

# Finance Overview

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Kirk Andrews | Chief Financial Officer





# Summary

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Current share price  
**Discounts Value of  
"Core" Business**

Key new initiatives  
(i.e. Home Solar) mean  
**Real Value  
Enhancements**

**Robust Free Cash Flow**  
plus reduced capex drives  
significant capital for  
allocation

**Smart  
Capital Allocation**  
positions Company to  
**Double EBITDA by 2022**  
(even without significant  
improvement in energy prices)

# Our Core Value Today

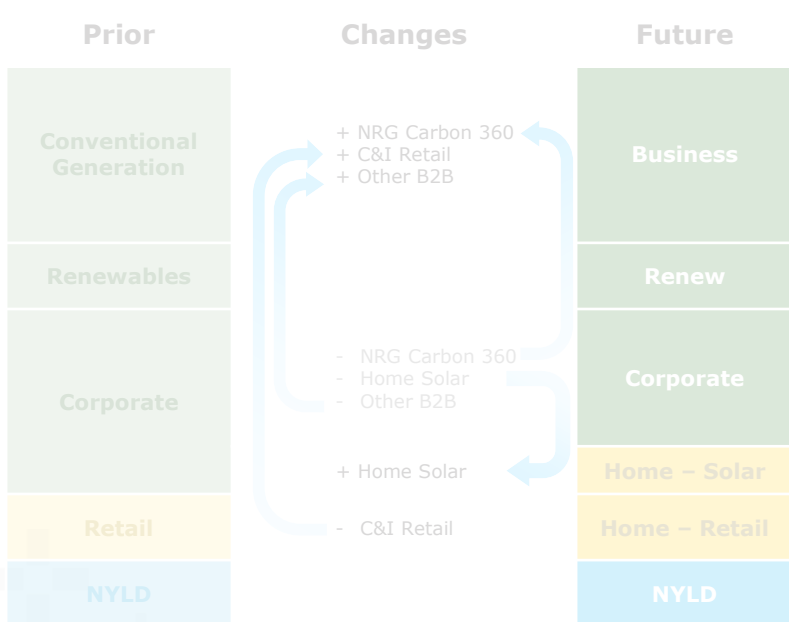
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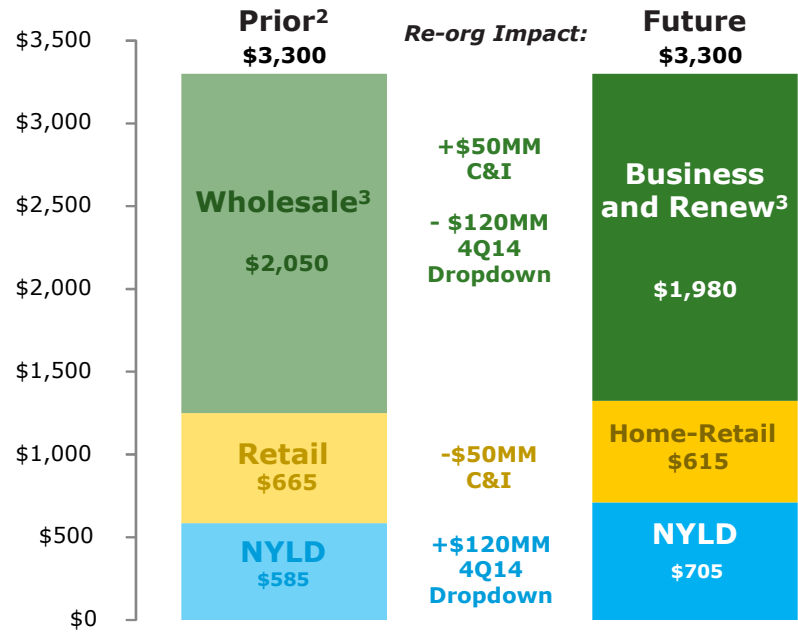
# Adjusting Segments and Reaffirming Guidance



