

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

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:

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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):

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(4) Proposed maximum aggregate value of the transaction:

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(5) Total fee paid:

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.. 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:

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

---

(3) Filing Party:

---

(4) Date Filed:

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On July 2, 2009, Exelon Corporation issued the following press release:

Contact: Kathleen Cantillon  
Exelon Communications  
312-394-7417

**FOR IMMEDIATE RELEASE**

**Exelon Increases Offer to Acquire NRG Energy by 12.4 Percent**

*Company Cites Additional Upside Value Identified Since Initial Offer*

Also Shares Details on Financing

**CHICAGO (July 2, 2009)** Exelon Corporation (NYSE:EXC) today 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 of a share of Exelon common stock for each NRG share, a 12.4 percent increase over the initial exchange offer of 0.485. Exelon's increased offer represents value of over \$3 billion to NRG shareholders.

Exelon also filed today with the SEC an investor presentation that will be used as part of the company's proxy solicitation for the election of nine new, independent directors to the NRG board of directors. In the presentation, Exelon cited approximately \$1.5 billion of additional newly identified synergies as the primary reason for the increase. The new offer also reflects the value of NRG's recent acquisition of the Reliant Energy retail business.

We listened to NRG investors and balanced their views with the best interests of Exelon shareholders. An exhaustive analysis by our internal team, informed by the best third-party experts, resulted in additional synergies, allowing us to increase our offer to NRG shareholders," said John Rowe, chairman and chief executive officer of Exelon. "Our track record of the Unicom-PECO merger, cost-cutting initiatives, and fleet optimization proves we can deliver this further value to Exelon and NRG shareholders. This is our best and final offer, and we will use the time leading up to the NRG annual meeting on July 21 to communicate the value of our new offer to NRG shareholders, encouraging them to vote for nine new independent directors who can unlock that value.

Exelon's more detailed analysis of NRG's structure, cost platform and operations assumes that the company would not only absorb NRG but also integrate and transform it. This approach, plant benchmarking, and application of Exelon's management model to NRG's assets yielded an estimated present value of \$3.6 billion to \$4.0 billion in operational synergies from areas including corporate/IT, fossil and nuclear fleet, trading, development, and retail operations. It reflects a 30 percent reduction in NRG's O&M expense, which is consistent with prior power sector transactions and reflects Exelon's track record of delivering cost reductions.

In the presentation, Exelon also shared details on its financing plan to maintain its investment grade credit ratings while optimizing long-term shareholder value. Exelon says it is confident, based on discussions with its outside advisors, that the company will be able to meet all financing needs associated with the transaction, including the re-financing of \$4.7 billion of NRG's senior notes and other NRG debt, if necessary, while maintaining investment grade credit ratings.

Exelon says it continues to pursue NRG because of the long-term value that can be created by industry consolidation. Exelon believes that the scope, scale and diversified risk of the combined company will allow it not only to withstand the ever-changing forces of the markets and regulation but also to grow and create more value than each company could on its own.

Exelon says its offer will create immediate value for NRG shareholders and a commensurate value for Exelon shareholders. NRG shareholders will benefit from Exelon's stronger investment grade balance sheet, low-carbon nuclear fleet, operating excellence, and a \$600 million share in the synergies resulting from the combination. Exelon shareholders benefit from NRG's assets, cash flow, and its own share of the synergies.

Together, the two companies would become the first national generation company, said Rowe. There is no model that can do more for shareholders of both companies than an Exelon-NRG combination.

**Exelon will conduct a conference call with investors to discuss this announcement and presentation at 8 a.m. ET (7 a.m. CT) today. The call-in number in the U.S. and Canada is 800-690-3108, and the international call-in number is 973-935-8753.** If requested, the conference ID number is 17092348. Media representatives are invited to participate on a listen-only basis. The call will be web-cast and archived on Exelon's Web site: [www.exeloncorp.com](http://www.exeloncorp.com). (Please select the Investor Relations page.) Telephone replays will be available until July 16. The U.S. and Canada call-in number for replays is 800-642-1687, and the international call-in number is 706-645-9291. The conference ID number is 17092348.

Exelon announced on June 17, 2009, that it had filed its definitive proxy materials with the Securities and Exchange Commission to solicit proxies from NRG shareholders at the NRG annual meeting of shareholders scheduled for July 21, 2009. In today's presentation, Exelon urges all NRG shareholders to use the BLUE proxy card to vote in favor of proposals to expand the NRG Board and elect nine new, independent and experienced directors who will act in shareholders' best interests to capture the highest shareholder value possible.

#### **Important Information**

This press release 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 "NRG shares") of NRG Energy, Inc. ("NRG") for 0.545 of a share of Exelon common stock. This press release 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 filed a preliminary proxy statement on Schedule 14A with the SEC on April 17, 2009 in connection with its solicitation of proxies (the "Preliminary Exelon Meeting Proxy Statement") 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. 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 (the Definitive Exelon Meeting Proxy Statement ). **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 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 1-877-750-9501. 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 the Preliminary Exelon Meeting Proxy Statement. 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.

### **Forward Looking Statements**

This press release 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 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 press release. 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 press release, except as required by law.

Statements made in connection with the 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 press release 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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*Exelon Corporation is one of the nation's largest electric utilities with nearly \$19 billion in annual revenues. The company has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. Exelon distributes electricity to approximately 5.4 million customers in northern Illinois and southeastern Pennsylvania and natural gas to 485,000 customers in the Philadelphia area. Exelon is headquartered in Chicago and trades on the NYSE under the ticker EXC.*

*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](http://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](mailto: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-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 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 (the NRG Meeting Proxy Statement) for the 2009 annual meeting of NRG stockholders (the NRG Meeting). 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 the 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 1-877-759-9501. 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 toll free 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 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 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 the 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.

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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 percentage 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 Integrations (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, depending on 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 of \$1.6 B.

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

Upgrades

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 as

\$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<sup>1</sup>

1. Exelon expects that NRG's planned equity sell-down  
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 Storzynski, 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.



Edgar Filing: NRG ENERGY, INC. - Form DFAN14A

Estimated retail price (i.e., inclusive of gross receipts tax and adjustment for T&D losses but not Network Transmission Service) converted from ExGen's winning offers using Residential Retail Generation Rate Conversion Model at PECO Procurement website (<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 dismissed on 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. Exelon Energy, Inc., 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, NYPSIC, 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% of funding and market capitalization as of 6/26/09. The equity financing percentages reflect NINA ownership of STP units 3 and 4 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 ownership cost from NRG's 6/4/09 presentation at Macquarie Global Infrastructure Conference, plus estimated interest during construction, 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.