# NRG's First Quarter 2009 Results Presentation

April 30, 2009

# Safe Harbor Statement

This Investor Presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to certain risks, uncertainties and assumptions and typically can be identified by the use of words such as “expect,” “estimate,” “should,” “anticipate,” “forecast,” “plan,” “guidance,” “believe” and similar terms. Such forward-looking statements include our adjusted EBITDA, cash flow from operations, and free cash flow guidance, expected earnings, future growth and financial performance, commercial operations and repowering strategy, expected benefits and EBITDA improvements of the *FOR*NRG initiatives, and expected benefits and timing of the 2009 Capital Allocation Plan, project development, nuclear development and expected benefits and timing of the acquisition of Reliant Texas retail business. Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, general economic conditions, hazards customary in the power industry, weather conditions, competition in wholesale power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in the wholesale power markets, changes in government regulation of markets and of environmental emissions, the condition of capital markets generally, our ability to access capital markets, unanticipated outages at our generation facilities, adverse results in current and future litigation, failure to identify or successfully implement acquisitions and repowerings, the inability to implement value enhancing improvements to plant operations and companywide processes, our ability to realize value through our commercial operations strategy, and our ability to achieve the expected benefits of our 2009 Capital Allocation Plan and *Repowering*NRG projects.

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# Agenda

- Opening Remarks – *D. Crane*
- Operational and Commercial Review – *J. Ragan*
- Financial Review – *B. Flexon*
- NRG's Value Creation– *D. Crane*
- Q&A

# Opening Remarks

# Q1 2009 Highlights

| Intrinsic Value Creation | Extrinsic Value Creation |
| --- | --- |
| ✓ Strong operational performance with baseload fleet availability of 93% and EFOR of 1.6% | ✓ Capitalized on debt market availability for finance of $534mm for GenConn and $58.5mm for Dunkirk (completed) |
| ✓ Capitalized on downward commodity price pressure to extend coal hedges | ✓ Announced Reliant Energy retail business acquisition for purchase price of $288 million, plus working capital (closing May 1) |
| ✓ Advancements towards low and no carbon Repowering program with NINA, Cedar Bayou, Connecticut peakers and eSolar | ✓ Ongoing non-core portfolio rationalization with estimated pre-tax proceeds from the announced sale of Mibrag for ~US$259mm (on track for 2Q ’09 closing) |

2009 is off to solid start -- Building on track record for execution on all value opportunities within NRG portfolio

# Operations and Commercial Review

# Operations Summary

## Safety – Continued Strong Performance

- OSHA recordable rate of 1.47 – exceeds top quartile

## Plant Operations – Outstanding Reliability

- Coal fleet equivalent availability factors exceeded 90%
- Nuclear equivalent availability factors at 100%

## EPC – Execution on construction projects – on time, on budget

- Huntley 67 & 68 – excellent operational history upon completion of maintenance and construction outages
- CBY4 – Construction 90% complete – Operational readiness complete

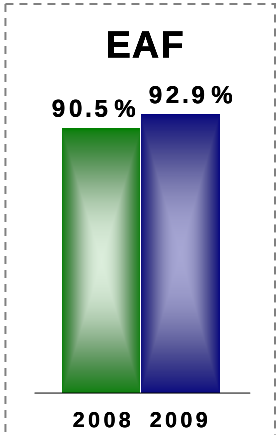
## Commercial Operations – Protecting the portfolio during volatile times

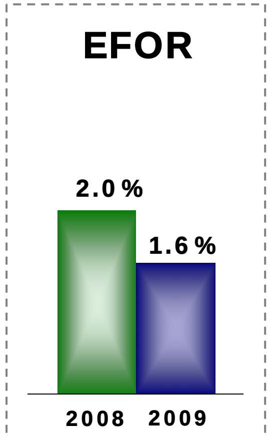
- Took advantage of lower market prices to hedge coal exposure 2010 - 2012
- Managing through commodity price down-cycle
- Focused on integration of new Reliant Energy retail

