

EXELON CORP
Form PREM14A
April 17, 2009

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

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 Materials Pursuant to § 240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified in its Charter)

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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 transaction applies:

Common stock, no par value per share

2) Aggregate number of securities to which transaction applies:

135,201,700

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):

Solely for the purpose of calculating the registration fee, the market value of the securities to be received was calculated as the product of (i) 279,026,222 shares of NRG Energy, Inc. common stock (the sum of (a) 233,027,222 shares of NRG Energy, Inc. common stock outstanding, (b) 4 million shares of NRG Energy, Inc. common stock issuable upon the exercise of outstanding options, (c) 40 million shares of NRG Energy, Inc. common stock issuable upon the conversion of outstanding shares of NRG Energy, Inc. preferred stock and (d) 2 million shares of NRG Energy, Inc. common stock issuable upon the exercise or vesting of other equity awards, in each case as of September 30, 2008 (each as reported in NRG Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008), less 1,000 shares of NRG common stock owned by Exelon Corporation and Exelon Xchange Corporation, a direct wholly-owned subsidiary of Exelon Corporation) and (ii) the average of the high and low sales prices of NRG Energy, Inc. common stock as reported on the New York Stock Exchange on November 11, 2008 (\$22.75).

4) Proposed maximum aggregate value of transaction:

\$6,347,846,550.50

5) Total fee paid:

Fee paid previously with preliminary materials

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x 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:

\$249,470.37 (based upon the product of \$6,347,846,550.50 and the fee rate of \$39.30 per million dollars set forth in Fee Rate Advisory 1 for Fiscal Year 2008)

2) Form, Schedule or Registration Statement No.:

Form S-4 (333-155278) and Schedule TO

3) Filing Party:

Exelon Corporation

4) Date Filed:

November 12, 2008

PRELIMINARY PROXY STATEMENT DATED APRIL [], 2009 SUBJECT TO COMPLETION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

[], 2009

[], 2009

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of Exelon Corporation, a Pennsylvania corporation (Exelon), to be held on [], [], 2009 at [] Central Daylight Time at []. The purpose of the special meeting is to consider and vote upon the following matters:

a proposal to approve the issuance of shares of Exelon common stock, without par value, in connection with Exelon s proposed acquisition of NRG Energy, Inc., a Delaware corporation (NRG), pursuant to the exchange offer and second-step merger described in the accompanying proxy statement; and

a proposal to approve any adjournment or postponement of the special meeting, including if necessary, to solicit additional proxies in favor of the share issuance proposal if there are not sufficient votes for that proposal.

We will transact no other business at the special meeting, except such business as may properly be brought before the special meeting or any adjournment or postponement of such meeting by Exelon s board of directors.

Only shareholders of record at the close of business on [], 2009, the record date for the special meeting, are entitled to notice of and to vote at the special meeting. The record date is the date used to determine which shareholders are entitled to vote at the special meeting. As of the record date, there were [] shares of Exelon common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the special meeting. As a shareholder of record, you are cordially invited to attend the special meeting in person; however, whether or not you expect to attend in person, you can be sure your shares are represented at the special meeting by promptly voting and submitting your proxy by telephone, or via the Internet, or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

The board of directors has unanimously determined that the share issuance in connection with the proposed acquisition of NRG as described in the enclosed proxy statement is advisable and in the best interest of Exelon and its shareholders. The board of directors unanimously recommends that you vote **FOR** the share issuance proposal and **FOR** the adjournment proposal.

By Order of the Board of Directors

Katherine K. Combs
*Senior Vice President, Corporate Governance, Corporate
Secretary and Deputy General Counsel*

The accompanying proxy statement is dated [], 2009 and will be first sent to shareholders on or about [], 2009.

10 South Dearborn Street

Chicago, Illinois 60603

SPECIAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

This proxy statement is furnished to the holders of common stock, without par value, of Exelon Corporation, a Pennsylvania corporation (Exelon , we , us or our) in connection with the solicitation of proxies by the board of directors of Exelon, to be voted at the special meeting of shareholders of Exelon, and any adjournment or postponement of such special meeting. The special meeting will be to be held on [], [], 2009 at [] Central Daylight Time at [].

At the special meeting, you will be asked to consider and to vote upon:

a proposal to approve the issuance of shares of Exelon common stock, without par value, in connection with Exelon s proposed acquisition of NRG Energy, Inc. (NRG), pursuant to the exchange offer and second-step merger described in this proxy statement; and

a proposal to approve any adjournment or postponement of the special meeting, including if necessary, to solicit additional proxies in favor of the share issuance proposal if there are not sufficient votes for that proposal.

On November 12, 2008, Exelon, through its wholly-owned subsidiary, Exelon Xchange Corporation, commenced an exchange offer to acquire all outstanding shares of NRG common stock in exchange for 0.485 of a share of Exelon common stock. In addition, holders of NRG common stock will receive cash in lieu of any fractional shares of Exelon common stock to which holders may be entitled. The expiration date for the exchange offer is currently 5:00 p.m., New York City time, on June 26, 2009, unless extended by Exelon and Exelon Xchange. Following completion of the exchange offer, Exelon intends to seek to have NRG consummate a second-step merger of a wholly-owned subsidiary of Exelon into NRG. In the second-step merger, each remaining issued and outstanding share of NRG common stock (other than shares of NRG common stock owned by Exelon, Exelon Xchange or NRG or their respective subsidiaries or held by NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the exchange offer, plus cash in lieu of any fractional shares of Exelon common stock. Exelon has reserved the right, in its sole discretion, at any time and from time to time, to change the terms of the exchange offer and second-step merger, including the exchange ratio.

The exchange offer is being made pursuant to Exelon s prospectus/offer to exchange, dated November 12, 2008, and the related letter of transmittal (each, as amended, modified and supplemented).

The board of directors has unanimously determined that the issuance of shares of Exelon common stock in connection with the proposed acquisition of NRG pursuant to the exchange offer and second-step merger is advisable and in the best interest of Exelon and its shareholders. The board of directors unanimously recommends that you vote **FOR** the share issuance proposal and **FOR** the adjournment proposal.

Your vote is important. Whether or not you plan to attend the special meeting, we urge you to vote your shares of Exelon common stock today by telephone, or via the Internet, or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

This proxy statement is dated [], 2009 and will be first sent to shareholders on or about [], 2009.

