

NRG ENERGY, INC.  
Form DFAN14A  
February 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

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.

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):

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:

---

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

---

(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:

Edgar Filing: NRG ENERGY, INC. - Form DFAN14A

---

(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 February 2, 2009, Exelon began using the following slides at the Credit Suisse 2009 Energy Summit in discussions with investors:

Exelon  
+  
NRG:  
Committed,  
Moving  
Forward  
William A. Von Hoene, Jr.

Executive Vice President and  
General Counsel  
Credit Suisse 2009 Energy Summit  
February 2-3, 2009

**Important Information**

This presentation relates 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  
NRG  
shares )  
of  
NRG  
Energy,  
Inc.  
( NRG )  
for  
0.485  
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

are

urged

to

read

these

documents

and

other

relevant

materials as they become available, because they will contain important information.

Exelon expects to file a proxy statement on Schedule 14A and other relevant documents with the SEC in connection with the solicitation of proxies (the NRG Meeting Proxy Statement ) for the 2009 annual meeting of NRG stockholders (the NRG M

Exelon will also file a proxy statement on Schedule 14A and other relevant documents with the SEC in connection with its

solicitation of proxies for a meeting of Exelon shareholders (the Exelon Meeting ) to be called in order to approve the issuance of shares of Exelon common stock pursuant to the Offer (the Exelon Meeting Proxy Statement ) Investors and security holders are urged to read the NRG 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](http://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 1-877-75

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 1-800-333-0330 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 in the 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  
adjournment

or  
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

statement, dated March 20, 2008, filed with the SEC in connection with Exelon's 2008 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

will

be

included

in

the

NRG  
Meeting  
Proxy  
Statement  
or  
the  
Exelon  
Meeting  
Proxy  
Statement, as applicable.  
2

#### Forward-Looking Statements

This presentation includes forward-looking statements. These forward-looking statements include, for example, statements regarding benefits of the proposed merger, integration plans and expected synergies. 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) Exelon's 2007 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 19; (2) Exelon's Third Quarter 2008 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors and (b) Part

I,  
Financial  
Information,  
ITEM

1.  
Financial  
Statements:  
Note

12;  
(3)

Exelon's  
preliminary

prospectus/offer to exchange that is contained in the Registration Statement on Form S-4 (Reg. No. 333-155278) that Exelon has filed with the SEC in connection with the offer; 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 filing. 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 filing, 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

Full and Fair Offer

On November 12, 2014, Exelon launched an exchange offer for all of the outstanding shares of NRG common stock

Filed Form S-4 with the SEC

Fixed exchange ratio of 0.485 Exelon share for each NRG common share

Represents

a

37%

premium

to

the

October

17

NRG

closing

price

4

th

th





5

Committed to Execution

\* Notice filing only

Q4 2008

Q2 2009

Q4 2009

Q3 2009

2/25: Exchange

Offer Expires

10/19:

Announce Offer

11/12:

Exchange Offer

Filed

Proxy Solicitation

NRG and Exelon

Shareholder

Meetings

Make Filings and Work to Secure Regulatory Approvals

(FERC, NRC, DOJ/FTC, PUCT, NYPS, PAPUC, CPUC, ICC\*)

Expected

Transaction Close

Q1 2009

Receive Regulatory

Approvals

### Strong Initial Exchange Offer Results

6

As of January 6 , 45.6% of NRG shares had been tendered into the exchange offer

Many NRG shareholders have informed Exelon they want to

see meaningful discussions, and due diligence, sooner rather than later

NRG board and management appear not to have heard the message sent by the very large contingent of shareholders that have already tendered into our exchange offer

Exchange offer extended until February 25

Seeking highest possible level of NRG shareholder support to facilitate a negotiated transaction between Exelon and NRG  
Initial tender results demonstrate strong support for an EXC / NRG combination

We remain  
committed to and  
are moving forward  
with the transaction  
th  
th

Moving Forward with Proxy Solicitation

Pursuing, and soliciting proxies for, two  
shareholder actions at NRG annual meeting

Proposed an expansion of the NRG board from 12 to 19  
directors

Nominated nine well-qualified, independent candidates who we believe will act in the best interest of NRG and the NRG shareholders

Encouraging NRG shareholders to support the proposed slate

Materials will be sent to NRG shareholders, including a proxy and instructions on how to vote for the slate of new directors

