

05-Sep-2012

Exelon Corp. *(EXC)*

Barclays Capital CEO Energy Power Conference



CORPORATE PARTICIPANTS

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

OTHER PARTICIPANTS

Dan F. Ford

Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Dan F. Ford

Analyst, Barclays Capital, Inc.

All right, everybody. We're ready for our next presentation, Exelon Corporation. We've got Jonathan Thayer, who is Executive Vice President and CFO to take us through the Exelon story. Jack?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

Now, you've got me focused on OSHA issues so I'm looking at the safety pact. Thanks, Dan, and really appreciate you and the Barclays team hosting us here this morning. Pleased to be here. It's not easy to follow Gale Klappa. He looks very comfortable with his fireside chat. I'm going to be firmly ensconced behind the podium and not move a leg.

So, let me start with the obligatory reminder that this presentation may refer to forward-looking statements and estimates that are subject to various risks and uncertainties. You can refer to this in more detail on this slide.

Starting with immediately the presentation, I'm pleased to report that our merger and integration activities are progressing extremely well. We're meeting our commitments on various fronts, the latest example being the sale of the Maryland coal assets, which I'll discuss a little bit later in the presentation.

As I mentioned during the second quarter earnings call, we're confident in achieving our financial targets for this year including our ability to hit our synergy targets. You'll hear more from us on this on our third quarter earnings call and then in the EEI in November. However, during this presentation, I will focus on the state of the commodity markets in general, a key area for you when you evaluate the Exelon story.

The overall economic story continues to be one of gradual transition as the economy recovers and consolidates in 2012 and 2013. And finally, hopefully, begins to show more promising enduring growth thereafter.

We're well aware of the economic and financial challenges since 2008 and some of the structural issues that still persists namely low growth, high unemployment and weak consumer demand. So far, we've seen de-leveraging by

consumers and to some extent by corporations and our reluctance to lend by banks. The current assessment of manufacturing activity in the U.S. could be described as neutral; nothing has been performing consistently poorly, nor consistently well.

But focusing on the positives, we're beginning to see a turnaround in the automobile sector more than 13 million cars are estimated to be sold this year. In oil and gas, drilling has been strong and the steel business is recovering. We're seeing north of 75% capacity factors now relative to the low of 45% during the recession. Going forward, we see stronger growth based upon increased industrial demand, stronger consumer spending and a rebounding housing market.

We see lower gas prices helping industrial demand, which adds jobs, which in turn leads the higher spending. In addition, record low interest rates and continued monetary easing by the Fed should further stimulate investment in growth.

Population growth and the slowdown in new income – new home construction should begin to reduce the housing supply glut and eventually increase new home production.

As a result of these factors and others, we believe that GDP grows in excess of 2.5% in 2014 and beyond. That housing starts exceed 1 million units, unemployment moves below 8%, inflation remains under control with 10-year treasury rates staying under 3% and oil prices stay strong as the economic strength keeps demand robust.

As a consequence of this higher anticipated GDP growth, we see a stronger load growth trajectory beginning in 2014, with a 1% year-over-year net of energy efficiency impact.

Similar to the anticipated change in the economy, we see certain factors favorably influencing the gas markets in 2014 and beyond. More so than the economy, it's the price of natural gas that impacts our revenue outlook in the interim periods. You're well aware of how natural gas has performed in the last several years and the general trend in prices.

Increased production in late 2011 and early 2012 combined with a record warm winter, resulted in a large storage overhang causing prompt month prices to go below \$2 for a short period of time. With this, the backend of the curve also came down quite substantially hitting lows of \$3.70 for 2014 and forward.

However, you're beginning to see the market respond to price levels and this time around resulting from prices being at the lower end as opposed to production being added when prices were in the higher end.

In the short-term, natural gas prices reached their highest level so far in 2012 in July, topping out at \$3.19. Prices were further supported by continued high levels of coal-to-gas switching, further bolstered by above-normal temperatures.

As a result, the pattern of slower-than-normal storage injections has continued and has drastically improved the natural gas storage overhang and end of season's storage projections. As such, we see prices for natural gas for the balance of 2012 and 2013 in the \$2 to \$4 range assuming normal weather.

We see 2013 as a transition year being affected by the storage surplus with \$2.50 to \$4 being the range in the medium to long-term. While our 2014 view is neutral, 2015 and beyond, our view is brighter as structural demand growth outside the power sector begins to increase demand.

We see flat production growth with higher demand increasing the likelihood of prices in the \$4 to \$6 range. This view of demand growth is substantiated by number of factors. First, the replacement of coal generation with gas units, as a general rule of thumb, for every gigawatt of coal that goes away 0.2 Bcf per day of gas is needed to be – to replace that production.