SUMMARY TERMS OF THE EXCHANGE OFFER AND SECOND-STEP MERGER

Below is a summary of the terms of Exelon's exchange offer (and anticipated second-step merger) to acquire all of the outstanding shares of NRG common stock. This summary highlights selected information from this proxy statement, and may not contain all of the information that is important to you. To better understand the exchange offer, you should read this entire proxy statement carefully, as well as those additional documents to which we refer you to. You may obtain the information incorporated by reference into this proxy statement by following the instructions in the section of this proxy statement entitled "Where You Can Find More Information."

The Companies

Exelon (See page []))

Exelon was incorporated in Pennsylvania in February 1999. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220. Exelon Corporation is one of the nation's largest energy companies with approximately \$19 billion in annual revenues. Exelon distributes electricity to approximately 5.4 million customers in Illinois and Pennsylvania, and natural gas to approximately 485,000 customers in southeastern Pennsylvania. Exelon's operations include energy generation, power marketing and energy delivery. Exelon has one of the industry's largest portfolios of electricity generation capacity, with strong positions in the Midwest and Mid-Atlantic. Exelon operates the largest nuclear fleet in the United States.

Exelon Xchange (See page []))

Exelon Xchange Corporation (Exelon Xchange) was incorporated in Delaware on October 21, 2008. Exelon Xchange's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220. Exelon Xchange is a direct wholly-owned subsidiary of Exelon that was formed for the sole purpose of acquiring the outstanding shares of NRG common stock and consummating a subsequent merger of Exelon Xchange (or another wholly-owned subsidiary of Exelon) with and into NRG. Exelon Xchange has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the exchange offer and the second-step merger.

NRG (See page []))

NRG was incorporated in Delaware on May 29, 1992. NRG's headquarters and principal executive offices are located at 211 Carnegie Center, Princeton, New Jersey 08540. NRG's telephone number is 609-524-4500. NRG is a wholesale power generation company with a significant presence in major competitive power markets in the United States. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the trading of energy, capacity and related products in the United States and select international markets.

The Exchange Offer (See page []))

Exelon, through Exelon Xchange, is offering to exchange 0.485 of a share of Exelon common stock for each share of NRG common stock that is validly tendered and not withdrawn prior to the expiration date of the exchange offer, upon the terms and subject to the conditions contained in the prospectus/offer to exchange and the accompanying letter of transmittal of Exelon and Exelon Xchange dated November 12, 2008, as amended. In addition, holders of NRG common stock will receive cash in lieu of any fractional shares of Exelon common stock to which they may be entitled. The expiration date of the exchange offer is currently scheduled as 5:00 p.m., New York City time, on June 26, 2009, unless extended by Exelon and Exelon Xchange.

Following completion of the exchange offer, Exelon intends to seek to have NRG consummate a second-step merger of a wholly-owned subsidiary of Exelon into NRG. In the second-step merger, each remaining issued and outstanding share of NRG common stock (other than shares of NRG common stock owned by Exelon, Exelon

Xchange or NRG or their respective subsidiaries or held by NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the offer, plus cash in lieu of any fractional shares of Exelon common stock. Exelon has reserved the right, in its sole discretion, at any time and from time to time, to change the terms of the exchange offer and second-step merger, including the exchange ratio.

Recommendation of the Exelon Board of Directors (See page [])

The Exelon board of directors has unanimously determined that the issuance of shares of Exelon common stock in connection with the acquisition of NRG pursuant to the exchange offer and second-step merger is advisable and in the best interests of Exelon and its shareholders and unanimously recommends that Exelon shareholders vote **FOR** the share issuance proposal and **FOR** the adjournment proposal.

Conditions of the Exchange Offer (See page [])

In addition to shareholder approval of the share issuance in connection with the proposed NRG acquisition, Exelon's and Exelon Xchange's obligation to exchange shares of Exelon common stock for shares of NRG common stock pursuant to the exchange offer is subject to several conditions. Exelon has reserved the right to amend or waive many of the conditions to the exchange offer prior to the expiration of the exchange offer, subject to compliance with applicable law.

Ownership of the Combined Company After the Exchange Offer and Second-Step Merger (See page [])

Based on certain assumptions regarding the number of shares of NRG common stock to be exchanged, Exelon estimates that if all shares of NRG common stock are acquired in the proposed acquisition of NRG on the current terms of the exchange offer and the second-step merger, former holders of NRG common stock would own, in the aggregate, approximately 17% of the outstanding shares of Exelon common stock. If NRG's 4.0% Convertible Perpetual Preferred Stock were to be converted to NRG common stock and exchanged for shares of Exelon common stock in the transactions or if, after the transactions, holders of NRG's 4.0% Convertible Perpetual Preferred Stock convert all of their shares into Exelon common stock, former holders of NRG common stock and preferred stock would own in the aggregate approximately 18% of the outstanding shares of Exelon common stock.

Interest of Executive Officers and Directors of Exelon in the Exchange Offer (See page [])

Except as set forth in this proxy statement, neither Exelon nor, to the best of our knowledge, any directors, executive officers or other affiliates has any contract, arrangement, understanding or relationship with any other person with respect to any securities of NRG. Exelon does not believe that the share issuance, exchange offer and the second-step merger will be deemed to be a change in control impacting grants under any of Exelon's long-term incentive or stock option plans, or a change in control under any employment agreements between Exelon and any of its employees.

Appraisal/Dissenter's Rights (See page [])

No appraisal or dissenter's rights are available to Exelon's shareholders in connection with the share issuance proposal, the exchange offer or the second-step merger.

Accounting Treatment (See page [])

The acquisition of shares of NRG common stock by Exelon will be accounted for using the purchase method of accounting under Generally Accepted Accounting Principles (GAAP), which means that NRG's results of operations will be included with Exelon's from the closing date and NRG's consolidated assets and liabilities will be recorded at their estimated fair values at the same date. Any estimated fair value in excess of the total purchase price will be allocated to specific identifiable intangibles (and amortized over the life of the assets) acquired or goodwill. Any excess of the total purchase price over the estimated fair value will be recognized as a benefit in earnings upon closing of the transaction.