Vote will take place at the NRG annual shareholder meeting, likely to occur in May or June

NRG shareholders deserve independent, well-qualified NRG directors to act in their best interest

7

Making Progress on Regulatory Approvals

Initial filings have been made with the following

(1)

:

FERC (Docket #EC09-32-000)

Hart-Scott-Rodino (DOJ/FTC)

Request for additional information was issued by the DOJ on January 16 , extending HSR waiting period

State regulatory commissions, including

Texas (Docket #36555)

New York (Docket #08 E 1486)

Filings will also be made with the following:

NRC

Pennsylvania and California state regulatory commissions

Various state siting  
commissions

Notice filing in Illinois

1.

As of January 29, 2009

Regulatory hurdles are manageable

8

th



### Financing Is Not an Obstacle

Believe we can obtain committed financing for the entire ~\$8 billion of NRG debt, if needed, at the appropriate time

Decision to defer commitments allows us to take advantage of

improving credit markets

Exelon's relationships with many of NRG's banks should facilitate arrangements for new credit facilities when current conflicts are eliminated

Believe a negotiated combination can be structured in a way to reduce refinancing requirements to \$4B or less

We believe that the contemplated structure would not trigger the change of control provision for NRG's \$4.7B of Senior Notes, and would substantially improve credit metrics for those bondholders

9

Reflecting our confidence that we can obtain committed financing at the appropriate time, our offer is not subject to a financing condition

Appendix  
10

Full and generous price  
upfront premium of 37%

Tax-free opportunity to participate in the future growth  
of the largest and most diversified US power company,  
with a substantially improved credit profile and access

to liquidity

Requisite scope, scale and financial strength

Stronger credit metrics and investment grade balance sheet

Best-in-class nuclear and fossil operations

Low-cost generator, operating in the most attractive markets

Exelon 2020 principles will be adapted to the combined fleet

Potential for substantial synergies

Manageable regulatory hurdles to close  
Compelling Value for NRG Shareholders

11

Without  
Premium  
0  
1,000  
3,000  
2,000  
With

Premium

Conservative

DCF Estimate

Replacement

Costs

NRG Stock Value

NRG Long-Term Value

975

1,350

2,050

3,000+

Price per Kilowatt Comparison for Texas Baseload Generation

Even with premium, purchase

price is 66% of conservative

long-term DCF value

\$/kW values are for 5,325 MW of Texas baseload which includes Parish coal, Limestone and STP; values implied by NRG stock

are determined by subtracting value of other NRG assets from NRG

enterprise value based on October 17th close.

Exelon Unlocks NRG Value

Price

(\$/kilowatt)

12

Less than 45% of

replacement value

Combination Expected to Create  
Substantial Synergies

Exelon

Operations & Maintenance:

\$4,289

Maintenance & Other Opex:

\$950



General & Admin Expenses:

\$309

Other COGS:

\$454

Pro Forma

Combined Non-fuel Expenses:

\$6,002

Estimated Annual Cost Savings:

\$180 -

\$300

% of Combined Expenses:

3%-5%

Costs to Achieve

\$100

NPV of Estimated Synergies:

\$1,500-\$3,000

13

(\$ in Millions)

Transaction

expected

to

create

\$1.5

\$3

billion

of

value

through

synergies

with

opportunity

for

more

Reflects no revenue or fuel cost synergies. Excludes transaction and other costs of \$654 million and excludes increased interest expense related to refinancing of NRG debt.

1. Company 10-K for 2007 and investor presentations.

2. Based on a preliminary analysis of publicly available information. Subject to due diligence investigation.

1

2

NRG

1

Market  
capitalization as  
of 10/17/2008  
\$5.3 billion  
\$0.4  
Value to NRG  
Shareholders

\$2.4 billion

\$5.1

\$2.0

Market cap as of

10/17/08

Premium to NRG

Value of estimated

synergies

Market cap as of

10/17/08

+ premium

+ synergies

Additional upside to

NRG shareholders

Market

capitalization as

of 10/17/2008

\$5.3 billion

(1)

(2)

\$7.7 billion

(3)

(4)

\$12.8 billion

NRG Shareholders Capture Value

14

Value Creation

to NRG

Shareholders

(\$ billions)

Creates compelling value for NRG shareholders today and allows them to share in growth of Exelon stock.