We expect LNG and exports to begin to add 1 Bcf a day to 2 Bcf a day in 2015 and increase from there with 17 Bcf per day on the Blackboard, although not all of that will likely be built. We see increased industrial production with the opening of chemical plants, steel mills and gas to liquids plants amongst others beginning to take shape.

And finally, the longer term potential for our much increased use of natural gas as a transportation fuel. These factors if they play out as anticipated, we'll start exerting pressure on gas prices, potentially moving prices to the upper end of our range.

And to put this upside in context, natural gas prices at the \$6 per MMBtu level translate to \$1.9 billion of gross margin or \$1.47 upside on a fully open basis in 2014. On a hedge basis, we would expect this to increase gross margin by \$1 billion or \$0.70 per share on a hedge basis and this is off of our \$6.30 hedge levels.

Now, moving to our view on the power markets and starting off with the latest item in the news, while the court's ruling on CSAPR came as a surprise to us. Its impact in the market prices has been negligible. Prices after the rule moved slightly lower and then quickly rebounded.

As we've said before, we continue to view MATS as the stronger of the two rules with much stricter emission requirements and thus a more meaningful impact on coal retirements in CSAPR.

MATS' command and control policy without trading credits and require some more capital intensive commitment in the form of new emission controls. With or without the CSAPR rule, we see the current 2012 and 2013 power price stack has been fairly valued.

We also note – would note though that we are close to fully hedged in 2012 and more than 80% hedged in 2013, so there's little exposure to our gross margin from changes in power prices. We are, however, more bullish power prices in 2014 and beyond.

Retirements in the Eastern Interconnect are meeting our expectations. Based on recent announcements we believe that 40-gigawatt number will be reached in the Eastern Interconnect with close to 30-gigawatts already being announced and the potential for further retirements.

Company has continued to retire coal-fired generators despite the uncertain status of various federal clean air regulations. We believe the current gas forwards and low forward sparks had exacerbated the financial situation for coal units, thus pointing to another instance of market responses to lower prices. There is sufficient evidence of retirements being advanced due to market conditions.

As such, we continue to believe that there's \$3 to \$5 per megawatt hour of upside in the PJM power market and this is not currently reflected in the forwards. You've heard this before from us and I want to go into a little more detail on why we see this to be the case in some of the regional nuances within PJM.

We expect an upward shift in the generation supply stack and see two primary drivers for this shift. Our estimate of retirements in PJM is 18-gigawatts by 2016. This represents 10.5% of the current generation capacity and 22.5% of the current coal capacity leaving the stack.

We're not adding as much a new generation wind or gas, and this, of course, will lead to higher prices – priced units on the dispatch stack. Also as you take more coal out of stack and replace this with wind or gas, you're now exposing yourself to more volatility and jumps or shifts in the price curve, if gas prices were to increase, i.e., looking more like the Texas market.

The second reason for the increase in power is due to the increased cost of compliance that would impact cost of operation for coal units that survive and thus increase their marginal cost.

As such, when we look at the forwards in 2015 and beyond, we don't see the impact of this supply stack shift and only see the contango from the gas market reflected in the current power forwards.

To explain further, the contango in gas markets of \$0.80 from 2013 to 2017 results in a \$5 increase in power prices based on market heat rates, that's to be expected, but where the impact of power prices from a supply shift, I just illustrated.

We think the market continues to undervalue the supply shift and a large reason maybe due to the illiquidity in the marketplace and potentially one way offers in the outer years. So, as an example, we see no buyers of generation and those that are actively participating in the market are only trying to hedge their generation output.

As we see the calendar move forward and demand side comes in later this year and next year and then beginning of the coal retirements, we would expect this upside to start getting priced in. Also I want to take this opportunity to highlight some of the regional views within the PJM market.

NIHUB has the most upside with what we believe to be a full heat rate point increase over current forwards as fundamentals play forward. Some upside is already reflected in PJM West Hub and we anticipate a further half point heat rate increase again as we see liquidity in the outer periods and better matching of supply and demand.

A significant amount of the upside is already reflected in PJM East Hub due to a large number of gas units in that area.

Our Texas and New England operations can sometimes get overshadowed by our larger PJM footprint. However, these are still sizable positions in our total book and provide immense optionality particularly inside the delivery year. In addition, these are also regions where our gen to load matching strategy works very well.

An overview of these two portfolios, as you look prior to the merger ERCOT was a region where legacy Exelon was net long and legacy Constellation was net short. The combined position represents a balanced portfolio consisting of approximately 5,000 megawatts of net contracted generation capacity in a growing load book.

