 2013 carbon prices assumed to be $13/tonne and $14/tonne, respectively.

4.
Merchant Allocation assumes 50% of emissions to merchant coal generators phasing out by 2030.

5.
Federal Renewable Energy Standard (RES) assumes 20% standard.
6.
Low post-recession growth assumes load growth consistent with current forwards followed by ~1% annual load growth, Moderate post-recession growth assumes load growth consistent with current forwards followed by ~1.5% annual load growth, Stagflation assumes three years of 7% inflation and five years of no load growth.

16
Transaction Is Accretive for Exelon
Shareholders
Operating Earnings
New Offer (Now)
Original Offer (Then)
Exelon remains fully committed to delivering value to its own shareholders
10%
2%
5%

2010
2011
2012
4%
2%
7%
7%
2010
2011
2012
2013
1

1.
Does not include effects of purchase accounting, which may be dilutive to GAAP earnings following transaction closing, depe
conditions and other factors.

2.
Exelon Investor Presentation 10/29/08, page 5. Based on I/B/E/S estimates as of 10/21/08. Assumes total asset sale proceeds

3.
Based on internal Exelon estimates. Assumes total asset sale proceeds of $1.6 B and a $1.1 B mandatory convertible offering.

NRG Shareholders

12.4% increase in exchange ratio from 0.485 to 0.545 increases
transaction value to $3.1 billion

Share in greater total synergies from combined company

Greater long-term value creation from Exelon

Exelon Shareholders

Strategic platform for continued growth

Long-term
value
creation
of
$0.6

$2.5
billion
on

a
discounted
cash
flow basis, including a share of synergies

Accretive
transaction
beginning
in
Year
1

NRG Bondholders

Credit strength from Exelon s investment grade balance sheet and prudent risk management

Exelon Bondholders

Continued commitment to investment grade ratings, as evidenced by plans to issue equity and realize asset sale proceeds

The Transaction Would Create Value For All Stakeholders

17

1. Does not include effects of purchase accounting.

Exelon Offers Greater Growth
at Lower Risk
18

1
2
Exelon Is Built to Last and Consistently
Creates Value
Operational Prowess
19
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

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

20

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

2

1

Carbon
Legislation
Is
Coming

Who
Can
Better
Navigate a Carbon-Constrained World?

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
$1,100
Exelon
NRG
($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
21
$0
On
June
26 ,
the
U.S.
House passed the
Waxman-Markey Bill
by a vote of 219-212
Assuming carbon priced at $15 per tonne, Exelon EBITDA in the first year alone
could grow by ~$1.1 billion
th

22

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]
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

3
NRG s prediction
Pennsylvania Procurement Provides Strong
Evidence of the Value of Exelon s Mid-Atlantic Fleet
Well,
they
recently

another
neighboring
utility,
First
Energy,
announced their auction results as they transitioned to open
market, and in fact that they realized was $61.50 per megawatt
hour, which obviously is a far cry from $107.50. $61.50 obviously is
better than $60, but it s hardly worth waiting three years for, nor is
it worth foregoing NRG s own considerable growth prospects

David Crane, Deutsche Bank Conference, May 27, 2009
What Actually Happened

Exelon Generation wins commitments in PECO and
Allegheny
auctions
for
more
than
7
million
MWhs
at
attractive pricing
There had been some suggestions (notably from NRG)
that the recent FE price might presage downside risk in
the PECO auction -
but such fears were clearly not borne
out and highlights the different market dynamics such as
positive basis to PECO's Philadelphia location.
-
Jonathan Arnold, Bank Of America Merrill Lynch, June 17,
2009
23
Current ExGen
Contract
2011 PECO Price
$100-102/MWh
Current ExGen
Contract
2011+
$60/MWh
?
1
1.
NRG Deutsche Bank Securities Energy & Utilities Conference Presentation - 5/27/09.
2.
NRG estimate of energy and capacity excluding transmission.
3.

Estimated retail price (i.e., inclusive of gross receipts tax and adjustment for T&D losses but not Network Transmission Servic
converted from ExGen s winning offers using Residential Retail Generation Rate Conversion Model at PECO Procurement w
(http://www.pecoprocurement.com/index.cfm?s=supplierInformation&p=rates).
2

NRG Faces Significant Risks and
Overvalues its Stand-Alone Business
Prospects
24

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
1.
Upper end of range is based on optimistic net value estimate assuming a 10% profit margin on capital invested.
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
25

26
/kW)
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

27
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.