Value to NRG

shareholders

44% of market cap

\$12.8 billion

= \$46.50 per NRG share

> NRG's 52-week high

Percent Contribution of Free Cash Flow

15

1. NRG's 12/1/2008 NRG's Path to Shareholder Value presentation, slide 4. Implied ownership based on a 0.485x exchange ratio

2. PECO PPA assumes market prices as of 11/30/2008. Assumes carbon at \$10-20 per tonne. Not necessarily representative of either company's internal forecast or indicative of results for any other year.

NRG states they contribute 30% of the free cash flow while getting 17% ownership of the pro-forma company based on offer

NRG's position is only a 2008 calculation

Ignores PECO PPA roll-off in 2011 and Exelon carbon uplift

Factoring in these two omitted pieces for 2008, NRG's free cash flow contribution of the pro-forma company would be 15-17% for 2008

1

2

Pro Forma

Exelon

16

Combined company expected to  
have requisite scope, scale and  
financial strength to succeed in an  
increasingly volatile energy market

Pro Forma Quick Stats

(\$s in millions)

Combined assets

1

\$68,900

LTM EBITDA

2

\$9,400

Market cap (as of 1/27/2009)

\$41,800

Enterprise value

3

\$62,500

Generating capacity

4

~51,000 MWs

Combination Will Result in Scope, Scale and

Financial Strength

Enterprise

Value

Market Cap

\$0

\$30

\$50

\$60

\$40

\$20

\$70

\$10

Southern

Dominion

Duke

FPL

First

Energy

Entergy

0.0  
2.0  
4.0  
6.0  
8.0  
10.0  
12.0



14.0

EXC

D

PEG

PPL

EIX

NRG

MIR

DYN

RRI

10/17/2007

10/17/2008

17

Credit Ratings Are a Valuation Differentiator

1-year

Forward

EV/EBITDA

Investment Grade

Non-Investment Grade

Investment grade

credit ratings

provide access to

capital markets for

growth capital and

minimize collateral

requirements

which maximizes

liquidity and

contributes to

superior

valuations in

difficult markets

Multiples of non-investment grade peers have fallen approximately 40%, whereas multiples of EXC and its investment grade peers have fallen less than 15%

5.6

9.6

Non-Investment Grade

6.8

7.7

Investment Grade

2008

2007

Average Multiples (x)

Source:

Bloomberg, FactSet as of 10/17/2008

6.0%  
8.0%  
8.80%  
12.10%  
Exelon Generation1  
NRG  
4.0

6.0  
8.0  
10.0  
12.0  
10/18/2007  
12/30/2007  
3/12/2008  
5/24/2008  
8/5/2008  
10/17/2008  
NRG  
Exelon  
18  
Stable, Predictable Cash Flow Is Awarded  
Premium Valuation  
Exelon's strong,  
diversified cash  
flow streams have  
provided for a  
more stable  
valuation during  
periods of  
depressed  
commodity  
valuations and/or  
market turbulence.  
4.6x  
7.5x  
Average EV / LTM EBITDA for last:  
Current  
1 month  
6 months  
1 year  
NRG  
4.6  
5.8  
8.2  
8.3  
Exelon  
7.5  
7.8  
9.7  
9.8  
2  
BBB+  
B+  
7/1/08  
10/17/08  
7/1/08  
10/17/08

We believe the market will likely discount NRG's standalone growth prospects given the potential cost to finance its development projects.

Credit

Rating

Exelon Debt (YTM)

NRG Debt (YTM)

Enterprise Value / LTM EBITDA

Cost of Debt

6.7%

1/27/09

BBB

8.4%

1/27/09

BBB+

Source: Per NRG December 1, 2008 investor presentations, Company filings, Bloomberg

1. Yield to maturity of weighted average of Exelon Generation outstanding publicly traded debt

2. Yield to maturity of weighted average of NRG outstanding publicly traded debt

Source: FactSet as of 10/17/2008

World Class Nuclear & Fossil Operations

19

NRG:

High performing nuclear plant

Top quartile capacity factor: 94.9%

Large, well-maintained, relatively young units  
Fossil fleet

Half of >500 MW coal units are top quartile  
capacity factor

90% of coal fleet lower-cost PRB and lignite  
Combined Company:

Largest U.S. power company in terms of generating  
capacity: ~51,000 MW fleet (18,000 MW nuclear)

Best-in-class nuclear and fossil operations

Second lowest carbon emitting intensity in the industry

Geographic and fuel diversification with an improved  
dispatch profile

Exelon:

Premier U.S. nuclear fleet

Best fleet capacity factor: ~ 94%

Lowest fleet production costs: ~ \$15 / MWh

Shortest fleet average refueling outage duration:  
24 days

Strong reputation for performance and safety

65  
70  
75  
80  
85  
90  
95

100

Operator (# of Reactors)

Range

5-Year Average

Note: Exelon data prior to 2000 represent ComEd-only nuclear fleet.

