Exelon: Meeting with Management Provides Insights on CO2 Regulation and NRG Acquisition

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EXC</td>
<td>O</td>
<td>USD</td>
<td>46.85</td>
<td>53.00</td>
<td>-18.9%</td>
<td>4.20</td>
<td>4.21</td>
<td>4.04</td>
<td>11.2</td>
<td>11.1</td>
<td>11.6</td>
<td>4.5%</td>
</tr>
<tr>
<td>SPX</td>
<td></td>
<td></td>
<td>931.76</td>
<td></td>
<td></td>
<td>65.47</td>
<td>58.78</td>
<td>72.73</td>
<td>14.2</td>
<td>15.9</td>
<td>12.8</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

O – Outperform, M – Market-Perform, U – Underperform, N – Not Rated

Highlights

- Yesterday we had the opportunity to lead a group of investors to meet with Exelon's senior management at the company's headquarters in Chicago. Our discussion focused primarily on the prospects for CO2 regulation and Exelon's proposed acquisition of NRG.

- Exelon's current tender for NRG stock, based on an exchange ratio of 0.485 Exelon shares for each NRG share, expires on June 26th. Since the expiry of Exelon's last tender offer on February 25th, a number of developments have tended to support the NRG share price, suggesting that the percentage of NRG shares tendered to Exelon on June 26th may fall below the 51% level achieved on February 25th.

- Pointing out that the gap between NRG's share price and Exelon's offer has tightened dramatically (NRG's closing price on Tuesday was only 3.2% below that implied by Exelon's exchange offer), Exelon CEO John Rowe stated that Exelon was considering its options in light of this development.

- On June 30th, only four days after Exelon's current tender expires, Exelon's board of directors is scheduled to meet. Rowe stated that management will present to the board of directors its latest analysis of the financial impact of the NRG acquisition. We believe this analysis will likely indicate a need to issue $1.0 billion of equity upon acquiring NRG to reduce debt and preserve the combined companies' investment grade rating. This would dilute Exelon stock by 3%, reducing the expected benefit of the acquisition and rendering it more difficult for Exelon to improve the exchange ratio offered NRG's shareholders – as NRG's share prices indicates it may be necessary to do.

- Without tipping his hand as to his planned recommendation to the board, Rowe said that Exelon will determine whether and on what terms to proceed with its offer in light of the board's review. Exelon plans to announce its decision between June 30th and July 21st, the date of NRG's shareholder meeting.

- Exelon's Executive Vice President for Government and Environmental Affairs, the former FERC Commissioner Betsy Moler, is guardedly optimistic that the Waxman-Markey climate change bill (H.R. 2454) will be passed into law by the current Congress, estimating its chances at 60%.

- If passed, John Rowe calculates the Waxman-Markey bill will add $700 to $750 million to Exelon's annual revenues for every $10 per metric ton (Mt) increase in the price of CO2 allowances. Such a revenue increase would contribute $0.67-$0.72 to earnings per share. Exelon estimates that the price of CO2 allowances, when the law takes effect in 2012, will range from $15 to $18/Mt, implying a positive earnings impact of $1.00 to $1.30 per share.

See Disclosure Appendix of this publication for important disclosures and analyst certifications.
Rowe also expressed the view that the current low gas price environment, which has depressed the long run earnings power of Exelon and other unregulated nuclear generators, has reduced the risk that the earnings benefit of CO2 regulation will be subject to a windfall profit tax.

**Investment Conclusion**

Exelon's bid for NRG will reach a critical juncture with the expiry of Exelon's current tender offer on June 26th. While the recent increase in NRG's share price puts pressure on Exelon to raise its bid, its ability to do so is constrained by the likely need to issue $1.0 billion of equity following the acquisition to pay down debt and sustain its investment grade rating. Exelon management will present its recommendation to the board of directors on June 30th, and will determine whether and on what terms to proceed with its exchange offer in light of the board's review. Exelon plans to announce its decision between June 30th and July 21st, the date of NRG's shareholder meeting.