Regulatory Approval and Status (See page [])

Exelon must receive approval from and/or make filings with various foreign, federal and state regulatory agencies with respect to the exchange offer and the second-step merger. At the federal level, these approvals include the approval of the Federal Energy Regulatory Commission (the FERC) under the Federal Power Act and the Nuclear Regulatory Commission (the NRC) under the Atomic Energy Act. In addition, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), the exchange offer cannot be completed until Exelon has made required notifications and given certain information and materials to the Federal Trade Commission (the FTC) and/or the Antitrust Division of the Department of Justice (the DOJ) and until specified waiting period requirements have expired. At the state level, final orders of each of the Pennsylvania Public Utility Commission (the PAPUC), the New York Public Service Commission (the NYPS), the California Public Utilities Commission (the CPUC) and the Public Utility Commission of Texas (the PUCT) approving the consummation of the exchange offer and, in some jurisdictions, the second-step merger are required. Siting approvals in certain states may also be required.

Risk Factors (See page [])

The proposed acquisition of NRG involves several risks which you should carefully consider when considering how to vote at the special meeting.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Why did I receive this proxy statement?

The board of directors is soliciting your proxy to vote at the special meeting because you were a shareholder of Exelon as of the record date, [], 2009, and are entitled to vote at the special meeting. This proxy statement contains certain information with respect to the special meeting and Exelon's proposed acquisition of NRG.

What am I voting on?

You are being asked to consider and vote on two proposals:

a proposal to approve the issuance of shares of Exelon common stock, without par value, in connection with Exelon's proposed acquisition of NRG pursuant to the exchange offer and second-step merger described in this proxy statement; and

a proposal to approve any adjournment or postponement of the special meeting, including if necessary, to solicit additional proxies in favor of the share issuance proposal if there are not sufficient votes for that proposal.

Why is shareholder approval of the share issuance required?

Exelon is seeking to acquire NRG. To accomplish the proposed acquisition, Exelon and Exelon Xchange commenced an exchange offer to acquire each of the outstanding shares of NRG common stock in exchange for 0.485 of a share of Exelon common stock plus cash in lieu of fractional shares. If the exchange offer is consummated, Exelon intends to seek to have NRG consummate a second-step merger of a wholly-owned subsidiary of Exelon into NRG. In the second-step merger, each remaining issued and outstanding share of NRG common stock (other than shares of NRG common stock owned by Exelon, Exelon Xchange or NRG or their respective subsidiaries or held by NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the offer, plus cash in lieu of any fractional shares of Exelon common stock. As described below, Exelon may amend the terms of the exchange offer and second-step merger.

Based upon publicly available information as of February 24, 2009, if the exchange offer and second-step merger are consummated in accordance with their current terms, Exelon currently expects to issue 131,515,342 shares of Exelon common stock and reserve an additional 10,184,273 shares of Exelon common stock for future issuances in connection with any conversions of the shares of NRG's 4.0% Convertible Perpetual Preferred Stock into Exelon common stock following completion of the transactions. The number of shares will be greater than 20% of the total number of shares of Exelon common stock outstanding prior to consummation of the exchange offer and second-step merger. The listing requirements of the New York Stock Exchange (NYSE) require that Exelon's shareholders approve any issuance of shares or securities convertible into or exercisable for common stock in connection with the acquisition of stock or assets of another company where, due to the present or potential issuance of shares of Exelon common stock or securities convertible into or exercisable for shares of Exelon common stock, (a) the shares to be issued will have voting power equal to or in excess of 20% of the voting power outstanding before such issuance or (b) the number of shares of Exelon common stock to be issued is or will be equal to or in excess of 20% of the number of shares of Exelon common stock outstanding before the issuance of the common stock or other securities being issued.

What will be the effect of the share issuance?

Based on publicly available information as February 24, 2009, Exelon estimates that if all shares of NRG common stock are acquired in the proposed acquisition of NRG on the current terms of the exchange offer and the second-step merger, former holders of NRG common stock would own, in the aggregate, approximately 17% of the outstanding shares of Exelon common stock. If NRG's 4.0% Convertible Perpetual Preferred Stock were to be converted to NRG common stock and exchanged for shares of Exelon common stock in the transactions or if, after the transactions, holders of NRG's 4.0% Convertible Perpetual Preferred Stock convert all of their shares into Exelon common stock, former holders of NRG common stock and preferred stock would own in the aggregate approximately 18% of the outstanding shares of Exelon common stock. These estimates are based on publicly available information as of February 24, 2009; if the number of shares of NRG common stock and/or securities convertible into or exchangeable for NRG common stock is different as of the consummation of the exchange offer or the second-step merger, the number of shares of Exelon common stock issued or reserved for future issuances in connection with the transactions will be different as well.

What vote is required to approve the proposals?

Approval of the share issuance proposal requires the affirmative vote of at least a majority of the votes cast by holders of shares of Exelon common stock present in person or by proxy and entitled to vote, assuming a quorum is present. Approval of the adjournment proposal requires the affirmative vote of a majority of the votes cast by holders of shares of Exelon common stock present in person or by proxy at the special meeting, whether or not a quorum is present. Abstentions and broker non-votes are not counted as votes for or against the proposals and are not counted in determining the number of votes cast on the proposals.

Who is entitled to vote at the special meeting?

Only shareholders of record at the close of business on the record date, which is [], 2009, are entitled to receive notice of and to vote at the special meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the special meeting, or any postponements or adjournments of the special meeting. Shareholders of record are entitled to one vote for each share of Exelon common stock owned of record as of the record date.

How do I vote?

Shareholders of Record: If you are a shareholder of record, there are four ways to vote:

by toll-free telephone at the toll-free number on your enclosed proxy card;

via the Internet at the website provided on your enclosed proxy card;

by signing, dating and returning your proxy card; or

by written ballot at the special meeting.

The deadline for Internet and telephone voting will be 11:59 PM, Eastern Time, [], 2009.

Street Name Holders. If your shares are held in street name by a bank, broker or other nominee, you should follow the voting instructions provided by your bank, broker or other nominee.

How many votes must be present to hold the special meeting?

In order to conduct the special meeting, at least a majority of the outstanding shares of Exelon common stock entitled to vote must be present or be represented by proxy. This is referred to as a quorum. If a shareholder submits a properly executed proxy card or votes by telephone, or via the Internet, the shareholder will be considered part of the quorum. Abstentions and broker non-votes on any proposal to be acted on by shareholders will be treated as present at the special meeting for purposes of a quorum.

As of the record date, there were [] shares of Exelon common stock issued and outstanding.

How can I attend the special meeting?

Admittance to the special meeting is limited to shareholders who are eligible to vote or their authorized representatives. If you are a holder of record and wish to attend the special meeting, tear off and bring the bottom half of your proxy card along with a photo ID to present for admission to the special meeting.