Sources:

Platts,

Nuclear

News,

Nuclear

Energy

Institute

and

Energy

Information

Administration

(Department

of

Energy).

Sustained production excellence

EXC: World-Class Nuclear Fleet Operator

Average Capacity Factor

Range of Fleet 2-Yr Avg Capacity Factor (2003-2007)

EXC 93.5%

40%

50%

60%

70%

80%

90%

100%

Exelon

Industry

20



1 Quartile  
2 Quartile  
3 Quartile  
4 Quartile  
2006-2007 Average Production Cost for  
Major Nuclear Operators  
(1)

Average

Among major nuclear plant fleet operators, Exelon is consistently the lowest-cost producer of electricity in the nation

EXC: Lowest Cost Nuclear Fleet Operator

1.

Source:

2007

Electric

Utility

Cost

Group

(EUCG)

survey.

Includes

Fuel

Cost

plus

Direct

O&M

divided

by

net

generation.

21

st

nd

rd

th

22

Operating in Most Attractive Markets

Geographically complementary generation asset base

Predominantly located in competitive markets

Strong presence in PJM (Mid-Atlantic and Midwest) and ERCOT

6,280

Contracted\*

51,403

2,085

CAL ISO

13,027

ERCOT

By RTO

Combined<sup>1</sup>

PJM

22,812

MISO

1,065

ISO NE

2,174

NYISO

3,960

SERC

2,405

WECC

45

Total

53,853

By Fuel Type

Combined<sup>1</sup>

Nuclear

18,144

Coal

8,986

Gas/Oil

18,801

Other

1,642

Contracted

6,280

\*Contracted in various RTOs, mainly in PJM and ERCOT

1. Excludes international assets. Before any divestitures.

Exelon

NRG

<1%  
<1%  
6%  
Coal  
Exelon  
~150,000 GWh<sup>1</sup>  
Pro Forma

Exelon

~198,000 GWh<sup>1</sup>

Nuclear

PRB & Lignite Coal

Other Coal

Gas/Oil

Hydro/Other

2009 Historical Forward Coal Prices

Combined Entity Will Continue to Benefit

from Low Cost, Low Volatility 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

Powder River Basin

Northern Appalachian

Central Appalachian

Production Costs

0

2

4

6

8

10

12

2000

2001

2002

2003

2004

2005

2006

2007

Nuclear

Gas

Coal

Petroleum

Combined fleet will continue to be  
predominantly low-cost fuel.

93%

Nuclear

1%

3%

75%

Nuclear

15%

PRB &

Lignite Coal

6%

Other

Coal

1. Based on 2007 data, does not include ~38,000

GWh of Exelon Purchased Power.

Q1 2007

Q2 2007

Q3 2007

Q4 2007

Q1 2008

Q2 2008

Q3 2008

cents/Kwh

\$/mmbtu

23

0  
50  
100  
150  
50  
100  
150



200  
250  
2006 Electricity Generated (GWh, in thousands)  
NRG  
TVA  
AEP  
Duke  
FPL  
Southern  
Exelon + NRG  
Entergy  
Exelon  
Dominion  
Progress  
FirstEnergy  
Bubble size represents carbon  
intensity, expressed in terms of metric  
tons of CO2 per MWh generated  
SOURCE: EIA and EPA data as compiled by NRDC  
Exelon 2020 principles will be adapted to the combined fleet  
CO2 Emissions of Largest US Electricity Generators  
2006 CO2 Emissions  
from Electricity  
Generation  
(in million metric tons)  
Largest Fleet, 2 Lowest Carbon Intensity  
Top Generators by CO2 Intensity  
10  
9  
8  
7  
6  
5  
4  
3  
2  
1  
AEP  
NRG  
Southern  
Duke  
FirstEnergy  
TVA  
Progress  
Dominion  
FPL  
Exelon + NRG  
Entergy  
Exelon  
0.83