Exelon's Executive Vice President for Government and Environmental Affairs, the former FERC Commissioner Betsy Moler, is guardedly optimistic that the Waxman-Markey climate change bill (H.R. 2454) will be passed into law by the current Congress, estimating its chances at 60%. If passed, John Rowe calculates the Waxman-Markey bill will add $700 to $750 million to Exelon's annual revenues for every $10 per metric ton (Mt) increase in the price of CO2 allowances. Such a revenue increase would contribute $0.67-$0.72 to earnings per share. Exelon estimates that the price of CO2 allowances, when the law takes effect in 2012, will range from $15 to $18/Mt, implying a positive earnings impact of $1.00 to $1.30 per share.

We broadly agree with Moler's assessment of the likelihood of the Waxman-Markey bill becoming law, and with Rowe's estimate of the impact of the legislation on Exelon's revenues and earnings. To arrive at our 12 to 18 month target price, therefore, we have applied a 60% probability to our $59 valuation of Exelon in a carbon-constrained scenario, and a 40% probability to our $45 valuation of Exelon in the absence of CO2 emissions limits. The probability-weighted average of these two scenarios results in a target price at $53.

**Details**

Yesterday we had the opportunity to lead a group of investors to meet with Exelon's senior management at the company's headquarters in Chicago. Representing Exelon at the meeting were John Rowe, Chairman and Chief Executive Officer; Ian McLean, Executive Vice President of Finance and Markets; Ken Cornew, Senior Vice President and President of Power Team; Betsy Moler, a former FERC Commissioner who is now Exelon's Executive Vice President for Government and Environmental Affairs; Bill Von Hoene, Executive Vice President and General Counsel; and Matt Hilzinger, Senior Vice President and Chief Financial Officer.

Our discussion focused primarily on the prospects for CO2 regulation and Exelon's proposed acquisition of NRG. Management's comments on these two subjects are summarized below.

**NRG: Discussion Led by John Rowe**

While stating that he was unable to answer questions on the NRG transaction, John Rowe nonetheless offered some limited insight into Exelon's thinking and time table for the transaction. Exelon's current tender for NRG stock, based on an exchange ratio of 0.485 Exelon shares for each NRG share, expires on June 26th. Since the expiry of Exelon's last tender offer on February 25th, a number of developments have tended to support the NRG share price, suggesting that the percentage of NRG shares tendered to Exelon on June 26th may fall below the 51% level achieve on February 25th. These developments include the recovery in the high yield bond market, a similar increase in risk appetite among equity investors, a modest recovery in forward prices for natural gas, a scheme of CO2 allowance allocation under the Waxman-Markey bill that favors coal-fired merchant generators, and NRG's acquisition of Reliant's retail electricity supply business. Pointing out that the gap between NRG's share price and Exelon's offer has tightened...
dramatically (NRG's closing price on Tuesday was only 3.2% below that implied by Exelon's exchange offer), Rowe stated that Exelon was considering its options in light of this development.

On June 30\textsuperscript{th}, only four days after Exelon's current tender expires, Exelon's board of directors is scheduled to meet. Rowe stated that management will present to the board of directors its latest analysis of the financial impact of the NRG acquisition. One element of this analysis will be the likely requirement of the rating agencies that, upon acquiring NRG, Exelon reduce the debt of the combined companies by some $2.0 billion in order to preserve its investment grade rating. The necessary funds to reduce debt could be raised by divesting assets or selling equity, but Exelon believes that the proceeds of its planned sale of NRG assets will be low under market conditions and that an equity offering some $1.0 billion will likely be necessary. This would dilute Exelon stock by 3%, reducing the expected benefit of the acquisition and rendering it more difficult for Exelon to improve the exchange ratio offered NRG's shareholders – as NRG's share prices indicates it may be necessary to do. Without tipping his hand as to his planned recommendation to the board, Rowe stated that Exelon will determine whether and on what terms to proceed with its exchange offer in light of the board's review. Exelon plans to announce its decision between the 30\textsuperscript{th} and the 21\textsuperscript{st}, the date of NRG's shareholder meeting.