If your shares of Exelon common stock are held in the name of a bank, broker or other nominee, and you wish to attend the special meeting, you must bring other proof of ownership such as an account statement that clearly shows that you held Exelon common stock on the record date, or a legal proxy obtained from your bank, broker or other nominee. You must also bring a photo ID. Alternatively, you may obtain a ticket by sending a request and a copy of your proof of ownership to: Special Meeting Admission Tickets c/o Katherine K. Combs, Senior Vice President, Corporate Governance, Corporate Secretary and Deputy General Counsel, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. If you would like directions to the special meeting, please contact [].

No cameras, recording equipment, electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. All other items may be subject to search.

Will any other matters be voted on at the special meeting?

Exelon does not know of any other matters that will be brought before the shareholders for a vote at the special meeting. If any other matter is properly brought before the special meeting, your proxy gives authority to the proxies described therein to vote on such matters in their discretion.

How will my proxy be voted?

If you vote by telephone, or via the Internet, or by signing, dating and returning your signed proxy card(s), your proxy will be voted in accordance with your instructions. If you submit your proxy but do not indicate how you want to vote, your shares will be voted **FOR** the share issuance proposal and **FOR** any proposal by the Exelon board of directors to adjourn or postpone the annual meeting, if necessary.

Your proxies will vote in their discretion on any other matter that properly comes before the special meeting.

Who will count and certify the votes?

Representatives from Broadridge Investor Communication Solutions and Exelon's Office of Corporate Governance will count the votes and certify the election results.

Who pays for the proxy solicitation related to the special meeting?

Exelon does. We have retained Innisfree M&A Incorporated (Innisfree) to help us send out the proxy materials and ask for proxies. Solicitation of

proxies may be conducted by mail, facsimile, courier services, telephone, telegraph, the Internet, e-mail, newspapers, advertisements and other publications of general distribution and in person. Exelon may, from time to time, request that certain of its directors, officers or employees assist with the solicitation as part of his or her duties in the normal course of his or her employment without any additional compensation for the solicitation. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Exelon common stock.

Can I change my vote or revoke my proxy?

Yes. Just send in a new proxy card with a later date, cast a new vote by telephone, or via the Internet, or send a written notice of revocation to Exelon's Corporate Secretary at 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Also, a shareholder attending the special meeting in person may request that the shareholder's previously submitted proxy not be used.

Will I have dissenters' rights if I do not support the issuance of shares in connection with the proposed NRG acquisition?

No. Exelon's shareholders will not be entitled to appraisal or similar dissenters' rights in connection with the share issuance proposal, the exchange offer or the second-step merger.

THE SPECIAL MEETING

Exelon Corporation

Exelon was incorporated in Pennsylvania in February 1999. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220. Exelon Corporation is one of the nation's largest energy companies with approximately \$19 billion in annual revenues. Exelon distributes electricity to approximately 5.4 million customers in Illinois and Pennsylvania, and natural gas to approximately 485,000 customers in southeastern Pennsylvania. Exelon's operations include energy generation, power marketing and energy delivery. Exelon has one of the industry's largest portfolios of electricity generation capacity, with strong positions in the Midwest and Mid-Atlantic. Exelon operates the largest nuclear fleet in the United States.

Time, Date, Place and Purpose

The special meeting will be held on [], [] at [] Central Daylight Time at []. Shareholders are being asked to consider and vote upon two proposals at the special meeting:

a proposal to approve the issuance of shares of Exelon common stock, without par value, in connection with Exelon's proposed acquisition of NRG pursuant to the exchange offer and second-step merger described in this proxy statement; and

a proposal to approve any adjournment or postponement of the special meeting, including if necessary, to solicit additional proxies in favor of the share issuance proposal if there are not sufficient votes for that proposal.

We will transact no other business at the special meeting, except such business as may properly be brought before the special meeting or any adjournment or postponement of such meeting by Exelon's board of directors. If any other matters or motions should be properly brought before the special meeting, the proxies described in the accompanying proxy will vote such proxy in their discretion.

Record Date and Shares Entitled to Vote

Only holders of record of shares of Exelon common stock at the close of business on the record date are entitled to notice of and to vote at the special meeting. Holders of record of shares of Exelon common stock on the record date are entitled to cast one vote per share on any matter properly brought before the special meeting. On the record date there were [] shares of Exelon common stock issued and outstanding.

Voting Procedures

Shareholders of Record: If you are a shareholder of record, there are four ways to vote:

by toll-free telephone at the toll-free number on your enclosed proxy card;

via the Internet at the website provided on your enclosed proxy card;

by signing, dating and returning your proxy card; or

by written ballot at the special meeting

The deadline for Internet and telephone voting will be 11:59 PM, Eastern Time, [], 2009.

Street Name Holders. If your shares are held in street name by a bank, broker or other nominee, you should follow the voting instructions provided by your bank, broker or other nominee.

If you vote by telephone, or via the Internet, or by signing, dating and returning your signed proxy card(s), your proxy will be voted in accordance with your instructions. If you submit your proxy but do not indicate how you want to vote, your shares will be voted **FOR** the share issuance proposal and **FOR** any proposal by the Exelon board of directors to adjourn or postpone the annual meeting, if necessary.

Your proxies will vote in their discretion on any other matter that properly comes before the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting, we urge you to vote your shares of Exelon common stock today by telephone, or via the Internet, or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

Quorum

In order to conduct the special meeting, at least a majority of the outstanding shares of Exelon common stock must be present or be represented by proxy. This is referred to as a quorum. If a shareholder submits a properly executed proxy card or votes by telephone or via the Internet, the shareholder will be considered part of the quorum. Abstentions and broker non-votes on any proposal to be acted on by shareholders will be treated as present at the special meeting for purposes of a quorum.

Vote Required

Approval of the share issuance proposal requires the affirmative vote of at least a majority of the votes cast by holders of shares of Exelon common stock present in person or by proxy and entitled to vote, assuming a quorum is present. Approval of the adjournment proposal requires the affirmative vote of a majority of the votes cast by holders of shares of Exelon common stock present in person or by proxy at the special meeting, whether or not a quorum is present. Abstentions and broker non-votes are not counted as votes for or against the proposals and are not counted in determining the number of votes cast on the proposals.