Prior to the merger, NEPOOL was a region where legacy Constellation was net long consisting of approximately 3,300 megawatts of capacity, probably offset by a combination of both retail and wholesale load. Legacy Exelon had a small generation capacity in the NEPOOL region of approximately 200 megawatts.

These are two markets where collectively through the combination of our Constellation and power team marketing efforts, we've been able to capture value and vertically integrating the generation and supply and demand stack and the combination of these asset and load positions provide additional opportunities for margin in our customer businesses. They promote growth in origination retail, create transactional efficiencies, reduce risk across the trading portfolios and provide opportunities for optimization.

As discussed during our recent Analyst Meeting, we see lower transaction costs or crossing of bid and ask by matching gen and load and some of these savings can either be passed on to consumers for us to be more competitive or yield higher margins.

We believe there are optimization synergies related to combining the portfolios and growth in areas where both companies have good track records, such as origination in mid-marketing, new business margins, the timing of our ratable bull/bear hedging program, spot market optimization through our regional trade desk. And lastly, increased diversification, arising from multiple channels to market. Distinct technologies and expanded geographic footprint are also intended to reduce overall gross margin risk.

And recent results speak very well to the strategic benefit. Having a more balanced generation and load position in ERCOT this summer has reduced the risks and costs associated with managing our wholesale and retail energy positions in this region.

Although, weather conditions in Texas this summer haven't been as extreme as they were last year, where we experienced high-load and spiky priced instances. This summer, we saw similar instances of that where heat rates rapidly expanded and then went away. Because of the ability to participate both on the gen side as well as the load side, we were able to capture value for our peaking capacity that we had. We were able to reduce the risk exposure throughout our ERCOT portfolio. And more importantly, we were very successful in capturing incremental margin relative to what either entity would have captured on a standalone basis before that merger.

Before I close, I want to mention a few items related to the recent sale of our Maryland coal assets. This was a competitive sales process despite the buyer restrictions due to our market power considerations. It was two-phased sale process with the final buyer selected on the basis of several criteria with ability to close quickly and high degree of certainty being first and foremost of that criteria.

The sales price of \$400 million plus the cash tax benefits of \$205 million captured strong value for the assets in a challenging auction process in market environment. The transaction was influenced by multiple factors including low power prices and demand, combined with a challenging commodity market environment for coal plants as well as the unique circumstances of the sale.

While we have a sales agreement, we do have – have to clear a few more steps. We still need approval from FERC and DOJ and we anticipate receiving these approvals in the fourth quarter of 2012. As such, we would expect the ownership transfer to happen shortly after these approvals.

In regards to our financial statement impacts, I'd like to clarify that operating earnings are unchanged as a result of this sale. Our 2012 earning guidance and ExGen hedge disclosures did not include any contribution from these three assets.

On the cash forecasting side, the cash forecast we provided in our second quarter earnings call incorporated an after-tax proceeds in 2012. In 2012, they were approximately \$170 million higher than the actual proceeds we will receive this year. However, approximately \$70 million of the difference is timing related, due to the cash tax benefits that will be received in 2013 and approximately \$10 million further will be received in subsequent years.

The change has no impact on Exelon Generation's long-term financing plan for 2012. Exelon Generation is currently expected to end the year in a positive cash position and has ample access to short-term liquidity, if necessary.

As a conclusion, as I've mentioned before, this sale is yet another example of delivering on our merger commitments. Our management team has a very strong focus on operational and financial discipline and we remain committed to delivering shareholder value even in a challenging market.

As a reminder, consistent with past Exelon practice, we expect to provide 2013 guidance at our fourth quarter earnings call in January and introduce 2015 hedge disclosures and an updated capital expenditure plan at EEI.

I'll now open the forum up for questions.

QUESTION AND ANSWER SECTION

Dan F. Ford

Analyst, Barclays Capital, Inc.

Q

Great. And there will be microphones coming around for your questions. Let me start them off just with a question around Exelon's view on potential market structure changes in the Texas market with a particular interest in the fact that you are both on the retailers as well as the generation long owner side, and what implications does that have for your advocacy?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

A very timely question. I think historically given the commitment to an energy-only market, the opportunity to have a capacity market in ERCOT looked like a very long putt. Given the shortages experienced last summer and then the load growth and the [ph] Brower (18:15) reports comments on prices that would need to be seem to promote new construction with big caps approaching 9,000 a megawatt hour, I think there is a very real and deliberate discussion around what role capacity markets might play.