\textbf{CO2: Discussion Led by Betsy Moler}

Both John Rowe and Betsy Moler were pleased by the structure of the Waxman-Markey climate change bill (entitled the American Clean Energy and Security Act of 2009, or H.R. 2454), and impressed by the skill with which Chairman Waxman (D-CA) had forged the compromises necessary to pass the bill out of the House Energy and Commerce Committee. Moler said she was "quite optimistic" that legislation fundamentally similar to the Waxman-Markey bill would ultimately become law. Pressed to provide her view of the odds, she cited the opinion of Rep. Rick Boucher (D-VA), who as former head of the Subcommittee on Energy and Air Quality was a leading architect of the bill; according to Moler, Boucher recently expressed the view that there is a 60% probability of Waxman-Markey being passed in this Congress. Rowe's assessment of the likelihood of passage was much more conservative, however: he sees a 2 in 3 chance of the bill being passed by the House but less than a 50/50 chance of passage by the Senate.

Moler explained that the Waxman-Markey bill has been referred to eight House Committees, but that these are entitled to review only those limited portions of the bill that fall under their purview. The most important of these committees are the House Ways and Means Committee, chaired by Rep. Charles Rangell (D-NY), and the House Committee on Agriculture, chaired by Rep. Collin Peterson (D-MN). The House Democratic leadership is pressuring these committee heads to complete their work quickly, and has set aside time during the week of June 23\textsuperscript{rd} for the Waxman-Markey bill to be considered on the House floor. Given the high priority being placed on the bill by the House Democratic leadership, and the Democrats' 256-178 majority in the House, Moler believes it likely that the bill will be passed by the House before its August recess.

Moler expects the Senate not to prepare its own greenhouse gas legislation but rather to take up the Waxman-Markey bill, which will be referred to the Senate Committee on Energy and Natural Resources, chaired by Senator Jeff Bingaman (D-NM), and the Senate Committee on the Environment and Public Works, chaired by Senator Barbara Boxer (D-CA). While Moler and Rowe believe that the Waxman-Markey bill will be welcomed by the majority of Democrats in the Senate, the Senate requirement of 60 votes for cloture makes it necessary that the bill gain the support of the entire Democratic caucus and possibly some Republicans. Both Moler and Rowe believe that the bill's chances of success in this respect are enhanced by its structure, which incorporates critical features advocated by the regulated industries and designed to attract the votes of Democrats from energy producing states on the House Energy and Commerce Committee. Thus, as advocated by the Edison Electric Institute, the power industry lobby, and the U.S. Climate Action Partnership, a coalition of industrial and environmental interests, the Waxman-Markey bill features: (i) an economy-wide cap-and-trade program, (ii) the grant of allowances to local
power and gas distribution companies to mitigate the price impact on consumers, (iii) the use of carbon offsets to mitigate the cost of compliance to emitters, (iv) CO2 price mitigation measures to prevent price spikes, and (v) government-sponsored research into carbon capture and sequestration. These features parallel closely the requirements of the "Gang of 16," a group of Democratic Senators from states that are either large producers or consumers of coal in electricity production, whose support is critical if the Waxman-Markey bill is to receive the 60 votes required for cloture in the Senate (see our note of January 22nd, "The Climate Warms for CO2 Regulation").

While House Republicans have consistently opposed the Waxman-Markey bill, both Moler and Rowe believe that Senate Republicans are likely to become more involved with the bill and that a limited numbers of Republican Senators may support it. In part this reflects the support the Waxman-Markey bill has received from the regulated industries, which are traditionally Republican constituencies. Related to this, Moler believes that there is a sense among Republican Senators that greenhouse gas regulation is inevitable, and that the current weak economic environment provides an opportunity to turn the proposed legislation in a more moderate direction. Rowe expressed the view that the Waxman-Markey bill may gain votes from the two Republican Senators from Maine, Olympia Snowe and Susan Collins; from Senator Lisa Murkowski of Alaska; and from Senator John McCain of Arizona.

In the end, the passage of greenhouse gas legislation in the Senate may well depend, according to Moler and Rowe, on the active involvement of the President. Moler notes that the Obama administration remains strongly committed to the bill, and that the President is prepared to invest his substantial political capital to pass it.