Proxy Solicitation

Exelon will bear the cost of the solicitation of proxies for the special meeting. We have retained Innisfree to help us send out the proxy materials and ask for proxies. Innisfree's fee for these services is \$[], plus reimbursement of out-of-pocket expenses. Solicitation of proxies may be conducted by mail, facsimile, courier services, telephone, telegraph, the Internet, e-mail, newspapers, advertisements and other publications of general distribution and in person. Exelon may, from time to time, request that certain of its directors, officers or employees assist with the solicitation as part of his or her duties in the normal course of his or her employment without any additional compensation for the solicitation. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Exelon common stock.

Revocation of Proxies

A shareholder may revoke his or her proxy at any time prior to its use by delivering to the Corporate Secretary of Exelon a signed notice of revocation or a later dated signed proxy or by voting by telephone or via the Internet on a later date or by attending the special meeting and voting in person. Attendance at the special meeting will not in itself constitute the revocation of a proxy. For votes submitted by telephone, or via the Internet, follow the instructions on the accompanying proxy concerning revocations by telephone or via the Internet. Any written notice of revocation or subsequent proxy should be sent or hand delivered so as to be received by Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398, Attention: Corporate Secretary, at or before the vote to be taken at the special meeting.

Exelon's Auditors

Representatives of PricewaterhouseCoopers LLP are not expected to be present at the special meeting and accordingly will not make any statement or be available to respond to any questions.

PROPOSAL 1

ISSUANCE OF SHARES OF EXELON S COMMON STOCK

IN CONNECTION WITH EXELON S PROPOSED ACQUISITION OF NRG

General

You are being asked to consider and vote upon the share issuance proposal, which is described in more detail below.

Exelon is seeking to acquire all of the outstanding shares of NRG common stock. In order to accomplish this, Exelon and Exelon Xchange commenced an exchange offer to acquire each of the outstanding shares of NRG common stock in exchange for 0.485 of a share of Exelon common stock plus cash in lieu of fractional shares. If the exchange offer is consummated, Exelon intends to seek to have NRG consummate a second-step merger of a wholly-owned subsidiary of Exelon with and into NRG in order to acquire all remaining shares of NRG common stock that are not acquired in the exchange offer. In the second-step merger, each remaining issued and outstanding share of NRG common stock (other than shares of NRG common stock owned by Exelon, Exelon Xchange or NRG or their respective subsidiaries or held by NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the offer, plus cash in lieu of any fractional shares of Exelon common stock.

NYSE rules require that Exelon s shareholders approve any issuance of shares or securities convertible into or exercisable for common stock in connection with the acquisition of stock or assets of another company where, due to the present or potential issuance of shares of Exelon common stock or securities convertible into or exercisable for shares of Exelon common stock, (a) the shares to be issued will have voting power equal to or in excess of 20% of the voting power outstanding before such issuance or (b) the number of shares of Exelon common stock to be issued is or will be equal to or in excess of 20% of the number of shares of Exelon common stock outstanding before the issuance of the common stock or other securities being issued.

Based on publicly available information as of February 24, 2009, Exelon estimates that pursuant to the current terms of the exchange offer and second-step merger, it would issue 131,515,342 shares of Exelon common stock and reserve an additional 10,184,273 shares of Exelon common stock for future issuances in connection with any conversions of the shares of NRG s 4.0% Convertible Perpetual Preferred Stock into Exelon common stock following completion of the transactions. These estimates assume that:

all of the outstanding shares of NRG common stock, the total number of which Exelon estimates was 263,332,313 as of February 24, 2009 (after giving effect to the conversion of the 5.75% Mandatory Convertible Preferred Stock into common stock of NRG on March 16, 2009), are exchanged for shares of Exelon common stock at the exchange ratio of 0.485 pursuant to the exchange offer or the second-step merger;

the shares of NRG s 4.0% Convertible Perpetual Preferred Stock, of which there were reported to be 419,970 outstanding as of February 24, 2009, will remain outstanding and not be converted to shares of NRG common stock or exchanged for shares of Exelon common stock pursuant to the exchange offer or the second-step merger (though shares of NRG s 4.0% Convertible Perpetual Preferred Stock remain convertible at any time at the election of the holder prior to the second-step merger into shares of NRG common stock or following such merger into shares of Exelon common stock);

all outstanding shares of NRG s 3.625% Convertible Perpetual Preferred Stock will be redeemed for cash at the par value of approximately \$250 million;

all outstanding options to purchase shares of NRG common stock, of which there were reported to be 5,203,788 as of February 24, 2009, will vest upon the consummation of the offer, will be exercised for shares of NRG common stock (assuming the aggregate exercise price of such options is satisfied in cash) and will be exchanged for shares of Exelon common stock at the exchange ratio of 0.485;

all other outstanding equity awards convertible into or exercisable for shares of NRG common stock (including, without limitation, non-vested restricted stock units and performance units), of which there were reported to be 2,629,552 as of February 24, 2009, will vest upon the consummation of the exchange offer and will be exchanged for shares of Exelon common stock at the exchange ratio of 0.485; and

all notes and preferred interests with respect to NRG Common Stock Finance I LLC and NRG Common Stock Finance II LLC will be repurchased or redeemed for cash.

These estimates are based on publicly available information as of February 24, 2009; if the number of shares of NRG common stock and/or securities convertible into or exchangeable for NRG common stock is different as of the consummation of the exchange offer or the second-step merger, the number of shares of Exelon common stock issued or reserved for future issuances in connection with the transactions will be different as well. Exelon reserves the right, in its sole discretion, at any time and from time to time, to change the terms of the exchange offer and the second-step merger, including, among other things, by increasing or decreasing the exchange ratio and/or changing the type of consideration payable to NRG stockholders in the exchange offer and the second-step merger.

Exelon has separately filed a registration statement on Form S-4 with the SEC with respect to the shares of Exelon common stock to be issued to the stockholders of NRG or reserved for issuance in connection with the proposed acquisition of NRG. Shareholders who wish to review the registration statement may obtain a copy free of charge from the SEC at the SEC's website (www.sec.gov) or by directing a request to:

501 MADISON AVENUE, 20TH FLOOR

NEW YORK, NEW YORK 10022

STOCKHOLDERS, PLEASE CALL TOLL-FREE: 877-750-9501

BANKS AND BROKERAGE FIRMS MAY CALL COLLECT: 212-750-5833

Effect of Shareholder Approval

Based on publicly available information as of February 24, 2009, Exelon estimates that if all shares of NRG common stock are acquired in the proposed acquisition of NRG on the current terms of the exchange offer and the second-step merger, former holders of NRG common stock will own, in the aggregate, approximately 17% of the outstanding shares of Exelon common stock. If NRG's 4.0% Convertible Perpetual Preferred Stock were to be converted to NRG common stock and exchanged for shares of Exelon common stock in the transactions or if, after the transactions, holders of NRG's 4.0% Convertible Perpetual Preferred Stock convert all of their shares into Exelon common stock, former holders of NRG common stock and preferred stock would own in the aggregate approximately 18% of the outstanding shares of Exelon common stock. These estimates are based on publicly available information as of February 24, 2009; if the number of shares of NRG common stock and/or securities convertible into or exchangeable for NRG common stock is different as of the consummation of the exchange offer or the second-step merger, the number of shares of Exelon common stock issued or reserved for future issuances in connection with the transactions will be different as well.