Obviously, as the generator owns 5,000 megawatts of generation in the market, some form of capacity market would be very positive for us and other Texas generators. I would also say as a load serving entity, the volatility of the Texas market is such that that volatility can prove very expensive, if you're not appropriately hedged. And it's not as simple as parking two super peaking assets and breaking glass, if necessary. As you're trying to optimize those assets this summer, we had a variety of times where heat rates kept out, there was an opportunity for us to lock-in hedges. We did lock-in some of those hedges to lock-in value. Subsequently, we saw heat rates come back in. We repurchased that length and managed that portfolio on a combined basis.

Given the reliability issues, given the volatility, I think our collective view on – from both sides is there is less volatility and risk in a capacity-driven market. But there are certain participants who are resistant to the development of that market, who are committed to an energy-only market and remains to be seen how that plays through.

Q

Can I just ask you, going to this analysis, one thing which I was a little bit surprised that the capacity markets came out, at least from my expectation, a little bit soft in the PJM auction which happened three, four months back. Why is this supply and demand not translating into higher capacity prices in the 2015, 2016 timeframe? What's the disconnect over there?

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

Good question, [ph] Ashar (20:31). The – I think we've been very vocal on our perception as to how certain elements of the minimal offer price were handled in the most recent auction and that there was a subsidization of certain market participants. The other element is the role that demand response is playing within the stack. I think as we progress and get closer to the mass driven retirements and experience the reliability impacts for the grid of certain of these assets that are being retired. So, it's not viewed at a holistic 50,000-foot level, but actually felt at the ground level and in the cash markets. I think you'll get a clearer picture of the true reserve margin and supply/demand relationship.

But, clearly, we're not necessarily seeing that priced in now. There is constructive dialogue, though, and restrictions that have been put on certain contributions from various forms of demand response which we see is very constructive. There has been a good deal of dialogue around the bidding of – or the pass-through of any subsidization into the bidding patterns as new construction is considered in future load auctions – or sorry, capacity auctions. But, this needs to play through a little bit. It will be interesting to see, of the – I think it's roughly 5,000 megawatts of new capacity that was bid in and cleared in the auction, how much of that actually is ever constructed.

Dan F. Ford*Analyst, Barclays Capital, Inc.*

Q

Jack, I'll ask the question about what you're seeing in terms of margin trends in the competitive markets in PJM now. We've seen a lot of evidence of some super competitive behavior of late and maybe you can comment a little bit on what you're seeing.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

I think it's fair to say if you put five retailers in a room and ask who is behaving aberrantly or aggressively, five people will point at five other people. The – I think, as we commented during our Analyst Day and as we've commented on our second quarter call and as we've spoken to a number of you in this room in one-on-one sessions or while we've been traveling on the road, there's no question this is a very competitive retail market that we're seeing right now. And, I think it breaks down into various geographies. So, maybe starting furthest to the west, we have seen the municipal – the muni-ag situation in Illinois, very aggressive bidding behavior on that. I think quite noticeable in the list of winners – or the absence of Exelon in – among the list of winners is demonstrative of the fact that as we look at where those auctions are clearing that we see them as being bid very aggressively.

There could be a variety of reasons underpinning that, whether it's load factor assumptions or whether it's the assumption of retaining those customers and customer lifetime value. I think philosophically we – at Exelon and our Constellation team – perceive those muni-ag contracts as being very much akin to wholesale load auctions where the best price will always win. And so, I think the benefit of the Exelon-Constellation platform is that we have multiple channels through which to sell our megawatts. Importantly, if we own 11 nukes in the NIHUB market and we're not winning those as a low-cost producer, it will be – I think it causes some people to scratch their heads and perhaps rightly so.

In other markets, as we move east, we have seen commercial, industrial and wholesale load auctions in that market be quite competitive but I think largely consistent with the margins that we discussed during our Analyst Day of roughly \$2 to \$3 on the wholesale side and I think \$2.50 to \$4 on the retail side. And that's on a blended basis. So that's a lot of customer classes aggregated, not just the single load instance. And, then in Texas, I think

you've seen competition, particularly on the residential retail side, as there has been rollover in residential customers. And, you have a number of sub-investment grade generators in the market that are looking to hedge their generation further out the curve and trying to rebuild their customer composition where they've been mining an apathy curve.

So, I think the – this is the phenomenon we've seen before. We've seen aggressive behavior in the wholesale markets. And, then as people realize sometimes the best sale is no sale, we have come in and been paid to take those contracts. We've seen people migrate to the retail side. And, then as people have not appropriately priced the actuarial risk in those, we've seen either people change their bidding behavior or exit the market. I think it's fair to say we're in this for the long haul, and we have the right asset base and balance sheet and discipline to prevail in the market. I think others will join us there and you'll see pricing discipline evolve. But, right now, I think it's fair to say that there is a bit of land grab on in certain areas and that's presenting a challenging competitive environment.