**Strong safety culture and continuous reliability improvements in a challenging and evolving operating environment**

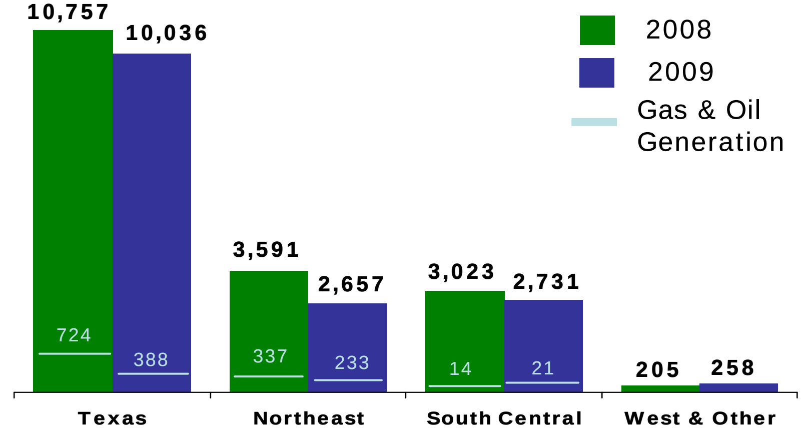
# Q1 Plant Operations

## Baseload Plant Reliability



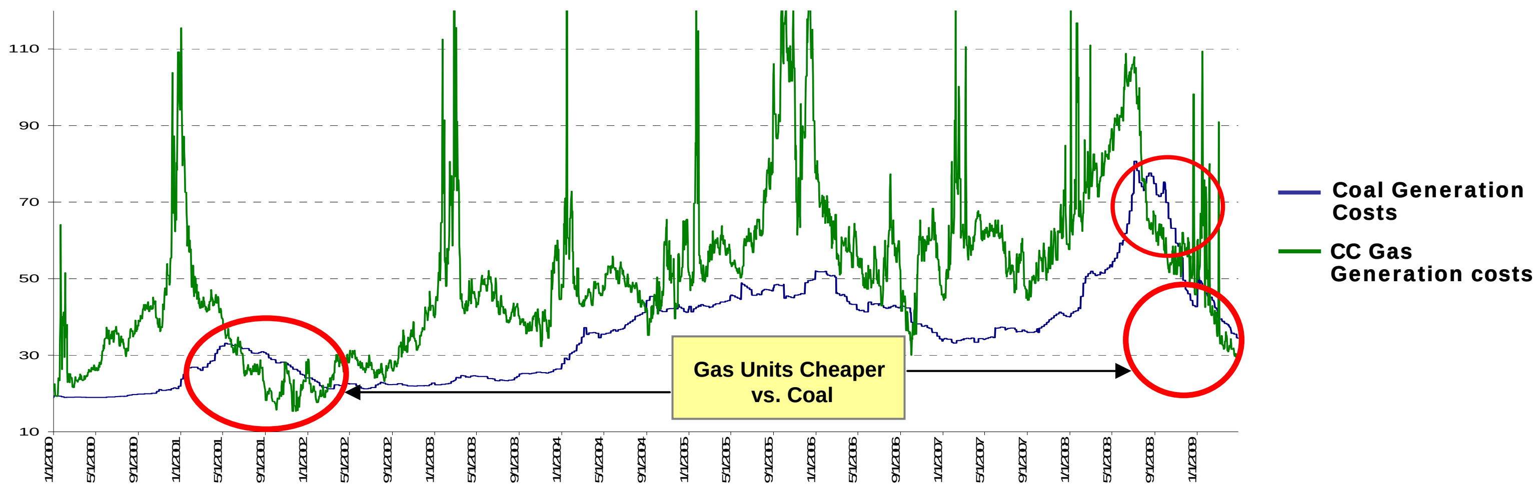




## Net Fleet Production* (MWh)




* Excludes wind

## Coal / Gas Conversion

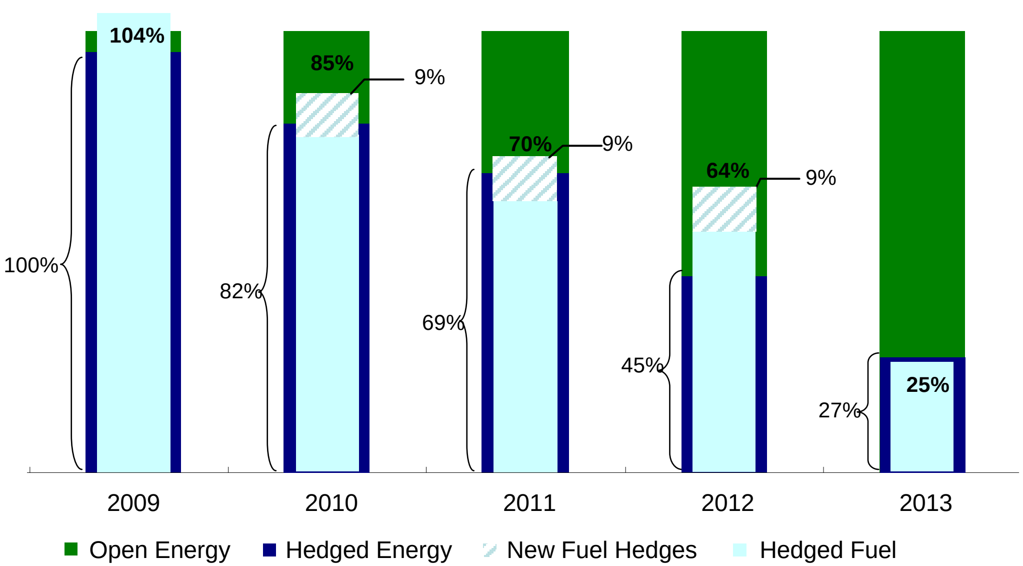



