

Edgar Filing: NRG ENERGY, INC. - Form 425

NRG ENERGY, INC.
Form 425
December 02, 2008

Filed by Exelon Corporation

Reg. No. 333-155278

Pursuant to Rule 425 under the

Securities Act of 1933, as amended

Subject Company: NRG Energy, Inc.

On December 2, 2008, Exelon began using the following presentation in discussions with investors:

Exelon
+
NRG:
A
Compelling
Opportunity for Value Creation
Investor Meetings

December 2008

Forward-Looking Statements

This presentation includes forward-looking statements. These forward-looking statements include, for example, statements regarding benefits of the proposed merger, integration plans and expected synergies. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. The factors that could cause actual results to differ materially from these forward-looking statements include Exelon's ability to achieve the synergies contemplated by the proposed transaction, Exelon's ability to

promptly and effectively integrate the businesses of NRG and Exelon, and the timing to consummate the proposed transaction and obtain required regulatory approvals as well as those discussed in (1) Exelon's 2007 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 19; (2) Exelon's Third Quarter 2008 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors and (b) Part

I,
Financial
Information,
ITEM

1.
Financial
Statements:
Note

12;
(3)

Exelon's
preliminary

prospectus/offer to exchange that is contained in the Registration Statement on Form S-4 (Reg. No. 333-155278) that Exelon has filed with the SEC in connection with the offer; and (4) other factors discussed in Exelon's filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this filing. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this filing, except as required by law.

Statements made in connection with the exchange offer are not subject to the safe harbor protections provided to forward-looking statements under the Private Securities Litigation Reform Act of 1995.

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

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Important Additional Information

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This communication 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 0.485 of a share of Exelon common stock. This communication is for information 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 Exchange Offer Statement on Schedule TO or the Prospectus/Offer to Exchange included in the Registration Statement on Form

(Reg. No. 333-155278) (including the Letter of Transmittal and related documents and as amended from time to time, the Exchange Offer Documents) filed by Exelon and Xchange with the Securities and Exchange Commission (the SEC). The Offer is made 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 and Xchange expect to file a proxy statement on Schedule 14A and other relevant documents with the SEC in connection with the solicitation of proxies for the 2009 annual meeting of NRG stockholders (the NRG Meeting Proxy Statement). Exelon also file a proxy statement on Schedule 14A and other relevant documents with the SEC in connection with its solicitation of proxies for a meeting of Exelon shareholders (the Exelon Meeting) to be called in order to approve the issuance of shares of Exelon common stock pursuant to the Offer (the Exelon Meeting Proxy Statement). **Investors and security holders are urged to read the NRG Meeting Proxy Statement and 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 1-877-753-3333. Investors and security holders may also read and copy any reports, statements and other information filed by Exelon, Xchange and NRG with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-333-0330 or visit the SEC's website for further information on its public reference room.

Exelon, Xchange and the individuals nominated by Exelon for election to NRG's Board of Directors will be participants in the solicitation of proxies from NRG stockholders for the 2009 annual meeting of NRG stockholders 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 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 20, 2008, filed in connection with its 2008 annual meeting of shareholders. Information about Xchange and Xchange's directors and executive officers is available in Schedule II to the Prospectus/Offer Statement filed with the SEC. Information about the interests of any other participants will be included in the NRG Meeting Proxy Statement or the Exelon Meeting Proxy Statement, as applicable.