## Realigning Segments



## Reaffirming 2015 Adjusted EBITDA Guidance<sup>1</sup>

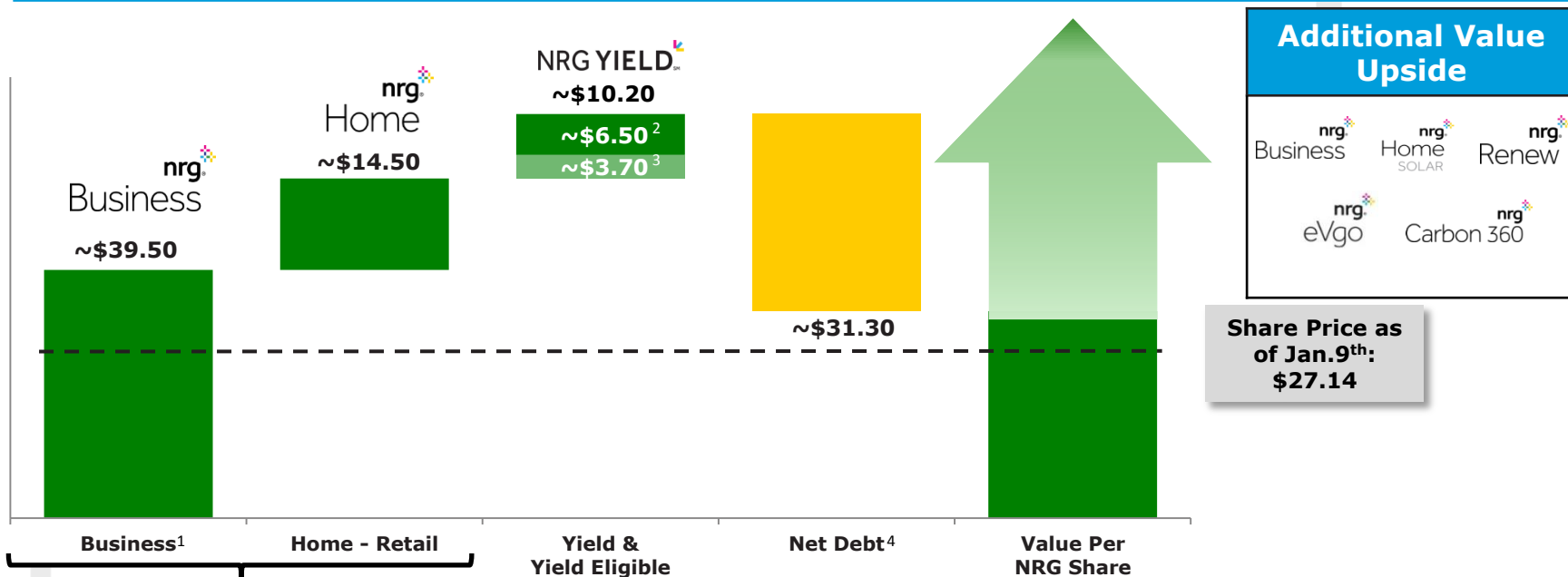


<sup>1</sup> Home and Consolidated Adjusted EBITDA exclude Home Solar; <sup>2</sup> Based on mid-point of reaffirmed guidance; <sup>3</sup> Includes corporate

A New Organization Structure and a Reaffirmation of Guidance...