Source: Platts Gas Argus Coal and Emissions, Argus Coal Transportation and NRG estimates for PJM; Coal and gas generation costs include fuel, transportation, emission and VOM. Coal units in PJM east burn Central Appalachian coal with 10.5 heat rate. Gas units have 7.5 heat rate with Tetco M3 gas.

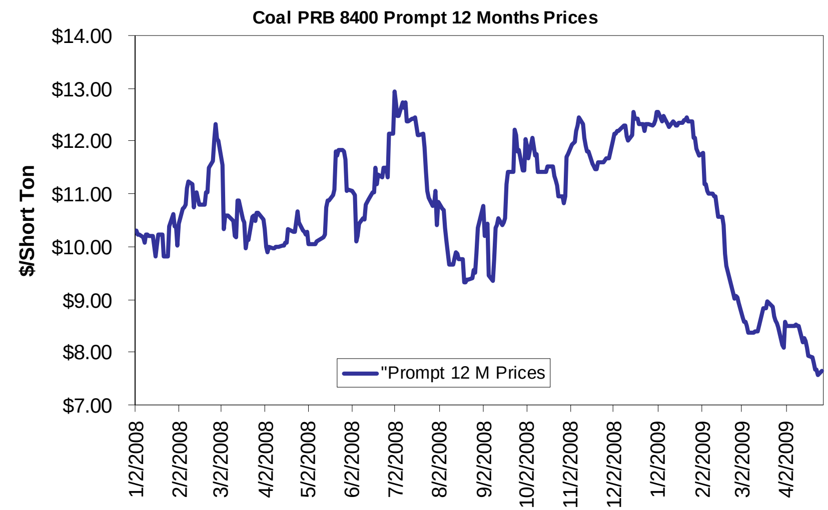
**Continuous improvement in reliability metrics**

# Managing Commodity Price Risk

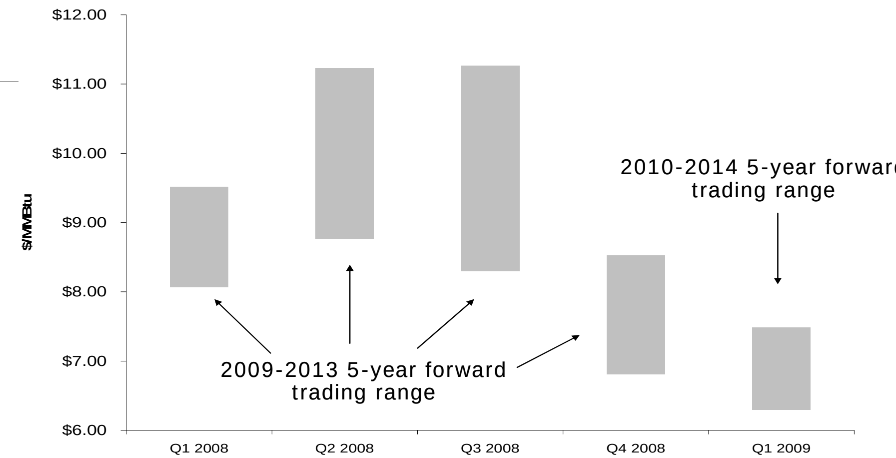
## Baseload Hedge Position[1,2]