Preemptive Rights

Holders of shares of Exelon common stock will not have preemptive rights in connection with the share issuance.

Appraisal/Dissenters Rights

No appraisal or dissenters rights are available to Exelon's shareholders in connection with the share issuance proposal, the exchange offer or the second-step merger.

Recommendation of the Board of Directors

Exelon's board of directors has unanimously determined that the issuance of shares in connection with the proposed acquisition of NRG pursuant to the exchange offer and second-step merger is advisable and in the best interests of Exelon and its shareholders and unanimously recommends that shareholders vote **FOR** the share issuance proposal.

Reasons for the Share Issuance

In reaching its decision to recommend the issuance of shares of Exelon common stock in connection with the proposed acquisition of NRG pursuant to the exchange offer and second-step merger, the Exelon board of directors consulted with Exelon management, as well as Exelon's financial advisors and Exelon's outside counsel, and considered various material factors, which are described below. The following discussion of the information and factors considered by the Exelon board of directors is not exhaustive, but includes all material factors considered by the Exelon board of directors. In view of the wide variety of factors considered by the Exelon board of directors in connection with its evaluation of the share issuance, the exchange offer and the second-step merger, the Exelon board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described below, individual members of the Exelon board of directors may have given different weight to different factors. The Exelon board of directors considered this information as a whole, and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendations. Among the material information and factors considered by the Exelon board of directors were the following:

Increased Scope and Scale The issuance of shares of Exelon common stock would facilitate the proposed acquisition of NRG and would create a combined company with increased scale and scope in generation. The combined company would constitute the largest power company in the United States by assets, market capitalization, enterprise value and generation capacity. The combined company is expected to have an enterprise value of approximately \$55 billion and a market capitalization of \$35 billion.

Increased Generation Efficiency Exelon believes that significant efficiencies of scale would be realized from the combination of Exelon and NRG. The combined company's approximately 51,000 MW fleet (including owned and contracted capacity, after giving effect to potential divestitures contemplated by Exelon's regulatory divestiture plan to obtain regulatory approvals as described under *Certain Legal Matters; Regulatory Approvals*) would include 18,000 MW of nuclear generation.

Synergies Although no assurance can be given that any particular level of cost savings and other synergies will be achieved, based on publicly available information, Exelon management believes that the transaction may result in annual estimated synergies of approximately \$180 million to \$300 million through the combination of operational, financial and service capabilities, before giving effect to costs to achieve the synergies, increased interest expense in connection with the refinancing of existing NRG indebtedness and any adjustments that may result from due diligence investigation. Exelon believes that the transaction could create, on a net present value basis, \$1.5 billion to \$3 billion or more of value through synergies. For a discussion of the interest expense Exelon expects to incur in connection with the refinancing of NRG's outstanding indebtedness as a result of the consummation of the exchange offer, see *Unaudited Pro Forma Condensed Combined Consolidated Financial Statements*.

Fuel and Geographic Diversification The combined company would have a more highly diversified mix of generation capacity with a presence in four major domestic competitive power generation regions and a diversified fuel mix using uranium, natural gas, coal and oil.

Anticipated Financial Strength The increased scale and scope is expected to strengthen the balance sheet of the combined company. The combination of Exelon and NRG is expected to reduce the leverage associated with NRG's current business and enhance the credit rating of the debt incurred by NRG to finance that business.

Enhanced Ability to Pursue Capital-Intensive Projects Exelon believes that the combined company's assets, enterprise value and market capitalization will enable Exelon to pursue more multi-year, capital intensive projects than would be possible absent the acquisition of NRG.

The Exelon board of directors also considered the potential risks of the share issuance, exchange offer and second-step merger, including those set forth under Risk Factors.

The Exelon board of directors realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above, such as assumptions regarding potential synergies. It should be noted that this explanation of the Exelon board of directors' reasoning and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Forward-Looking Statements.

Timing of the Transaction

Exelon anticipates that it will be able to complete the exchange offer in the fourth quarter of 2009. Exelon's ability to consummate the exchange offer in the fourth quarter of 2009 is also subject to a number of approvals from, and filings with, various foreign, federal and state regulatory agencies with respect to both the exchange offer and the second-step merger. Exelon's ability to consummate the exchange offer and the second-step merger in a timely fashion could be adversely affected by the actions of foreign, federal and state regulatory agencies in response to such filings or by a delay in receipt of necessary regulatory approvals. There can be no assurance as to the timing of these approvals and clearances or of Exelon's ability to obtain these approvals on satisfactory terms or otherwise. In addition, if NRG's board of directors continues its active opposition to Exelon's offer, Exelon's ability to timely consummate the exchange offer could be adversely affected. Exelon believes that the exchange offer is in the best interests of NRG's stockholders.

THE EXCHANGE OFFER AND THE SECOND-STEP MERGER

Terms of the Exchange Offer

On October 19, 2008, Exelon proposed a business combination of Exelon and NRG. Because the board of directors of NRG rejected Exelon's offer, Exelon commenced the exchange offer on November 12, 2008. Under the current terms of the exchange offer, Exelon is offering to exchange each issued and outstanding share of NRG common stock for 0.485 of a share of Exelon common stock plus cash in lieu of any fractional shares. Following completion of the exchange offer, Exelon intends to seek to have NRG consummate a second-step merger of a wholly-owned subsidiary of Exelon into NRG. In the second-step merger, each remaining issued and outstanding share of NRG common stock (other than shares of NRG common stock owned by Exelon, Exelon Xchange or NRG or their respective subsidiaries or held by NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the offer, plus cash in lieu of any fractional shares of Exelon common stock. A vote of the NRG stockholders will be required to approve the second-step merger, unless Exelon consummates the second-step merger as a short-form merger pursuant to Section 253 of the Delaware General Corporation Law, as amended (the "DGCL"), in which case the board of directors of NRG and the NRG stockholders will not be required to approve the second-step merger. Under the DGCL, in order to be eligible to effect the second-step merger as a short form merger under Section 253, Exelon would need to own 90% of each class of outstanding voting stock of NRG, including NRG's 4.0% Convertible Perpetual Preferred Stock.