Q

Just to expand on that question because, obviously, I don't follow those markets as closely as you do. Who – what kind of names are appearing on the bid winning list? If you are not – as you say, you have a lot of nukes and how – why are you not on the list?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

I think without going into names the – generally their press releases are disclosures around who is winning those auctions. The decline in gas prices has probably helped some of those entities that have locked into those sales and made what might have been challenging bidding assumptions look more attractive in the rearview window. But, with the contango gas curve, it's not clear that there is much lower for gas to go on a sustained basis. And so, again, I think it will be interesting without attribution of names, but I think Dan and Ted and Greg and others can certainly comment on who they think those folks might be and whether after recent market disclosures they change their bidding behavior.

We've got one down here.

Q

Given your much greater diversification with Constellation and the very low natural gas prices that we see today, do you feel that your free cash flow is likely in a bottoming-out phase?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

It's a very good question. The free cash flow is clearly benefiting from some of the legacy hedges that are rolling off. With the conclusion of the ComEd swap that has been meaningfully positive for the hedging of the company in the middle of next year, I think it's fair to say we see the free cash flow trough hitting in 2014, with some modest continuation with recent – the recent decline in the forward curves in 2015. Ideally, as we get closer and in that 2014 environment, we'll see more of the fundamental \$3 to \$5 that we talked about earlier start to materialize in the markets. And, our ratable hedging program is designed to really focus the hedging on the front 24 months which is where there is liquidity in the market, and the diversity of avenues to hedge is one that affords us the opportunity to try and maximize value in our decisioning.

Q

You mentioned the forward curves. Do you have a thought as to why 2014 and 2015 power prices are like down in the last month or so?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

The – I think it's fair to say that there's just not a lot of liquidity out there. We have seen some longer-dated deals and we – Exelon have entered into some of those with counterparties. But, there's just not a heavy bid in the market and so I think it's highly correlated to gas. And, the reality is that unfortunately we won't know the – we won't see those – potentially those true fundamentals influencing those prices in the slope of the forward curve until we get later into the middle of 2013.

Dan F. Ford

Analyst, Barclays Capital, Inc.

Q

And, Jack, as we look forward to your update on CapEx at EEI, how do you look at the more expensive uprates that are further out in your plan relative to your fundamental view of improving margins? Do you use that or do you actually use the forward curves in doing your analysis about those uprate decisions? And, since we're there, how does it dovetail with your discussions – your ongoing discussions with Moody's?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

...with the agencies? Very integrally linked. So, to Dan's point, with our fundamental outlook, we see those uprates as very attractive and robust investments. I think the challenge – as we look at the current market, the value of those assets is a long, sustained durable return. The challenge in this type of market is investors' appetite for return over a long period of time relative to returns over a shortened or more visible period of time, such as you would see in transmission projects, such as you would see in the formula rate environment that we have in ComEd. I think we have to look at those types of investments and consider and deliberate as to what is the appetite of investors for those types of projects. As part of deliberation, we also have to look at – and these are the two key criteria that Chris committed to during the Analyst Day and we, I think, have affirmed it pretty much every get-together that we've had. The focus of this leadership team is to sustain the investment grade rating and to sustain the dividend.

So, recognizing the important role that the dividend plays within the current value of our shares and the longer-term investment thesis, which is very much one of a convert with a high-income component with an option to recovery in power markets, I think we have to be mindful of what that growth investment, however attractive the returns may be, on the near-term impact with respect to the agencies in how they look at our credit. And so, those are very real and tangible discussions we're having at the leadership level that we're having at the Board level as to the opportunity before us, which we see as robust. But, the wherewithal of the balance sheet to tolerate or to support that type of investment and I think it's fair to say that given the timing of those expected uprates, given the timing around the renewables investments and the forecast as we update our CapEx at EEI, I think we'll probably have greater clarity around those types of investments as we speak to the investment community at that time.

Dan F. Ford


Analyst, Barclays Capital, Inc.

Q

Thanks. Time for one last question. All right, if we don't have one....

Exelon Corp. (EXC)

Barclays Capital CEO Energy Power Conference

 Corrected Transcript
05-Sep-2012**Jonathan W. Thayer***Chief Financial Officer & Executive Vice President, Exelon Corp.*

Excellent.

Dan F. Ford*Analyst, Barclays Capital, Inc.*

Thank you very much, Jack.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

Thank you.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2012 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.