## Coal




## Natural Gas

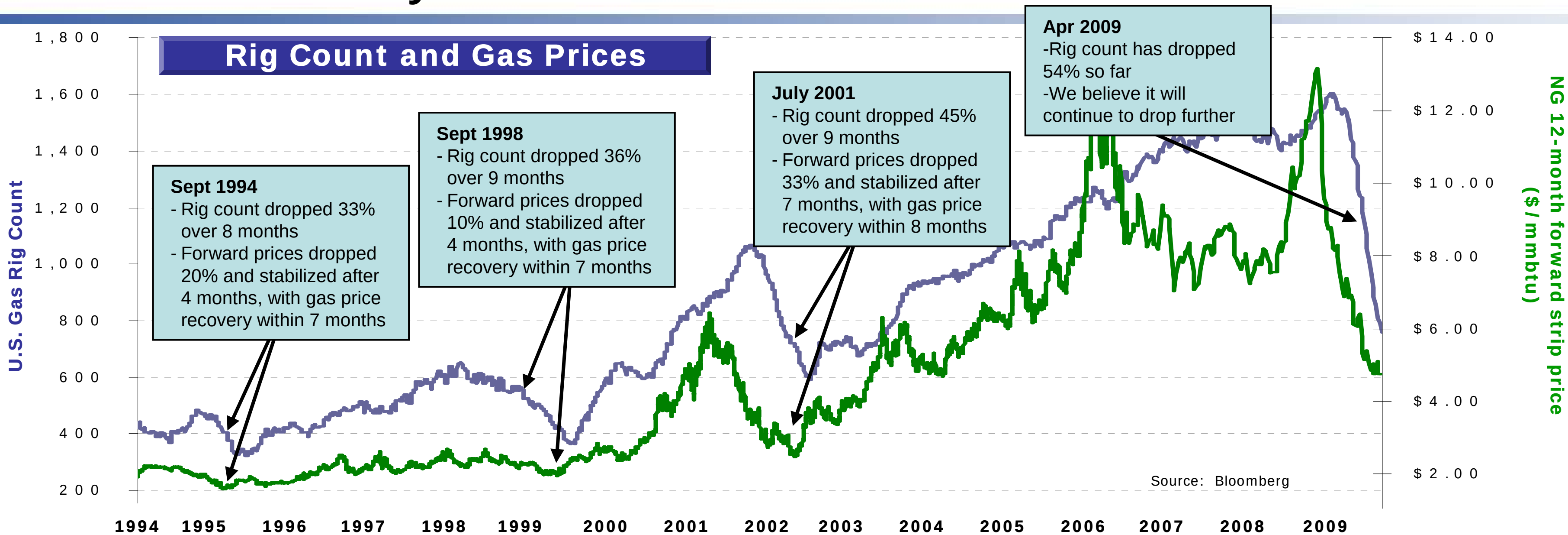



[1] Portfolio as of 4/9/2009; 2009 values reflect positions from May 09 through December 09 only

[2] "New Fuel Hedges" represents hedged positions added since Q4'08 (as of 1/29/2009). Coal burn data updated using portfolio date as of 2/27/2009

**Opportunistic hedging to take advantage of higher prices for power and lower prices for coal**

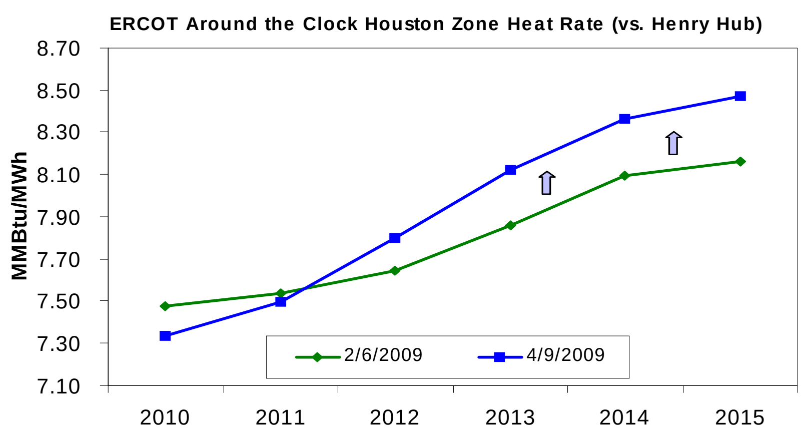
# Fundamentals Will Drive Commodity Price Recovery




