

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.

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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

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

Important Information

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This presentation relates, in part, to the offer (the Offer) by Exelon Corporation (Exelon) through its direct wholly-owned subsidiary, Exelon Xchange Corporation (Xchange), to exchange each issued and outstanding share of common stock (the shares) of NRG Energy, Inc. (NRG) for 0.545 of a share of Exelon common stock. This presentation is for informational purposes only and does not constitute an offer to exchange, or a solicitation of an offer to exchange, NRG shares, nor is it a substitute for the Tender Offer Statement on Schedule TO or the Prospectus/Offer to Exchange included in the Registration Statement on Form S-4 (Reg. No. 333-155278) (including the Letter of Transmittal and related documents and as amended from time to time, the Exchange Offer Documents) previously filed by Exelon and Xchange with the Securities and Exchange Commission (the SEC). The Offer is made only through the Exchange Offer Documents. **Investors and security holders 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 2009 annual 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. 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.

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

3

3

Background

4

4

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

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

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

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

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

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

Second lowest carbon emitting intensity in the industry

Exelon has **increased its offer 12%**
to 0.545, representing a 44%

4
premium today

4
We are seeking your support to elect nine new, independent NRG directors who will not constitute a majority of the NRG Board and who will act in the best interest of NRG shareholders

1.
Premium of 37% based on EXC and NRG closing stock prices on October 17, 2008.
2.
Includes owned and contracted capacity after giving effect to planned asset divestitures.
3.
Exelon and NRG market capitalization as of 6/26/09.

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

2

1

3

For NRG Shareholders, a Combination Means:
5

Scope, scale and strength to build on Exelon's
proven capacity to

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

Realize significant value creation through
operational and financial synergies

Diversify across power markets, fuel types and
regulatory jurisdictions

Respond to universally recognized need for
industry consolidation

Be a significant voice in industry, policy and
regulatory discussions

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

Multi-Regional Diverse Company

7

Note: Owned megawatts based on Generation s ownership at December 31, 2008, using annual mean ratings for nuclear units (excluding Salem) and summer ratings for Salem and the fossil and hydro units.

Midwest Capacity

Owned:

11,388 MW

Contracted:

3,230 MW

Total:

14,618 MW

ERCOT/South Capacity

Owned:

2,222 MW

Contracted:

2,917 MW

Total:

5,139 MW

New England Capacity

Owned:

182 MW

Total Capacity

Owned:

24,809 MW

Contracted:

6,483 MW

Total:

31,292 MW

Electricity Customers:

1.6M

Gas Customers:

0.5M

Electricity Customers: 3.8M

Generating Plants

Nuclear

Hydro

Coal/Oil/Gas Base-load

Intermediate

Peaker

Mid-Atlantic Capacity

Owned:

11,017 MW

Contracted:

336 MW

Total:

11,353 MW

1.
EXC market capitalization as of 6/26/09.

2.
Shareholder return from Exelon inception (10/20/00) through 6/26/09. Total return after reinvesting all dividends back into the security at the closing price on the day following the relevant ex-dividend date. Includes stock price appreciation with dividend reinvestment. Excludes taxes and fees.

Exelon's Sustainable Advantage
8

Largest
market
capitalization
in
the
sector
at
\$33B
and
an
investment
grade balance sheet

Investment
grade
balance
sheet
that
enables
consistent
access
to
capital
at
lower cost

Experienced management team with track record of creating and returning shareholder value

Exelon
formed
through
combination
of
ComEd
and
PECO

in
2000

total
shareholder return has reached 124% since that time compared to 45% for the
Philadelphia

Utility

Index,

and

a

negative

23%

for

the

S&P

500

2

Largest merchant generator in the U.S. based on power produced

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

19 nuclear

reactors

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

Industry-leading management model that consistently drives highest capacity
factors

(94%)

and

lowest

generating

cost

of

any

nuclear

fleet

in

the

U.S.

A plan to build 1,300-1,500 MW of new nuclear through uprates

Largest carbon upside in the industry

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

1

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

2005
2006
2007
2008
Exelon
Industry
Nuclear Annual Avg. Production
Cost (\$/MWh)

\$1.26
\$1.60
\$1.60
\$1.76
\$2.03
\$0
\$0.50
\$1.00
\$1.50
\$2.00
2004
2005
2006
2007
2008
2009E
\$2.50
\$2.10

Investment
Grade
Rating
(BBB/A3/BBB+)

Broad Access To The Deepest Capital Markets:

-
\$4.3 trillion High Grade Bond market
-
\$1.2 trillion Commercial Paper market

Lower Cost of Capital:

-
Offers \$250 M in aggregate interest savings over the next five years relative to non-investment grade debt pricing

Financial and Operational Flexibility:

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

2.

Based on internal analysis. Changes in market conditions could impact results.

65%

70%

75%

80%

85%

90%

95%

100%

Operator (# of Reactors)

Range

5-Year Average

1

2

Exelon's Long-Term Value Drivers Generate Post-Transaction Value for All Shareholders

Carbon

Nuclear

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

- 10
1. Assumes \$15/tonne carbon pricing.
2. Reflects retail price including line losses and gross receipts tax.