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Agenda for Today's Discussion
4

Our Exchange Offer

Compelling Value for NRG Shareholders

Timeline

Why Tender Your Shares

Appendix

Overview of Exelon Corporation

The Exchange Offer

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

Filed Form S-4 with the SEC

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

Represents a 37% premium to the October 17 NRG closing
price

Initial exchange offer period expires January 6, 2009

5
th
th

Financing Is Not an Obstacle

Exelon believes it can secure committed financing for the transaction at the appropriate time

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

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

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

We believe that the NRG direct lien program for power marketing could be left in place

6

Reflecting our confidence that we can obtain secure committed financing at the appropriate time, the transaction will not be subject to a financing condition

Full and generous price
upfront premium of 37%

Opportunity to participate in the future growth of the
largest and most diversified US power company, with a
substantially improved credit profile

Requisite scope, scale and financial strength

Stronger credit metrics and investment grade balance sheet

Best-in-class nuclear and fossil operations

Low-cost generator, operating in the most attractive markets

Exelon 2020 principles will be adapted to the combined fleet

Potential for substantial synergies

Manageable regulatory hurdles to close
Compelling Value for NRG Shareholders

7

Pro Forma

Exelon

8

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

Pro Forma Quick Stats

(\$s in millions)

Combined assets

1

\$68,900

LTM EBITDA

2

\$9,400

Market cap (as of 11/24/2008)

\$39,800

Enterprise value

3

\$60,500

Generating capacity

4

~51,000 MWs

Combination Will Result in Scope, Scale and

Financial Strength

Enterprise

Value

Market Cap

\$0

\$30

\$50

\$60

\$40

\$20

\$70

\$10

Southern

Dominion

Duke

FPL

First

Energy

Entergy

1. Reflects total assets (under GAAP) with no adjustments. Based upon 9/30/08 Form 10-Q.

2. Reflects Last Twelve Months EBITDA (Earnings before Income Taxes, Depreciation and Amortization) as of 9/30/08 with

3. Calculation of Enterprise Value = Market Capitalization (as of 11/24/08) + Total Debt (as of 9/30/08) + Preferred Securities

9/30/08) + Minority Interest (as of 9/30/08) Cash & Cash Equivalents (as of 9/30/08). Debt, Preferred Securities, Minority I

Cash & Cash Equivalents based upon 9/30/08 Form 10-Q.

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

Strong Balance Sheet and Credit Metrics

NRG shareholders and bondholders expected to benefit from an investment grade balance sheet

Targeting strong credit metrics for the combined entity

25 -

30%
FFO/debt

Pay down debt plan expected to include: NRG balance sheet cash,
asset sale proceeds, free cash flow

1.
Ratios exclude securitized debt.
2.
Senior unsecured credit rating and FFO/Debt as of 10/31/08. Reflects S&P updated guidelines, which include imputed debt and interest related to purchase power agreements, unfunded pension and other postretirement benefits obligations, capital adequacy for energy trading, operating lease obligations and other off-balance sheet data.

3.
From
Standard
&
Poor's
8/28/08
CreditStats:
Independent
Power
Producers
&
Energy
Traders

U.S.
9
Exelon
NRG
Today
2011
Credit Rating:
BBB
FFO / Debt:
25-30%
Combined
Entity Targets
Credit Rating:
BBB-
FFO / Debt:
26%
Credit Rating:
B+
FFO / Debt:
18%
3
1
2

World Class Nuclear & Fossil Operations

10

NRG:

High performing nuclear plant

Top quartile capacity factor: 94.9%

Large, well-maintained, relatively young units
Fossil fleet

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

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

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

Best-in-class nuclear and fossil operations

Second lowest carbon emitting intensity in the industry

Geographic and fuel diversification with an improved
dispatch profile

Exelon:

Premier U.S. nuclear fleet

Best fleet capacity factor: ~ 94%

Lowest fleet production costs: ~ \$15 / MWh

Shortest fleet average refueling outage duration:
24 days

Strong reputation for performance and safety

11

Operating in Most Attractive Markets

Geographically complementary asset base

Predominantly located in competitive markets

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

6,280

Contracted*

51,403

2,085

CAL ISO

13,027

ERCOT

By RTO

Combined

PJM

22,812

MISO

1,065

ISO NE

2,174

NYISO

3,960

SERC

2,405

WECC

45

Total

53,853

By Fuel Type

Combined

Nuclear

18,144

Coal

8,986

Gas/Oil

18,801

Other

1,642

Contracted

6,280

*Contracted in various RTOs, mainly in PJM and ERCOT

1. Excludes international assets. Before any divestitures.

Exelon

NRG

1

1

<1%

<1%

Exelon

~150,000 GWh

2009 Historical Forward Coal Prices

Combined Entity Will Continue to Benefit

from Low Cost, Low Volatility Fuel Sources

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

0.00
1.00
2.00
3.00
4.00
5.00
6.00

Powder River Basin
Northern Appalachian
Central Appalachian
Production Costs

0
2
4
6
8
10
12
2000
2001
2002
2003
2004
2005
2006
2007

Nuclear
Gas
Coal
Petroleum

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

1. Based on 2007 data, does not include ~38,000 GWh of Exelon Purchased Power.

Q1 2007
Q2 2007
Q3 2007
Q4 2007
Q1 2008
Q2 2008
Q3 2008
cents/Kwh
\$/mmbtu
12

Nuclear
PRB & Lignite Coal

Other Coal
Gas/Oil
Hydro/Other
1%
3%
6%
Other
Coal
Pro Forma
Exelon
~198,000 GWh
1
1

Texas offers nuclear growth platform

Potential for stretch power uprate (5-7%) on South
Texas Project units 1 and 2

Construction & Operating License and Loan

Guarantee applications filed for both STP 3 and 4 and
Victoria County

Exelon has the financial strength and discipline to
investigate these opportunities

Strong balance sheet and credit metrics

Demonstrated track record of financial rigor

Nuclear depth and expertise

Options to build remain under evaluation; no commitment
has yet been made

13

Nuclear Growth Opportunities

0
50
100
150
50
100
150

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

Exelon

0.83

0.80

0.74

0.66

0.64

0.64

0.57

0.50

0.35

0.31

0.26

0.07

14

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

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

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

Offset a portion of NRG's GHG emissions

Expand energy efficiency program offerings

Add capacity to existing nuclear units
through uprates

Add new renewable generation

Add new gas-fired capacity

Continue to explore new nuclear

Address older/higher emitting coal
and oil units

Invest in clean coal technology R&D
15

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

Combination Expected to Create
Substantial Synergies

Exelon

Operations & Maintenance:

\$4,289

1

NRG

Maintenance & Other Opex:

\$950

General & Admin Expenses:

\$309

Other COGS:

\$454

Pro Forma

Combined Non-fuel Expenses:

\$6,002

Estimated Annual Cost Savings:

\$180 -

\$300

2

% of Combined Expenses:

3%-5%

Costs to Achieve

\$100

NPV of Synergies:

\$1,500-\$3,000

16

(\$ in Millions)

Transaction expected to

create

\$1.5

\$3

billion

of

value

through synergies

with opportunity for more

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

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

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

1

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

\$6.50
\$1,300
Moderate
2014/\$22
\$7.30
\$1,100
Moderate
2020/\$22
\$7.10
\$1,100
Severe
2014/\$22
\$7.30
\$1,500
Moderate
2012/\$12
\$8.60
\$1,500
Moderate
17

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

Coal Prices

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

Gas price is long-term price in 2008 \$/MMBtu; coal price is long-term price in 2008 \$/ton for PRB8800 excluding transportation; nuclear build cost is long-term combined cycle cost in PJM in 2008 overnight \$/kW; carbon year is year in which national cap and trade program starts; carbon price is in 2012 \$/tonne assuming 7% escalation; moderate recession assumes conditions consistent with current forward prices; and severe recession assumes five years of no load growth.