## Recovery Drivers / Trends

- Natural gas price recovery drivers:
  - Industrial demand recovers faster in a rebounding global economy
  - Continued producer CapEx cuts slow drilling & production
  - Accelerated decline rates from shale production
  - Lower Canadian imports with rig count decline in Canada
  - Weather events - Heat wave, hurricane
- Decreased energy prices and closed capital markets constrain power generation and natural gas E&P investments
- Texas heat rates remain supported in short-term and continue to increase in back years, trending toward long term fundamentals

## Heat Rate




**Near-term market constraints setting the stage for longer term recovery**

# Financial Review

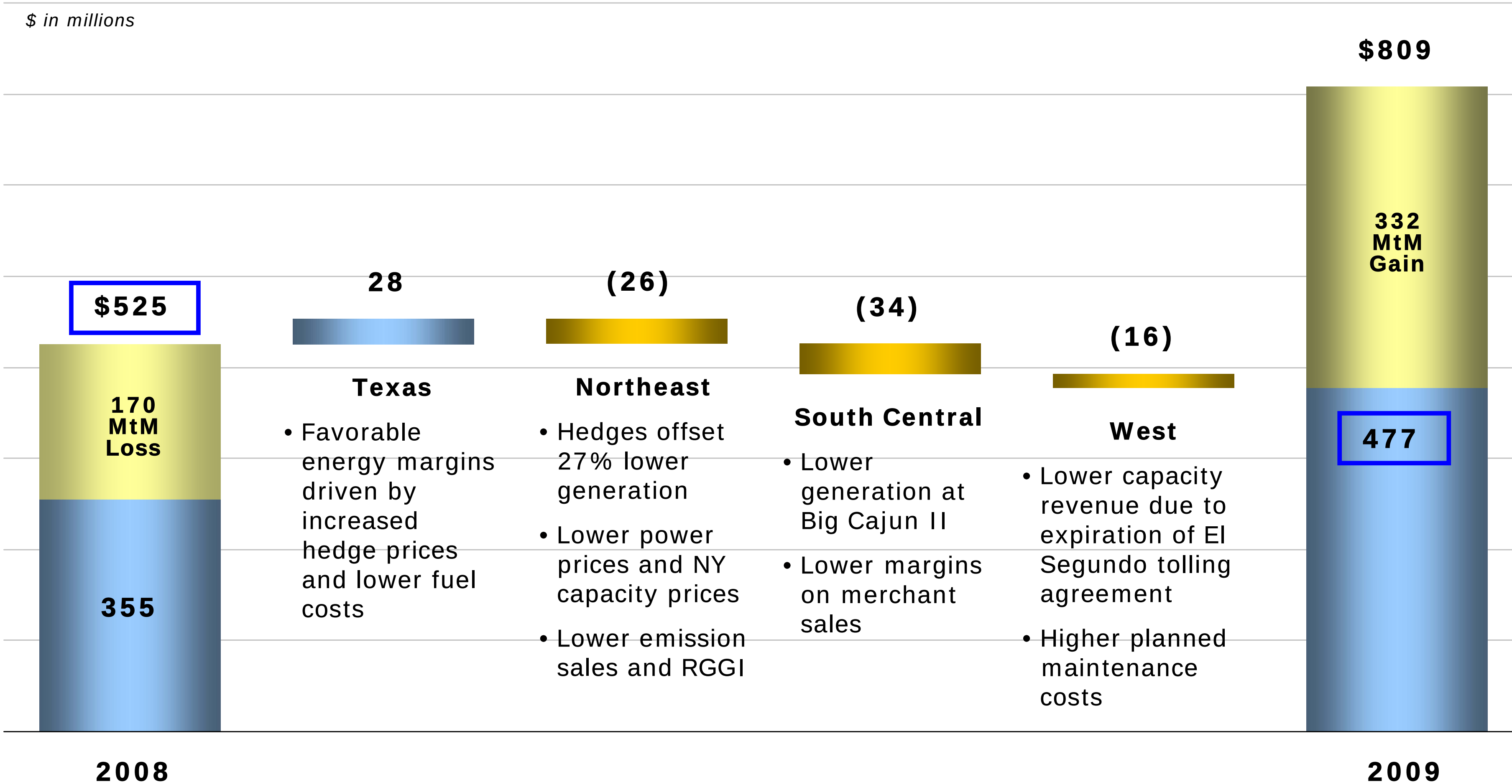
# Q1 2009 - Financial Summary

- ✓ Commercial Hedges Offset Commodity and Market Weakness
  - ✓ $477 million of adjusted EBITDA
  - ✓ $139 million of cash flow from operations

- ✓ Liquidity Remains High at $3.1 billion
  - ✓ $209 million of debt repaid in Q1
  - ✓ $186 million of capital expenditures

- ✓ Prudent Balance Sheet Management
  - ✓ $500 million credit facility at NINA
  - ✓ $534 million GenConn financing and $58.5 million tax-exempt financing at Dunkirk completed April 2009