Exelon reserves the right, in its sole discretion, at any time and from time to time, to change the terms of the exchange offer and the second-step merger, including, among other things, by increasing or decreasing the exchange ratio and/or changing the type of consideration payable to NRG stockholders in the exchange offer and the second-step merger. Exelon intends to continue to seek to negotiate with NRG with respect to the combination of NRG and Exelon. If such negotiations result in a definitive merger agreement between Exelon and NRG, the terms of the exchange offer and second-step merger could be changed. The terms as so changed could provide, among other possibilities, that Exelon would also issue shares of Exelon capital stock in exchange for the issued and outstanding shares of NRG preferred stock, for an exchange ratio greater or lower than the exchange ratio under the current terms of the exchange offer and/or for consideration to be paid to holders of NRG capital stock that includes or consists of Exelon common stock, other securities, cash or any combination thereof. If the exchange ratio in the exchange offer and second-step merger is changed or if the consideration to be paid or the capital stock of NRG to be acquired is changed, the number of shares of Exelon capital stock issued and/or reserved for future issuances could be different from the number of shares of Exelon common stock that Exelon estimates will be issued and reserved for future issuances under the current terms of the exchange offer and second-step merger. In addition, among other alternatives, negotiated combination could be structured as a merger of Exelon with and into NRG. Exelon is not currently asking you to approve, and approval of the share issuance proposal will not constitute approval of, a merger of Exelon with and into NRG.

Description of NRG

NRG is a wholesale power generation company with a significant presence in major competitive power markets in the United States. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the trading of energy, capacity and related products in the regional markets in the United States and select international markets where its generating assets are located.

As of December 31, 2008, NRG had a total global portfolio of 189 active operating fossil fuel and nuclear generation units, at 48 power generation plants, with an aggregate generation capacity of approximately 24,005 MW, and approximately 550 MW under construction which includes partners' interests of 275 MW. In addition, NRG has ownership interests in two wind farms representing an aggregate generation capacity of 270 MW, which includes partner interests of 75 MW. Within the United States, NRG has a power generation portfolio of approximately 22,925 MW of fossil fuel and nuclear generation capacity in 177 active generating units at 43 plants and ownership interests in two wind farms representing 195 MW of wind generation capacity. These power generation facilities are primarily located in the Texas or Electric Reliability Council of Texas (ERCOT) region (approximately 11,010 MW, including the 195 MW from the two wind farms), the Northeast (approximately 7,020 MW), South Central (approximately 2,845 MW), and West (approximately 2,130 MW) regions of the United States, and approximately 115 MW of additional generation capacity from NRG's thermal assets.

NRG was incorporated in Delaware on May 29, 1992. NRG's common stock is listed on the NYSE under the ticker symbol NRG. NRG's headquarters and principal executive offices are located at 211 Carnegie Center, Princeton, New Jersey 08540. NRG's telephone number is 609-524-4500. The address of NRG's website is <http://www.nrgenergy.com>. This website address is provided for convenience only and none of the information on this website is incorporated by reference into or otherwise deemed to be a part of this proxy statement.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer and in addition to (and not in limitation of) Exelon's and Exelon Xchange's right to extend and amend the exchange offer at any time, in their discretion, neither Exelon nor Exelon Xchange shall be required to accept for exchange any shares of NRG common stock tendered pursuant to the exchange offer, or subject to any applicable rules and regulations of the SEC, make any exchange for shares of NRG common stock, and may extend, terminate or amend the exchange offer, if immediately prior to the expiration of the exchange offer in the reasonable judgment of Exelon, any one or more of the following conditions shall not have been satisfied:

Minimum Tender Condition NRG stockholders shall have validly tendered and not withdrawn prior to the expiration of the exchange offer a number of shares of NRG common stock that, when added to the shares of NRG common stock then owned by Exelon, Exelon Xchange and Exelon's other subsidiaries, shall constitute at least a majority of the then outstanding shares of NRG common stock on a fully-diluted basis.

Section 203 Condition The board of directors of NRG shall have approved, in a manner reasonably satisfactory to Exelon, the exchange offer and the second-step merger described herein or any other business combination between NRG and Exelon (and/or any of Exelon's subsidiaries) pursuant to the requirements of Section 203 of the DGCL or Exelon shall be satisfied that Section 203 of the DGCL does not apply to or otherwise restrict the exchange offer, the second-step merger as described herein or any such business combination.

Competition Condition Any applicable waiting period under the HSR Act shall have expired or shall have been terminated prior to the expiration of the exchange offer; further, the exchange offer shall not be the subject of any injunction or order secured by the DOJ, FTC, or other governmental authority barring the acceptance of shares of NRG common stock for exchange in the exchange offer.

Regulatory Approval Condition Final orders of each of the FERC under the Federal Power Act, the NRC under the Atomic Energy Act, the PAPUC, the NYPSA, the CPUC and the PUCT approving the consummation of the exchange offer and, in some jurisdictions, the second-step merger, and siting approvals, if required in other states, shall have been obtained by Exelon prior to the expiration of the exchange offer.

Registration Statement Condition The registration statement registering the shares of Exelon common stock to be issued in the exchange offer and second-step merger shall have become effective under the Securities Act of 1933, as amended (the Securities Act), no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission (the SEC) and Exelon shall have received all necessary state securities law or blue sky authorizations.

Shareholder Approval Condition The shareholders of Exelon shall have approved the issuance of shares of Exelon common stock pursuant to the exchange offer and the second-step merger in accordance with the rules of the NYSE.

Preferred Stock Condition Exelon or one of its affiliates shall have made or entered into arrangements that, in the reasonable judgment of Exelon, ensure that at least 66 2/3% of the shares of NRG's 3.625% Convertible Perpetual Preferred Stock will vote in favor of the second-step merger and/or any other business combination involving NRG and Exelon and/or one of its affiliates or Exelon shall otherwise be reasonably satisfied that none of the shares of NRG's 3.625% Convertible Perpetual Preferred Stock will be outstanding as of the record date to vote on the second-step merger and/or any other business combination involving NRG and Exelon.