# ...Underscores NRG's Core Value



Based on midpoint Adjusted EBITDA Guidance at an illustrative 8x Multiple

Note: Based on 338 MM NRG shares outstanding

<sup>1</sup> Guidance of \$1,980 MM less \$305 MM of EBITDA from NYLD eligible assets; <sup>2</sup> Market value of ownership interest as of January 9, 2015 at an NYLD share price of \$51.59; <sup>3</sup> Illustrative value of remaining ROFO/NYLD eligible assets at 8% CAFD yield; <sup>4</sup> As of 9/30/14 - NRG Corporate recourse debt of \$8.8 billion, GenOn debt of \$2.8 billion, \$0.6 billion other project debt, \$345 MM convertible preferred, less \$2.0 billion of cash (excluding NYLD and pro forma for drop down proceeds from January 5, 2015); see Appendix

NRG's Core Platform + Ownership in NRG Yield is Undervalued...The Remainder is a "Free Option"

# Establishing the Additional Value of NRG Home in 2015

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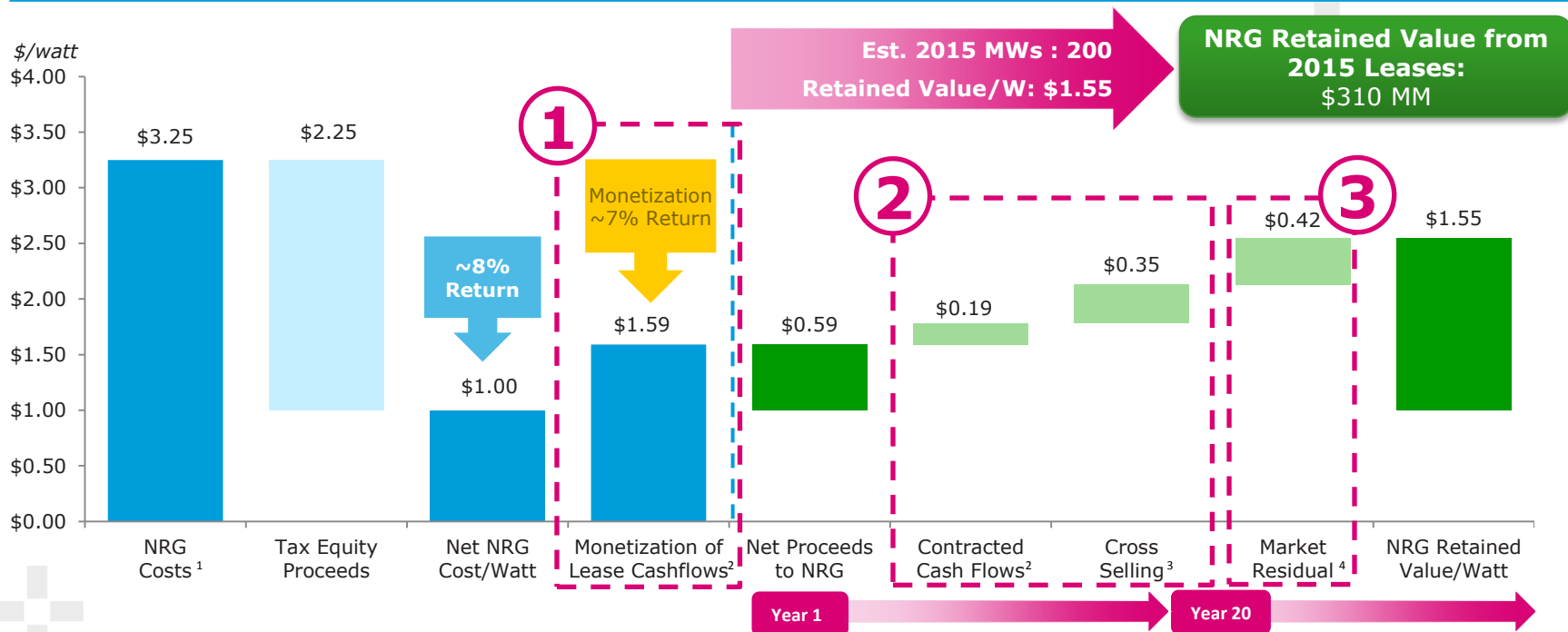