# Adjusted EBITDA Q1 2009 vs. Q1 2008




Hedged portfolio offsets market and commodity weakness

# Q1 2009 Cash Flow

| *$ in millions* | 2009 | | 2008 | | Variance | |
|---|---|---|---|---|---|---|
| **Adjusted EBITDA, excl. MtM** | **$** | **477** | **$** | **525** | **$** | **(48)** |
| Interest Payments - cash | | (215) | | (222) | | 7 |
| Income Tax - cash | | (8) | | (12) | | 4 |
| Collateral | | 312 | | (150) | | 462 |
| Working Capital/Other assets & liabilities | | (427) | | (81) | | (346) |
| **Cash from Operations** | **$** | **139** | **$** | **60** | **$** | **79** |
| Maintenance CapEx | | (69) | | (53) | | (16) |
| Preferred Dividends | | (14) | | (14) | | - |
| **Free Cash Flow - Recurring Operations** | **$** | **56** | **$** | **(7)** | **$** | **63** |
| Environmental CapEx | | (58) | | (18) | | (40) |
| *Repowering* NRG: | | | | | | |
| Gross Investments | | (115) | | (93) | | (22) |
| Estimated Project Funding | | - | | - | | - |
| Total, Net of Project Funding | $ | (115) | $ | (93) | $ | (22) |

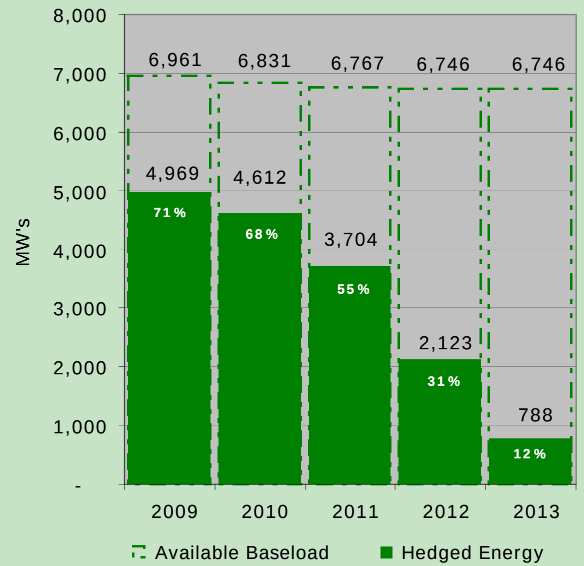
Earnings and collateral receipts drive first quarter cash flows