Principal Regulatory Approvals and Expected
Divestitures

Principal regulatory approvals:

Texas, New York, Pennsylvania, California state regulatory
commissions and various state siting commissions

Hart-Scott-Rodino (DOJ/FTC)

FERC

NRC

Notice filing in Illinois

Limited
market
power
issues

not
expected
to
challenge
transaction closing

Divestitures anticipated only in PJM and ERCOT

~3,200 MWs of high heat rate gas and baseload coal plants
and
~1,200 MWs under contract

Model assumes \$1 billion of proceeds from divestitures (after-tax)

1.
Plants
subject
to
divestiture
are
de
minimus
contributors
to
revenue
and
earnings.

Regulatory hurdles are manageable

18

1

19

Transaction Timeline

* Notice filing only

10/19:

Announce Offer

11/12:

Exchange Offer

Filed

1/6: Initial

Exchange Offer

Expires

Proxy Solicitation

NRG and Exelon

Shareholder

Meetings

Make Filings and Work to Secure Regulatory Approvals

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

Receive Regulatory

Approvals

Expected

Transaction Close

Q4 2008

Q1 2009

Q2 2009

Q3 2009

Q4 2009

20
Exelon More Than Meets the Five
Imperatives
Outlined by NRG on May 28, 2008

- 1.
- 2.
- 3.

4.

5.

NRG's Stated Imperatives

MUST

accumulate generation at competitive cost

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

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

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

MUST

be geographically diversified in multiple markets

MUST

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

MUST

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

MUST

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

Exelon Combination More

than Meets These Imperatives

Why Tender Your NRG Shares?

21

Tendering
your
NRG
shares

prior
to
the
January
6
th
expiration will provide a strong signal of your support
for a negotiated deal

Exelon believes its proposal represents the best
immediate and long-term value for your investment,
providing:

Increased scale and generation efficiency

Enhanced ability to pursue capital-intensive projects

Stronger credit metrics and an investment grade balance sheet

Greater liquidity and stock appreciation potential

Ability and intention to pay quarterly dividends on common
stock

07 Earnings:
\$2,331M
07 EPS:
\$3.45
Total Debt
(1)
:

\$2.5B

Credit Rating

(2)

:

BBB

Nuclear, Fossil, Hydro & Renewable Generation

Power Marketing

07 Operating Earnings:

\$2.9B

07 EPS:

\$4.32

Assets

(1)

:

\$45.2B

Total Debt

(1)

:

\$13.0B

Credit Rating

(2)

:

BBB-

Note: All 07 income numbers represent adjusted (Non-GAAP) Operating Earnings and EPS. Refer to attached slides for reconciling adjusted (non-GAAP) operating EPS to GAAP EPS.

1.

As of 9/30/08.

2.

Standard & Poor's senior unsecured debt ratings for Exelon and Generation and senior secured debt ratings for ComEd and PPL as of 11/24/08.

Pennsylvania

Utility

Illinois

Utility

07 Earnings:

\$200M

\$507M

07 EPS:

\$0.30

\$0.75

Total Debt

(1)

:

\$5.1B

\$3.5B

Credit Ratings

(2)

:

BBB+

A-

The Exelon Companies

23

Exelon Corporation

Exelon Generation

ComEd

PECO

\$0
\$1,000
\$2,000
\$3,000
\$4,000
\$5,000
\$6,000

2001
2002
2003
2004
2005
2006
2007
2008E
2009E
\$0.00
\$0.50
\$1.00
\$1.50
\$2.00
\$2.50

Cash flow from operations

Annual cash dividend / share

Stable Cash Flows and

Commitment to Value Return

Exelon produces strong and consistent cash flows and continues to honor its commitment to return value to shareholders

Strong and consistent
cash flows from
operations

(1)

Over 12% compound
annual dividend
growth rate since 2001

Sustainable Value

24

1.

Cash Flows from Operations primarily include net cash flows provided by operating activities, excluding counterparty collateral activity, and including net cash flows used in investing activities other than capital expenditures. Cash Flows from Operations in 2005 reflect discretionary aggregate pension contributions of \$2 billion.