A blunt instrument that can be wielded by the President in his discussions with Senators from coal producing states is the Environmental Protection Agency's proposed "endangerment" finding, which would establish CO2 as a pollutant under the Clean Air Act and thus require its regulation under the provisions of that law. As explained in our note of April 20th, "EPA Releases Endangerment Finding on CO2," the Clean Air Act's requirement that the EPA impose emissions limits on new stationary sources of air pollutants could effectively stop the construction of coal fired power plants in the United States. The threat of even more draconian regulation of CO2 by the EPA, in Moler's view, could render the Waxman-Markey bill a far more attractive alternative to moderate Senators.

If passed, John Rowe calculates the Waxman-Markey bill will add $700 to $750 million to Exelon's annual revenues for every $10 per metric ton (Mt) increase in the price of CO2 allowances. Such a revenue increase would contribute $0.67-$0.72 to earnings per share. Exelon estimates that the price of CO2 allowances, when the law takes effect in 2012, will range from $15 to $18/Mt, implying a positive earnings impact of $1.00 to $1.30 per share. Rowe also expressed the view that the current low gas price environment, which has depressed the long run earnings power of Exelon and other unregulated nuclear generators, has reduced the risk that the earnings benefit of CO2 regulation will be subject to a windfall profit tax.

If generators succeed in passing through to power prices the cost of the allowances they are required to purchase under the Waxman-Markey bill, we agree that the revenue impact of CO2 regulation could be at the lower end of the range cited by Rowe. If in fact power prices rise by less than the cost of these purchases, the revenue benefit to Exelon would be reduced. Assuming generators are successful in passing through 80% of the cost of their allowance purchases, for example, the revenue benefit to Exelon would be only $565 million for every $10/Mt increase in the price of CO2, or the equivalent of $0.54 per share.

Rowe explained that his estimate of the revenue benefit of CO2 regulation under the Waxman-Markey bill is significantly lower than his previous estimate of the revenue impact of CO2 regulation, which was $1.0 billion for every $10/Mt increase in the CO2 price. This reduction reflects the Exelon's assessment of the allowance allocation provisions of the Waxman-Markey bill. These will require both gas and coal-fired
generators to purchase allowances equivalent to approximately one half ton of CO2 for every MWh produced, and Exelon believes that it will be the cost of these purchases, and not the value of any allowance grants, that will be passed through to the price of power. As explained in our note of May 22, "How Will the Waxman Climate Change Bill Affect Power Prices and Profits?", we believe this assessment to be correct, and therefore expect power prices in unregulated markets to rise by no more than the value of a half a ton of CO2 per MWh.
Valuation Methodology

We have calculated our 12 to 18 month target price for Exelon stock using both a discounted cash flow model and a comparable company valuation that applies the median valuation metrics of comparable unregulated generators to Exelon’s forecast earnings, dividend, EBITDA.

Our comparable group is comprised of Entergy, FirstEnergy, PPL and PSEG. Like Exelon, these companies combined regulated utility operations with significant unregulated generation. Equally important, each has a major component of nuclear generation in its total power output. The companies are comparable in size and credit quality to Exelon and, in the cases of FirstEnergy, PPL and PSEG, have generation fleets in the Midwest or Mid-Atlantic.

We have applied the median valuation multiples (price to earnings, dividend yield and enterprise value to EBITDA) of the comparable group to Exelon's forecast earnings, dividend and EBITDA in 2010. The average of the implied valuations of Exelon stock is $45 per share.

Our DCF valuation reflects on our cost of capital calculation and cash flow forecast. Based on currently prevailing long term Treasury yields, an estimated equity market risk premium of 7.0%, and Exelon's equity beta of 0.94, we calculate Exelon's cost of equity to be 10.3% and its weighted average cost of capital 8.5%. We have assumed a perpetuity growth rate of 1.9%, reflecting (i) NERC's forecast of long term load growth in PJM, and (ii) the financial market's expectations of consumer price inflation, as reflected in the differential in yield between long term Treasury bonds and Treasury Inflation-Protected Securities (TIPS). Based on these assumptions, the discounted present value of our forecast of Exelon's free cash flow is also some $45 per share.