# Three Components of Home Solar Value

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- 1** Monetize Leases at a Premium to NRG Cost - Today
- 2** Capture Value of Retained Cash Flows and Cross Selling During Lease Period
- 3** Residual Value Post Year 20

# Capturing & Enhancing the Value of Home Solar



<sup>1</sup> Based on mid-point guidance; <sup>2</sup> Monetization of lease cash flows assumed at ~7% discount rate for 95% of contracted cash flows for 18 years excluding residual. NRG receives 5% of contracted cash flows for years 1-18 and 95% thereafter (including residual); <sup>3</sup> Assumed value accretion from cross selling; <sup>4</sup> Based on current market metrics of Market Residual: 10 years of additional lease cash flows at 90% of year 20, discounted at 6%

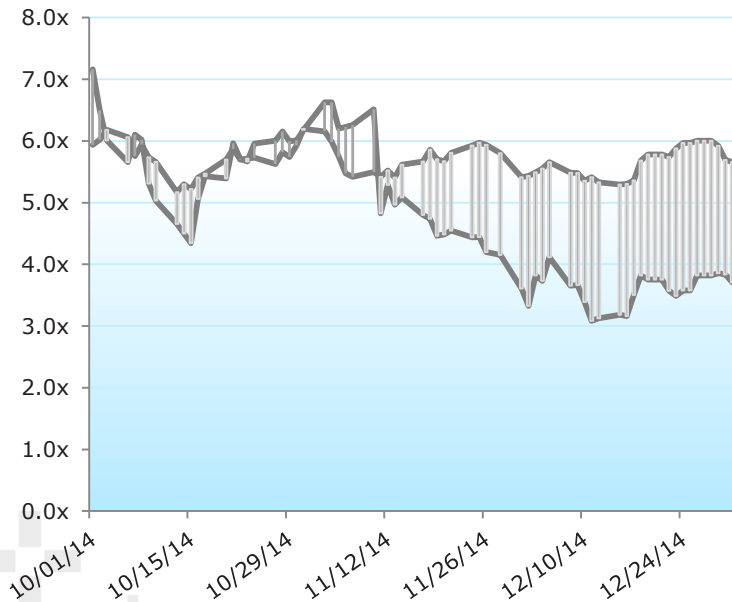
Near term monetization at a premium to cost; NRG retains long term value of customer relationship





# Home Solar Value Growth

**Enterprise Value as a Multiple to Cumulative MWs**



## Valuation Based on Cumulative MWs

(\$ millions)	2015
<b>Home Solar Beginning MWs (est.)</b>	<b>50</b>
MWs installations	200
<b>Cumulative MW Installations</b>	<b>250</b>
Multiple Range based on Comps <sup>1</sup>	4.0x – 6.0x
<b>Implied Value</b>	<b>\$1,000 - \$1,500 MM</b>
NRG Shares Outstanding <sup>2</sup>	~338 MM
<b>Implied Value per Share</b>	<b>\$2.96 - \$4.44/share</b>

### ❖ NRG incremental value opportunities:

- Cross Selling opportunities
- Opportunity for enhanced value in terminal
- Stickier customers and lower retention costs