1
2

11

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

Exelon has substantial experience managing 1,100 MWs

of uprate
projects over the past 10 years

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

Lower Cost: Uprates
do not materially increase the O&M of existing plants, saving ~\$110/kW in annual costs vs. a
new nuclear plant

Exelon's Nuclear Uprate
Plan Delivers More MWs
Than NRG New Build -
With Less Risk At Half The Cost

1,170 MW
(44% Equity
Ownership)
Average Overnight Cost
Estimate of U.S.
New Build: \$4,000-4,500/kW

Year Uprates
Become Operational

0
200
400
600
800
1000
1200
1400
1600
1999-
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2009-
2017
MWs
1,100 MWs
1,300
1,500 MW

Average Overnight Cost
Estimate: \$2,200 -

2,500/kW

Exelon's Uprate

Plan

NRG's New Nuclear Plan

at

Max

Equity

Position

1. Exelon expects that NRG's planned equity 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

1

1.
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Action Sought
- Discussion Points:
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Combination Will Result in Scope, Scale and
Financial Strength

13

Pro Forma

Exelon

Pro Forma Quick Stats

(\$s in millions)

Combined assets

1

\$73,000

LTM EBITDA

2

\$10,000

Market cap (as of 6/26/2009)

\$40,000

Enterprise value

3

\$58,000

Generating capacity

4

~48,000 MWs

Enterprise Value

Market Cap

\$0

Exelon

FPL

Duke

Dominion

First

Energy

Entergy

\$10

\$20

\$30

\$40

\$50

\$60

\$58 BILLION

NRG

Southern

1.

Reflects total assets (under GAAP) with no adjustments. Based upon 3/31/09 10-Q.

2.

Reflects Last Twelve Months EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization) as of 3/31/09

3.

Calculation of Enterprise Value = Market Capitalization (as of 6/26/09) + Total Debt (as of 3/31/09) + Preferred Securities (as of 3/31/09) - Cash & Cash Equivalents (as of 3/31/09). Debt, Preferred Securities, Minority Interest and Cash & Cash Equivalents are reported in the Company's Form 10-Q.

4.

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

14

Geographically complementary generation asset base

Predominantly located in competitive markets

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

By RTO

Combined

PJM

22,830

ERCOT

13,232

MISO

1,065

ISO NE

2,202

NYISO

3,960

CAL ISO

2,085

Contracted

6,483

51,857

SERC

2,295

WECC

45

Total

54,297

By Fuel Type

Combined

Nuclear

18,158

Coal

9,001

Gas/Oil

18,818

Other

1,837

Contracted

6,483

1. Excludes international assets. Before any divestitures.

2. Contracted in various RTOs, mainly in PJM and ERCOT.

Exelon

NRG

Combination Will Operate in Most Attractive

Markets

1

1

2

0
2
4
6
8
10
12
14
16
18

2003

2004

2005

2006

2007

2008

<1%

<1%

Exelon

~150,000 GWh

Pro Forma

Exelon

~221,000

GWh

Historical

Forward Coal Prices

Combined Entity Will Continue to Benefit

from Low Cost Fuel Sources

Powder River Basin and lignite coal supply (90%
of NRG's coal) provides low-sulfur at a relatively
stable price as compared to northern and
central Appalachian coal mines.

0.00

1.00

2.00

3.00

4.00

5.00

6.00

Northern Appalachian

Production Costs

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

6%

Other

Coal

Q1 2007

Q2 2007

Q3 2007

Q4 2007

Q1 2008

Q2 2008

Q3 2008

\$/mmbtu

15

Powder

River

Basin

Central Appalachian

Hydro/Other

Gas/Oil
Other Coal
PRB & Lignite Coal

Nuclear

3%

<1%

Q4 2008

Q1 2009

Nuclear

Coal

Gas

Petroleum

6%

Coal

93%

Nuclear

67%

Nuclear

23%

PRB &

Lignite Coal

2

1

1

1.

Based

on

2008

data,

does

not

include

~26,000

GWh

of

Exelon

Purchased

Power.

2.

Historically, Lignite Coal prices have had similar volatility as Powder River Basin Coal.

Largest Fleet, 2

nd

Lowest Carbon Intensity

Source: Ventyx

Velocity Suite Database

CO2 Emissions of 15 Largest U.S. Electricity Generators

Bubble size represents **carbon intensity**,

expressed in terms of metric tons of CO2

per MWh generated

Note: Does not consider effects of
proposed or unplanned divestitures.

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

8

Progress Energy

0.61

7

TVA

0.60

6

FirstEnergy

0.55

5

Dominion

0.49

4

Calpine

0.39

3

FPL Group

0.33

Exelon + NRG

0.31

2

Entergy

0.27

1

Exelon

0.06

1.

Exelon 2020 is Exelon's comprehensive plan to reduce, displace or offset 15 million metric tons of greenhouse gas emissions year by 2020.