We have also conducted a sensitivity analysis of Exelon's value, however, based on the assumption that CO2 emissions are subject to regulation by the federal government through a cap-and-trade scheme similar to that adopted by the European Union in 2005. Reflecting the EPA's recent analysis of the economic impact of such a scheme, we have assumed a CO2 allowance price of $15 per metric ton (Mt). Making the corresponding adjustment to our estimate of Exelon's earnings and cash generation capacity in 2012, our DCF analysis of this scenario suggests the company would be worth $59 per share in 2010.

Based on our soundings of federal legislators, Congressional staff, utility executives and their lobbyists, we estimate that there is a 60% a chance of federal legislation to regulate CO2 passing in the current Congress. To arrive at our 12 to 18 month target price, therefore, we have applied a 60% probability to our $59 valuation of Exelon in a carbon-constrained scenario, and a 40% probability to our $45 valuation of Exelon in the absence of CO2 emissions limits. The probability-weighted average of these two scenarios results in a target price at $53 per share.

Risks

Our estimates of Exelon’s future earnings are predicated on the currently prevailing forward price curves. A downward move in the price for natural gas, and a commensurate decline in round-the-clock power prices in eastern PJM, would significantly reduce the earnings gain expected in 2011 from the expiry of PECO’s frozen rates for full service electricity. Similarly, were Pennsylvania regulators not to allow PECO to purchase power through a procurement auction, and to recover the cost of such purchases in its rates for basic generation service, Exelon’s long term earnings power could be materially reduced. Finally, the failure of the federal government to regulate CO2 would significantly reduce our estimate of Exelon's long run earnings power.
SRO REQUIRED DISCLOSURES

- References to "Bernstein" relate to Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein Limited, collectively.
- Bernstein analysts are compensated based on aggregate contributions to the research franchise as measured by account penetration, productivity and proactivity of investment ideas. No analysts are compensated based on performance in, or contributions to, generating investment banking revenues.
- Bernstein rates stocks based on forecasts of relative performance for the next 6-12 months versus the S&P 500 for U.S. listed stocks and versus the MSCI Pan Europe Index for stocks listed on the European exchanges - unless otherwise specified. We have three categories of ratings:
  - Outperform: Stock will outpace the market index by more than 15 pp in the year ahead.
  - Market-Perform: Stock will perform in line with the market index to within +/-15 pp in the year ahead.
  - Underperform: Stock will trail the performance of the market index by more than 15 pp in the year ahead.
  - Not Rated: The stock Rating, Target Price and estimates (if any) have been suspended temporarily.
- As of 06/09/2009, Bernstein's ratings were distributed as follows: Outperform - 41.5%; Market-Perform - 50.1%; Underperform - 8.4%; Not Rated - 0%.
- Mr. Wynne maintains a long position in Duke Energy Corp. (DUK).
- The following companies are or during the past twelve (12) months were clients of Bernstein, which provided non-investment banking-securities related services and received compensation for such services EXC / Exelon Corp.

12-Month Rating History as of 06/09/2009

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Rating Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXC</td>
<td>O (RC) 01/12/05</td>
</tr>
</tbody>
</table>

Rating Guide: O - Outperform, M - Market-Perform, U - Underperform, N - Not Rated
Rating Actions: IC - Initiated Coverage, DC - Dropped Coverage, RC - Rating Change

EXC / Exelon Corp

<table>
<thead>
<tr>
<th>Date</th>
<th>Rating</th>
<th>Target (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/26/07</td>
<td>O</td>
<td>80.00</td>
</tr>
<tr>
<td>05/05/07</td>
<td>O</td>
<td>85.00</td>
</tr>
<tr>
<td>10/21/08</td>
<td>O</td>
<td>70.00</td>
</tr>
<tr>
<td>03/11/09</td>
<td>O</td>
<td>65.00</td>
</tr>
</tbody>
</table>

A price movement of a security which may be temporary will not necessarily trigger a recommendation change. Bernstein will advise as and when coverage of securities commences and ceases. Bernstein has no policy or standard as to the frequency of any updates or changes to its coverage policies. Although the definition and application of these methods are based on generally accepted industry practices and models, please note that there is a range of reasonable variations within these models. The application of models typically depends on forecasts of a range of economic variables, which may include, but not limited to, interest rates, exchange rates, earnings, cash flows and risk factors that are subject to uncertainty and also may change over time. Any valuation is dependent upon the subjective opinion of the analysts carrying out this valuation.