28
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
28

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
2
1

looking closer:

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

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
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
based on Exelon internal analysis. Average price represents weighted average of TX, NY and PJM baseload energy sales using market conditions as of 5/29/09.
Between 2009
and 2011,
Exelon
Generation s
estimated
gross margin
grows by
~$500
million
1
,
largely due to
the PECO PPA
roll-off
29
0
1
2
3
4
2009
2010
2011
$B
NRG Baseload
Energy Revenues
2
5% Sold in Short-
Term Market
95% Sold Forward at
an Average Price of
$61/MWh
21% Remaining Sales at
an Average Price
~$46/MWh Assuming
5/29/09 Market
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

Regulatory Approval and Financing
Plan Are On Course
30

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

32
32
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

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 **investment grade metrics**

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:

Combined
company
will
benefit
from
low-cost,
baseload
generation
positions
in
PJM and ERCOT which will provide diversification and a platform for future growth

Long-term DCF value remains positive at $0.6 -
$2.5 billion, inclusive of cost to
issue
a
mandatory
convert
of
$0.1

0.5
billion

Earnings and cash flow accretive in first full year of operations
3
2
1
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. Exelo
al., No. 09 Civ. 2448 (S.D.N.Y.).

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

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

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

We can finance the transaction at
an ~8% interest rate given current
market conditions
33
Summary Financing Needs ($ M)
Principal
Bank Debt (Includes TLB and Synthetic LOCs)
$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
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

7
7
7
1
2
4
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.
5.
Excludes CS Notes and preferred interest.
6.
Either at or about the time of the transaction or thereafter.
7.
UBS market data
.
4.
Assumes divestiture of various assets including Big Cajun and other Louisiana Plants.

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.
34
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 Act to Capture This Value
Vote the
BLUE Proxy Card to Make the Offer Successful

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

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
37
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

We Also Identified Numerous Sources Of
Additional Upside To Our Synergy Estimates
We may even realize additional synergies post-transaction that are not reflected
in our current estimates
Comments

Aggressive
approach
to

sourcing,
standardization
and
service
contracting
could
increase
savings
opportunity
Supply Chain

Further
rationalization
of
the
acquired
and
legacy
businesses
combined
business
model,
avoidance
of
incremental
staff-up
and
elimination
of non-value added spend
Retail

Extension
of
the
Exelon
nuclear
management
model
and
capture
of
economies
of
scale
at
STP
Nuclear

Opportunity for regional consolidation, resource sharing and contracting
strategy rationalization

Fossil

Expanded insight into NRG IT environment will likely yield
opportunities
in
architecture
and
platforms,
application
conversion
and
plant-level
systems
IT
38

Exelon s Track Record of Operational Synergies -
Nuclear Operating Service Contract for PSEG
In addition to a proven track record on financial synergies, Exelon has also proven its ability to create operational synergies through our Management Model
Salem/Hope Creek
Exelon Nuclear Operating Service Contract

Operation of PSEG Salem and Hope Creek Units
Exelon Fleet

39
Average Refueling Outage Duration (Days)
0
20
40
60
80
2004
2005
2006
2-Year Production Cost ($/MWh)
$5.00
$10.00
$15.00
$20.00
$25.00
2004
2005
2006
Employees Per Unit
0
200
400
600
800
2004
2005
2006
Capacity Factor
50%
60%
70%
80%
90%
100%
2004
2005
2006

40
1.
Wholesale level pricing (excludes adjustments for taxes and transmission and distribution losses); includes cost of Network Transmission Service (NTS).
2.
Retail level pricing but excluding NTS. Retail price includes cost of Gross Receipts Tax and adjustment for transmission and distribution (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

winning offers using Residential Retail Generation Rate Conversion Model at PECO Procurement website (http://www.pecoprocurement.com/index.cfm?s=supplierInformation&p=rates).

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
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
1
2
2
2
2
3

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)

Scale and Complexity of Nuclear New Build
Introduces a Unique Set of Challenges for NRG
42
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.
New build equity financing percentages are presented for various levels of total nominal project costs per kW, assuming 80% c
funding and market capitalization as of 6/26/09. The equity financing percentages reflect NINA ownership of STP units 3 and
and NRG ownership of 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
cost from NRG s 6/4/09 presentation at Macquarie Global Infrastructure Conference, plus estimated interest during constructi
initial fuel load costs, guaranteed loan fees and debt service reserve.

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
43
Federal RES will result in incremental wind build in Texas to support REC
purchases
in
other
markets

depressing
power
prices
in
ERCOT
43
Federal RES Will Reduce Prices More in ERCOT
than in Midwest or Mid-Atlantic

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
44
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
45
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)

The Transaction Offers Both Companies
Geographically Diverse EBITDA Contribution
Midwest
55%
Mid-Atlantic
45%
Mid-
Atlantic
5%
Other

30%
ERCOT
65%
Exelon
NRG
Pro Forma
1
46
Midwest
45%
ERCOT
15%
Other
5%
Mid-Atlantic
35%
1. Represents 2010 EBITDA contribution by region before divestitures.