### ❖ NRG Home Solar CAGR 2014-18 MW Growth ~120%

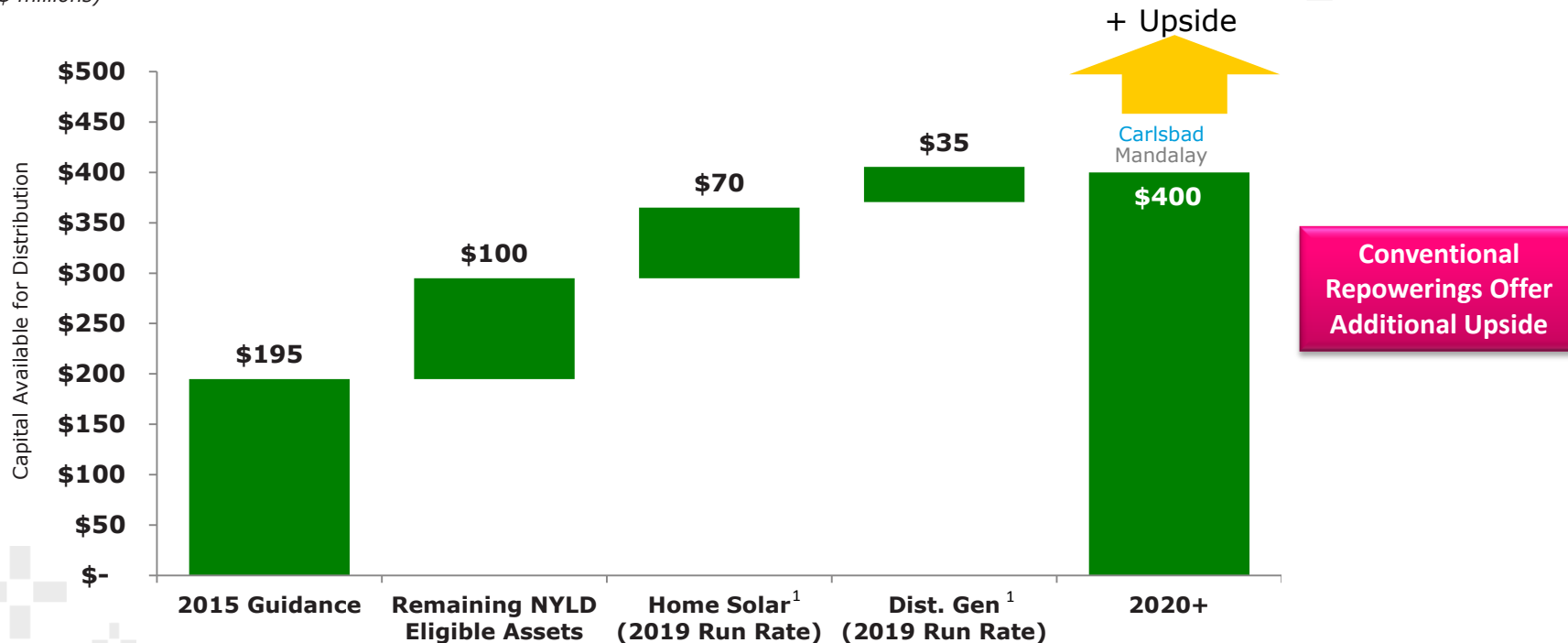
<sup>1</sup> Based on trading prices of Solar City and Vivint Solar from 10/1/14 – 12/31/14 and estimated MW installations (Goldman Sachs Equity Research)

<sup>2</sup> As of Oct. 31, 2014

# NRG Yield: Replenishing & Expanding CAFD Growth Pipeline



(\$ millions)



<sup>1</sup> Illustrative. Assumes monetization of cumulative MWs of Home Solar 1.5GWs and Dist. Gen. Solar of 1.1GWs with leverage of 1.4x DSCR

Home, Renew and Business Drive expanded CAFD pipeline at NYLD

# Tomorrow: Focusing on Robust Cash Flow

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# Continuing to Deliver Robust Cash Flow

(\$ millions)	2015 Guidance <sup>1</sup>	Projected Annual Spend			
		2016	2017	2018	2019
<b>Adjusted EBITDA</b>	<b>\$3,300</b>				
Interest	(1,160)				
Working capital and taxes	210				
Maintenance CapEx, net	(540)	(475)	Run Rate – (\$375)		
Environmental CapEx, net	(300)	(250)	(5)	(15)	(20)
Home Solar	(100)	Break-even by 2017			
Preferred dividends and other distributions	(210)				
<b>Free cash flow before growth "FCFB4G" (13% Yield<sup>2</sup>)</b>	<b>\$1,200</b>	<b>+\$400MM ANNUAL IMPROVEMENT</b>			