This document may not be passed on to any person in the United Kingdom (i) who is a retail client (ii) unless that person or entity qualifies as an authorised person or exempt person within the meaning of section 19 of the UK Financial Services and Markets Act 2000 (the "Act"), or qualifies as a person to whom the financial promotion restriction imposed by the Act does not apply by virtue of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or is a person classified as an "professional client" for the purposes of the Conduct of Business Rules of the Financial Services Authority.

To our readers in the United States: Sanford C. Bernstein & Co., LLC is distributing this publication in the United States and accepts responsibility for its contents. Any U.S. person receiving this publication and wishing to effect securities transactions in any security discussed herein should do so only through Sanford C. Bernstein & Co., LLC.
To our readers in the United Kingdom: This publication has been issued or approved for issue in the United Kingdom by Sanford C. Bernstein Limited, authorised and regulated by the Financial Services Authority and located at Devonshire House, 1 Mayfair Place, London W1J 8SB, +44 (0)20-7170-5000.

To our readers in member states of the EEA: This publication is being distributed in the EEA by Sanford C. Bernstein Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority and holds a passport under the Investment Services Directive.

To our readers in Australia: Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein Limited are exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 in respect of the provision of the following financial services to wholesale clients:

- providing financial product advice;
- dealing in a financial product;
- making a market for a financial product; and
- providing a custodial or depository service.

Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein Limited are regulated by the Securities and Exchange Commission under U.S. laws and by the Financial Services Authority under U.K. laws, respectively, which differ from Australian laws.

One or more of the officers, directors, or employees of Sanford C. Bernstein & Co., LLC, Sanford C. Bernstein Limited and/or its affiliates may at any time hold, increase or decrease positions in securities of any company mentioned herein.

Bernstein or its affiliates may provide investment management or other services to the pension or profit sharing plans, or employees of any company mentioned herein, and may give advice to others as to investments in such companies. These entities may effect transactions that are similar to or different from those recommended herein.

Bernstein Research Publications are disseminated to our customers through posting on the firm's password protected website, www.bernsteinresearch.com. Additionally, Bernstein Research Publications are available through email, postal mail and commercial research portals. If you wish to alter your current distribution method, please contact your salesperson for details.

Bernstein and/or its affiliates do and seek to do business with companies covered in its research publications. As a result, investors should be aware that Bernstein and/or its affiliates may have a conflict of interest that could affect the objectivity of this publication. Investors should consider this publication as only a single factor in making their investment decisions.

This publication has been published and distributed in accordance with Bernstein's policy for management of conflicts of interest in investment research, a copy of which is available from Sanford C. Bernstein & Co. LLC, Director of Compliance, 1345 Avenue of the Americas, New York, N.Y. 10105 or Sanford C. Bernstein Limited, Director of Compliance, Devonshire House, One Mayfair Place, London W1J 8SB, United Kingdom.

CERTIFICATIONS

I/we, Hugh Wynne, Senior Analyst(s), certify that all of the views expressed in this publication accurately reflect my/our personal views about any and all of the subject securities or issuers and that no part of my/our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views in this publication.

Approved By: NKO

Copyright 2009, Sanford C. Bernstein & Co., LLC, a subsidiary of AllianceBernstein L.P. – 1345 Avenue of the Americas – NY, NY 10105 – 212/756-4400. All rights reserved.

This publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Bernstein or any of their subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. This publication is based upon public sources we believe to be reliable, but no representation is made by us that the publication is accurate or complete. We do not undertake to advise you of any change in the reported information or in the opinions herein. This publication was prepared and issued by Bernstein for distribution to eligible counterparties or professional clients. This publication is not an offer to buy or sell any security, and it does not constitute investment, legal or tax advice. The investments referred to herein may not be suitable for you. Investors must make their own investment decisions in consultation with their professional advisors in light of their specific circumstances. The value of investments may fluctuate, and investments that are denominated in foreign currencies may fluctuate in value as a result of exposure to exchange rate movements. Information about past performance of an investment is not necessarily a guide to, indicator of, or assurance of, future performance.