Exelon 2020

1

principles will be adapted to the combined fleet

16

Carbon Legislation is Gaining Momentum and
Will Benefit the Combined Company

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

If merchant coal allocations are granted in a manner that does not change dispatch and retirement incentives,

Exelon's EBITDA would increase by about \$1.5 billion and NRG's EBITDA would increase by about \$150M in Year 1

While Exelon has supported merchant coal allocations as part of an overall industry compromise, if no allocations are granted, Exelon's EBITDA would increase by \$1.5 billion and NRG's EBITDA will decrease by \$150M in Year 1

Note: Dollar values reflect illustrative results based on potential outcomes of climate legislation and should not be interpreted as

The carbon benefit to be realized by Exelon's nuclear fleet will significantly exceed the carbon costs faced by NRG's coal-dominated generation fleet

\$1,100

Exelon

NRG

(\$M)

Year 1 EBITDA Impact of \$15/tonne Carbon With

Waxman-Markey Merchant Coal Allocations

There is no case

where carbon

legislation is

better for NRG

than for Exelon

17

\$0

On

June

26

th

,

the

U.S.

House passed the

Waxman-Markey Bill

by a vote of 219-212

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- Discussion Points:
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an
Offer Represents Significant Value to NRG
Shareholders

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

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

NRG has responded with obstruction

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

alternatives

Refusing to allow limited two-week due diligence process

Intervening with obstructionist tactics in regulatory proceedings

Pursuing

a

frivolous

and

expensive

lawsuit

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

Our

new

offer

to

NRG

shareholders

is

even

better

now

implied

premium of 44%

Higher exchange ratio = 0.545

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

~\$3.1B transaction value

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

19

1.

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

1

20

The Value of the Offer to NRG Shareholders
Has Increased

THEN

NOW

Exchange Ratio

Est. NPV of Synergies

0.485

0.545

(12.4% increase)

\$1.5

\$3.0 B

\$3.6

\$4.0 B

Exelon's best and final offer

20

1.

Implied ownership as of 2012 assuming the conversion of \$1.1 billion of mandatory convertibles. Immediate ownership percentage

2.

Includes estimated transaction costs of \$654M (pre-tax).

3.

Includes estimated transaction costs of \$550M (pre-tax).

Transaction Value to NRG

\$2.3 B

\$3.1 B

Implied Ownership

16.8%

18.2%

2

1

3

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

Assuming that each company's stand-alone stock price is halfway between the comparable company index and current stock price, the premium offered is still 44%

21

21

Current

Stock Price

(\$50.70)

2

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

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

Represents an Implied Premium of 44%

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

2. Closing stock prices as of 6/26/09.

3. EXC implied stock price based on the Competitive Integrations (AYE, ETR, FPL, PPL, PEG, CEG, EIX, FE) performance from

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

Based on These Indicators, Transaction Provides NRG
Shareholders Immediate Value of \$3.1 Billion

Share of
Synergies

\$0.6B

Plus: EXC Upside

-

Carbon

-

Uprates

-

PECO PPA roll-

off

1.

Based upon implied premium of 44% from previous slide and assumes 277 million NRG fully-diluted shares outstanding.
2.

Share of synergies reflects 18.2% NRG share of synergies (based upon midpoint of \$3.6-\$4.0B synergies), less NRG share of S transaction costs.

Implied
Transaction
Value to NRG
Shareholders
of \$3.1B
Implied
Premium to
NRG
Shareholders
of \$2.5 B
22

Even at June 26
closing prices, NRG
shareholders will
realize immediate
transaction value of
\$1.7 billion
If Exelon's offer
is withdrawn,
NRG
shareholders
face downside
risk in their share
price

1
2
th

Then

Assumed a traditional **integrate**
model

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

Notable assumptions included:

40% reduction in NRG's A&G expense

10% reduction in NRG's O&M expense
Now

Assumes an absorb-integrate-transform model

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

Assesses discrete operating areas, updates assumptions and defines desired outcomes

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

Recognizes impact of Reliant Retail business to NRG (A&G)

23

Upon Detailed Investigation, Exelon Has Identified Greater Synergies

Exelon will realize these synergies, just as we have in the past

1.

Based on analysis of publicly available information.

2.

Primarily reflects severance, systems integration, retention and relocation costs.

Est. Annual Cost Savings:

\$180

-

\$300

M

% of Combined Expenses:

~3%-5%

Costs

to

Achieve :

~\$100

M

NPV of Est. Synergies: **\$1,500**

-

\$3,000 M

Est. Annual Cost Savings:

\$410

-

\$475

M

% of Combined Expenses:

~6%-7%

Costs

to

Achieve

2

:

~\$200

M

NPV of Est. Synergies: **\$3,600**

-

\$4,000 M

rd

1

2

1

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

which
is
consistent
with
prior
power
sector
transactions
and
reflects
Exelon's
track
record
and
commitment
to
delivering
strong results
additional synergies possible

24

Category

Amount (\$M)

Commentary

Key Sources of Synergies

Corporate / IT

\$225 -

\$245

Includes

enhanced

corporate

synergies

from

initial

case

based

on

detailed

assessment and prior transaction experience, minimizing duplicative corporate

support

Fossil

\$75 -

\$85

Based on ~350 employee reduction from Exelon/NRG fleet optimization due to
implementation of Exelon's management model

Trading

\$65 -