NYSE Listing Condition The shares of Exelon common stock to be issued to NRG stockholders in the exchange offer shall have been authorized for listing on the NYSE, subject to official notice of issuance.

Other Conditions

The exchange offer includes other conditions, including that Exelon and Exelon Xchange shall not be required to accept for exchange any shares of NRG common stock if any final order, approval, permit, authorization, waiver, determination, favorable review or consent of any governmental authority including those referred to or described in this proxy statement in the section captioned *Certain Legal Matters; Regulatory Approvals* below shall contain terms that, in the reasonable judgment of Exelon, results in, or is reasonably likely to result in, individually or in the aggregate with such other final orders, approvals, permits, authorizations, waivers, determinations, favorable reviews or consents, a significant diminution in the benefits expected to be derived by Exelon or any affiliate of Exelon as a result of the transactions contemplated by the exchange offer, the second-step merger or any other business combination with NRG. See the prospectus/offer to exchange for a complete description of the conditions to the exchange offer.

The conditions to the exchange offer are for the sole benefit of Exelon and Exelon Xchange and may be asserted by Exelon and Exelon Xchange regardless of the circumstances giving rise to any such condition or, other than the *Competition Condition, Regulatory Approval Condition, Shareholder Approval Condition, Registration Statement Condition, and NYSE Listing Condition*, may be waived by Exelon or Exelon Xchange in whole or in part at any time and from time to time prior to the expiration of the offer in its discretion. The failure by Exelon or Exelon Xchange at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time until the expiration of the exchange offer.

For purposes of determining whether any final order, approval, permit, authorization, waiver, determination, favorable review or consent of any governmental authority, any litigation, suit, claim, action, proceeding or investigation or any other matter has, or is reasonably likely to result in, individually or in the aggregate, a significant diminution in the benefits expected to be derived by Exelon, Exelon Xchange or any other affiliate of Exelon as a result of the transactions contemplated by the exchange offer, the second-step merger or any other business combination with NRG, Exelon will not deem any divestitures consistent with the terms of Exelon's regulatory divestiture plan to, in and of themselves, have such a significant diminution; however, Exelon may take such divestitures and the impact thereof into account in determining whether any such divestitures, together with any one or more other final orders, approvals, permits, authorization, waivers, determinations, favorable reviews or consents of any governmental authority, litigation, suits, claims, actions, proceedings or investigations or other matters, individually or in the aggregate, have resulted in, or are reasonably likely to result in, such a significant diminution. For a discussion of Exelon's regulatory divestiture plan, see *Certain Legal Matters; Regulatory Approvals*.

BACKGROUND OF THE EXCHANGE OFFER AND SECOND-STEP MERGER

On an ongoing basis, Exelon evaluates options for achieving its long-term strategic goals and enhancing shareholder value. For several years, Exelon's board of directors and management have been engaged in a strategic planning process designed to position Exelon to take advantage of growth opportunities in its industry. As part of this process, Exelon periodically has evaluated a variety of possible business combinations, including NRG, in light of Exelon's evolving acquisition criteria and opportunities presented by various potential transactions. During the course of this process, Exelon has noted a move toward increasing consolidation in the power generation industry and believes that this trend will continue.

Exelon and NRG are involved in power and coal trading activities with each other in the ordinary course of business. In addition, Exelon and NRG are tenants in common of the Keystone and Conemaugh Generating Stations in Pennsylvania. Finally, Exelon and NRG participate in a number of industry groups, including, without limitation, the Association of Electric Companies of Texas. As a result, Exelon is generally familiar with NRG's business and operations.

On September 26, 2008, Mr. John W. Rowe, Chairman and Chief Executive Officer of Exelon, telephoned Mr. David Crane, President and Chief Executive Officer of NRG, to express interest in exploring a possible transaction and meeting to discuss the strategic direction of their companies.

On September 30, 2008, Mr. Rowe, Mr. Christopher M. Crane, President and Chief Operating Officer of Exelon, Mr. David Crane, Mr. Robert C. Flexon, Executive Vice President and Chief Financial Officer of NRG, and Ms. Denise Wilson, Executive Vice President and Chief Administrative Officer of NRG, met in New York City to discuss strategic alternatives for Exelon and NRG, including a possible business combination. Messrs. Rowe and Christopher Crane indicated that the acquisition of NRG would be a natural fit for Exelon and that the combination of both companies would provide additional strength to NRG's operations and significant value to NRG's stockholders. At this meeting, it became apparent to Messrs. Rowe and Christopher Crane that there was a significant difference in the views of Exelon and NRG as to the principal terms of a potential business combination involving the two companies. At the conclusion of the meeting, the participants agreed that discussions surrounding a possible business combination should continue, and a subsequent meeting should be held.

On the evening of October 19, 2008, Mr. Rowe telephoned Mr. David Crane and informed him that Exelon's board of directors had authorized him to make an offer for NRG of 0.485 a share of Exelon common stock for each share of NRG common stock, subject to confirmatory due diligence, the negotiation of a definitive merger agreement and receipt of the necessary board and shareholder approvals. In considering whether to make an offer to purchase NRG's common stock, Exelon believed that further discussions with NRG would not likely lead to a definitive agreement within a reasonable period of time given the disparity between Exelon's and NRG's positions as to the principal terms of a potential business combination, as expressed in the September 30, 2008 meeting.

Following this telephone call, Mr. Rowe delivered a letter containing an offer to Mr. David Crane. The letter read as follows:

October 19, 2008

Mr. David Crane

President and Chief Executive Officer

NRG Energy, Inc.

211 Carnegie Center

Princeton, New Jersey 08540

Dear David:

Thank you for meeting with Chris Crane and me on September 30. I believe we had a productive discussion about our respective companies, the challenges we face in this difficult economic environment, and the potential strengths a combination of NRG and Exelon would create.

A merger of NRG and Exelon would address critical national energy needs in a highly effective fashion, while creating substantially more value for both companies' shareholders than either company can realize alone:

The combined company would constitute the largest U.S. power company in terms of assets, market capitalization, enterprise value and generating capacity. The approximately 47,000 MW fleet (after giving effect to planned divestitures) would include 18,000 MW of nuclear generation.

The combined company would have best-in-class nuclear and fossil operations with the second lowest carbon emitting intensity in the industry, positioning it to address the challenges of a carbon constrained world.

The resulting company's balance sheet would be very strong, with investment grade credit ratings, providing greater flexibility for g