Large, low-cost, low-emissions,
exceptionally well-run nuclear fleet

Complementary and flexible fossil and
hydro fleet

Improving power market fundamentals
(commodity prices, heat rates, and capacity
values)

End of below-market contract in
Pennsylvania beginning 2011

Potential carbon restrictions
Value Proposition

Continue to focus on operating excellence,
cost management, and market discipline

Execute on power and fuel hedging programs

Support competitive markets

Pursue nuclear & hydro plant relicensing and
strategic investment in material condition

Maintain industry-leading talent
Protect Value

Pursue potential for nuclear plant
uprates
and
investigate potential for more

Rigorously evaluate generation development
opportunities, including new nuclear and
combined cycle gas turbine

Capture increased value of low-carbon
generation portfolio
Grow Value

25

Exelon Generation

Exelon Generation is the premier unregulated generation company
positioned to capture market opportunities and manage risk

1 Quartile
2 Quartile
3
Quartile
4 Quartile
2006-2007 Average Production Cost for
Major

Nuclear
Operators

(1)

Average

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

Lowest Cost Nuclear Fleet Operator

1.

Source:

2007

Electric

Utility

Cost

Group

(EUCG)

survey.

Includes

Fuel

Cost

plus

Direct

O&M

divided

by

net

generation.

26

st

nd

rd

th

65
70
75
80
85
90
95

100

Operator (# of Reactors)

Range

5-Year Average

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

Sources: Platt's,

Nuclear

News,

Nuclear

Energy

Institute

and

Energy

Information

Administration

(Department

of

Energy).

Sustained production excellence

World-Class Nuclear Operator

Average Capacity Factor

Range

of

Fleet

2-Yr

Avg

Capacity

Factor

(2003-2007)

EXC 93.5%

27

40%

50%

60%

70%

80%

90%

100%

Exelon

Industry

(18)

-

-

-

(18)

Nuclear decommissioning obligation reduction

(11)

-
-
-
(11)
Sale of ExGen's investments in TEG and TEP
72
-
-
-
72
Georgia Power tolling agreement
(130)
-
-
-
(130)
Termination of Stateline PPA
(5)
-
-
-
(5)
Settlement of a tax matter at Generation related to Sithe
\$(115)
(63)
-
-
(87)
-
\$35
Other
\$2,923
(29)
14
280
(87)
101
\$2,736
Exelon
\$507
-
-
-
-
\$507
PECO
\$200
-
14

24

-

(3)

\$165

ComEd

ExGen

(in millions)

-

City of Chicago settlement

256

2007 Illinois electric rate settlement

\$2,331

2007 Adjusted (non-GAAP) Operating Earnings / (Loss)

34

Non-cash deferred tax items

-

Investments in synthetic fuel-producing facilities

104

Mark-to-market adjustments from economic hedging
activities

\$2,029

2007 GAAP Reported Earnings

Note: Amounts may not add due to rounding.

GAAP Earnings Reconciliation

Year Ended December 31, 2007

28

1.
Amounts shown per Exelon share and represent contributions to Exelon's EPS.
(0.01)
-
-
-
(0.01)

Settlement of a tax matter at Generation related to Sithe
 (0.04)
 (0.08)
 -
 -
 0.04
 Non-cash deferred tax items
 (0.14)
 (0.14)
 -
 -
 -
 Investments in synthetic fuel-producing facilities
 0.41
 -
 -
 0.03
 0.38
 2007 Illinois electric rate settlement
 (0.19)
 -
 -
 -
 (0.19)
 Termination of State Line PPA
 0.11
 -
 -
 -
 0.11
 Georgia Power tolling agreement
 Exelon
 Other
 (1)
 PECO
 (1)
 ComEd
 (1)
 ExGen
 (1)
 \$4.32
 \$(0.18)
 \$0.75
 \$0.30
 \$3.45
 2007 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share
 (0.01)
 -
 -
 -

(0.01)

Sale of Generation's investments in TEG and TEP

0.02

-

-

0.02

-

City of Chicago settlement

(0.03)

-

-

-

(0.03)

Nuclear decommissioning obligation reduction

0.15

-

-

-

0.15

Mark-to-market adjustments from economic hedging activities

\$4.05

\$0.04

\$0.75

\$0.25

\$3.01

2007 GAAP Earnings Per Share

GAAP EPS Reconciliation

Year Ended December 31, 2007

29