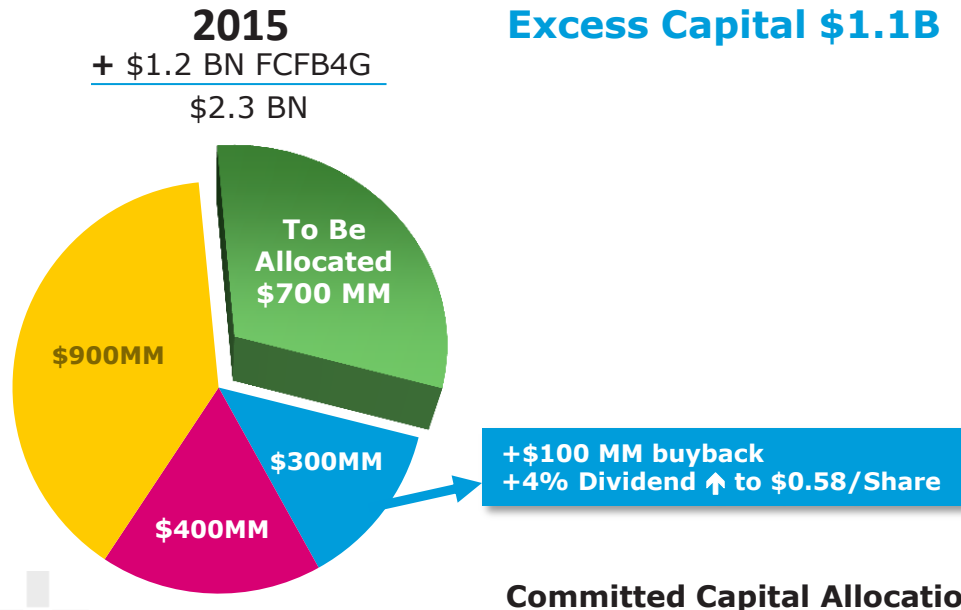
<sup>1</sup> Based on mid-point of reaffirmed guidance (excludes Home Solar); <sup>2</sup> As of 1/9/15; <sup>3</sup> For illustrative purposes, assumes 2015 FCFB4G guidance plus an assumed run-rate, using 2015E as a baseline of at least \$1,000 MM, plus the average annual impact of at least \$400 MM due to reduced capex and Home Solar breakeven

Cumulative FCFB4G Through 2019 of >\$6.5 billion<sup>3</sup>

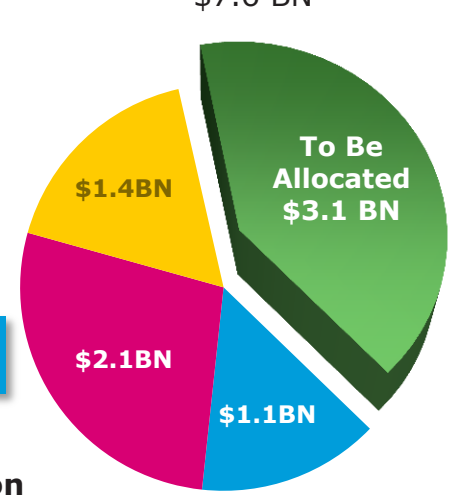


# Smart Capital Allocation

## 2014 Excess Capital \$1.1B



## 2015 - 2019 + \$6.5 BN FCFB4G \$7.6 BN



- Plus:**
- NYLD Dropdowns
  - Cash flow from Investments

Robust FCFB4G provides substantial capital to improve balance sheet, fuel growth and return capital to shareholders