0.80  
0.74  
0.66  
0.64  
0.64  
0.57  
0.50  
0.35  
0.31  
0.26  
0.07  
24  
nd

Exelon 2020 and NRG  
Offer more low carbon  
electricity in the  
marketplace  
Reduce emissions from  
coal/oil fired generation  
Help our customers

and the communities  
we serve reduce their  
GHG emissions  
Reduce or offset our  
footprint by greening  
our operations  
Adapt Elements of  
Exelon 2020 to NRG  
Expand the 2020 Plan

Expand internal energy efficiency, SF6,  
vehicle, and supply chain initiatives to NRG  
portfolio

Offset a portion of NRG's GHG emissions

Expand energy efficiency program offerings

Add capacity to existing nuclear units  
through uprates

Add new renewable generation

Add new gas-fired capacity

Continue to explore new nuclear

Address older/higher emitting coal  
and oil units

Invest in clean coal technology R&D  
25

Taking the next step in Exelon's  
commitment to address climate change  
Options to Evaluate:

Exelon Offers Lower Risk Growth Opportunities

26

I/B/E/S 09- 11 EBITDA<sup>1</sup>

I/B/E/S 09- 11 EPS<sup>1</sup>

Growth Drivers

Cost to Achieve

Growth

Nuclear uprates

Utility rate base growth

PA POLR roll-off

PJM capacity markets

Carbon upside

Regular-way business  
operations expense

STP nuclear expansion

Other low carbon capital  
expenditure programs

Heavy capital expenditure  
investments

Dependence on new build  
construction including  
new nuclear

5.5%

15.6%

3.2%

7.4%

We believe

Exelon's near-  
term growth

drivers are more

predictable and

have dramatically

less capital at risk

than NRG's

1. Based solely on I/B/E/S estimates for Exelon and NRG as of 1/27/09. Not necessarily representative of either company's illustration

only. Not intended as earnings guidance or as a forecast of expected results.

Clear Value under Multiple Scenarios  
Value  
Gas Prices  
New Build Costs  
Carbon Year/Price  
Recession  
\$0

\$6.50  
\$1,300  
Moderate  
2014/\$22  
\$7.30  
\$1,100  
Moderate  
2020/\$22  
\$7.10  
\$1,100  
Severe  
2014/\$22  
\$7.30  
\$1,500  
Moderate  
2012/\$12  
\$8.60  
\$1,500  
Moderate  
27

We look at fundamental value creation under a wide range of future commodity price scenarios and our analysis suggests \$1-3 billion of value, possibly more.

Gas price is long-term price in 2008 \$/MMBtu; coal price is long-term price in 2008 \$/ton for PRB8800 excluding transportation; combined cycle cost in PJM in 2008 overnight \$/kW; carbon year is year in which national cap and trade starts; carbon price is \$/ton; moderate recession assumes conditions consistent with current forward prices; and severe recession assumes five year

Coal Prices

\$11.00  
\$20.00  
\$20.00  
\$20.00  
\$11.00



28  
Exelon More Than Meets the Five  
Imperatives  
Outlined by NRG on May 28, 2008

- 1.
- 2.
- 3.

4.

5.

NRG's Stated Imperatives

MUST

accumulate

generation

at

competitive

cost

This transaction accomplishes in one step what several transactions might have accomplished for NRG in these regards. Given the current difficulty in accessing capital markets, it is unclear whether NRG would have the ability to meet this objective without Exelon. Exelon provides NRG stakeholders with broad trading expertise and sound power marketing and risk management practices. Exelon's significant experience in markets with locational prices is particularly relevant since ERCOT is moving to a PJM-type structure. Exelon's breadth of operations and depth of service allows significant access to customers, retail providers, and other sales channels.

NRG stakeholders become part of the most diversified and competitive generation portfolio operating in 12 different states and 6 different regional transmission organizations.

Deal expected to provide NRG stakeholders with significant value and upside and a share of the largest unregulated generation fleet in the United States.

MUST

be geographically diversified in multiple markets

MUST

develop and expand our route to market through contracting with retail load providers, trading, direct sales, etc

MUST

have sophisticated ability to trade, procure, hedge, and originate for electricity and input fuels

MUST

develop depth and breadth in key markets, particularly across fuel types, transmission constraints and merit order

Exelon Combination More

than Meets These Imperatives