# Our Future: Doubling EBITDA...

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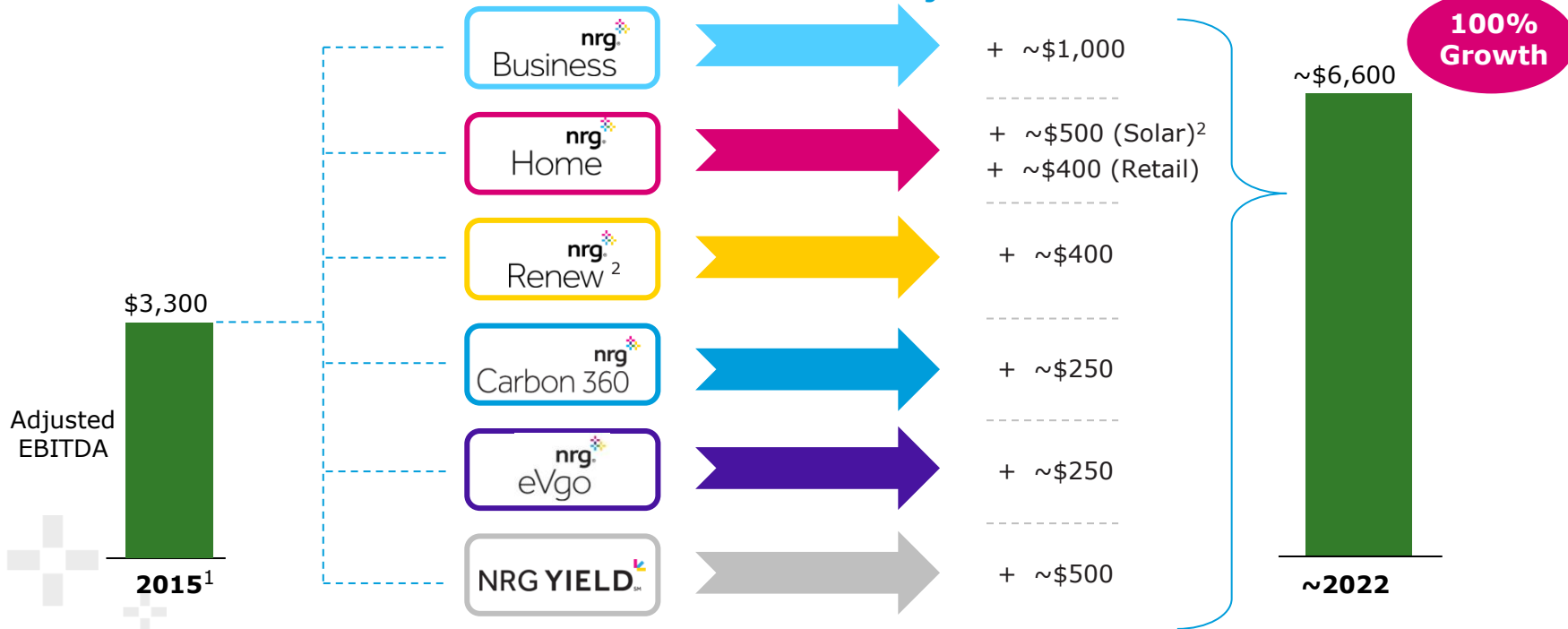
... even in a chronically constrained  
commodity price environment



# Pursuing a Path to Growth...

(\$ millions)

## Incremental Adj. EBITDA Potential



<sup>1</sup> NRG Energy's 2015 midpoint Adjusted EBITDA guidance; <sup>2</sup> EBITDA contribution implied at 8x EV/EBITDA multiple

...Even in a subdued commodity price environment



# In Closing

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Current share price  
**Discounts Value of  
"Core" Business –  
Growth a Free Option**

Key new initiatives  
mean **Real Value  
Enhancements. Home  
Solar in 2015 and  
Beyond + Platform  
Leverage**

**Robust Free Cash Flow**  
fuels capital allocation;  
at least 17% return to  
shareholders over next 5  
years

**Smart  
Capital Allocation**  
positions Company to  
**Double EBITDA by 2022**  
(even without significant  
improvement in energy prices)