# Liquidity

| $ in millions | | Mar 31, 2009 | | Dec 31, 2008 |
|---|---|---|---|---|
| Cash and Cash Equivalent | $ | 1,188 | $ | 1,494 |
| Restricted Cash | | 17 | | 16 |
| **Total Cash** | | **1,205** | | **1,510** |
| Funds Deposited by Counterparties | | 1,275 | | 754 |
| **Total Cash and Funds Deposited** | **$** | **2,480** | **$** | **2,264** |
| **Synthetic LC Availability** | | **884** | | **860** |
| **Revolver Availability** | | **1,000** | | **1,000** |
| **Total Liquidity** | **$** | **4,364** | **$** | **4,124** |
| Less: Funds Deposited as Collateral by Hedge Counterparties | | (1,277) | | (760) |
| **Total Current Liquidity** | **$** | **3,087** | **$** | **3,364** |

| | | |
|---|---|---|
| **Dec. 31, 2008 Cash** | **$** | **1,510** |
| CFO | | 139 |
| Capex | | (233) |
| Debt Repayments | | (209) |
| Preferred Dividends | | (14) |
| Other | | 12 |
| **Mar. 31, 2009 Cash** | **$** | **1,205** |

**Lien Structure* (MWs & %) @ 4/23/2009**




* Represents 80% of energy hedged under the Lien structure for rolling 60 months and 60% for the following 12 months. 2009 represents May through December.

**Lien Structure provides an additional source of liquidity:**

Total 110 TWhs of hedging capacity available 2009-2013

Ample and diverse sources of liquidity support ongoing business

# 2009 Guidance

| *$ in millions* | | 4/30/2009 | | 2/12/2009 |
|---|---|---|---|---|
| **Adjusted EBITDA Guidance, excl. MtM** | **$** | **2,200** | **$** | **2,200** |
| Pending Sale of MIBRAG | | (25) | | - |
| **Updated Adjusted EBITDA Guidance, excl. MtM** | **$** | **2,175** | **$** | **2,200** |
| Interest Payments | | (566) | | (582) |
| Income Tax | | (100) | | (100) |
| Collateral Payments | | 312 | | - |
| Working Capital and Other | | (346) | | (18) |
| **Cash from Operations** | **$** | **1,475** | **$** | **1,500** |
| Maintenance CapEx | | (262) | | (255) |
| Preferred Dividends | | (33) | | (33) |
| **Free Cash Flow - Recurring Ops** | **$** | **1,180** | **$** | **1,212** |
| Environmental CapEx | | (249) | | |
| *Repowering* NRG: | | | | |
| Gross Investments | | (471) | | |
| Estimated Project Funding | | 317 | | |
| Total, Net of Project Funding | $ | (154) | | |

**Free Cash Flow Recurring Yield**

25.7%

Note: Cash Flow Yield based on common stock share price of $17.18 as of April 29, 2009

**Free Cash Flow Recurring Per Share**

$4.41

Note: Calculated by adding back preferred dividends and dividing by the weighted average number of common diluted shares of 275 million

Note: Guidance excludes Exelon defense costs, Reliant retail acquisition transaction and integration costs, and operational results of Reliant's retail business

Free cash flow generation builds the liquidity …

# Capital Allocation – 2009 Plan Summary

NRG

## Business Reinvestment

- Maintenance
  - Safety
  - Reliability
- Environmental CapEx

✓ Maintenance CapEx of $69M

✓ Environmental CapEx of $39M

❑ Full-year Maintenance CapEx of $262M

❑ Full-year Environmental CapEx of $230M

## Capital Management

- Net Debt/Capital 45% to 60%
- Corporate Debt / EBITDA<3.5 to 1
- Annual Mandatory Term Loan B Paydown

✓ $209M repayments

✓ Toshiba financing of $500M

✓ Dunkirk financing of $58.5M

✓ GenConn financing of $534M

✓ Net Debt/Cap of 46.7%

❑ $221M expected debt paydown, primarily CSFII

## Capital Return to Shareholders

- Target of $250M-$300M
- Accomplished through common share purchases

❑ Complete 2008 plan with $30M share repurchase

❑ Initiate 2009 plan of $300M share repurchase

## Growth

econrg

repowering NRG

NINA

✓ $87M invested

❑ eSolar investment

❑ Complete Langford and Cedar Bayou 4

❑ Begin construction of GenConn projects

❑ Acquisition of Reliant Energy retail business

★ … to provide the resources to complete our 2009 Capital Allocation Plan ★

# NRG's Path to 21st Century Value Creation

- **Safety**
- **Teamwork**
- **Respect**
- **Integrity**
- **Value Creation**
- **Exemplary Leadership**

**Requires entrepreneurial leadership**
(at all levels of the Company)

- **T** ransformative technologies
- **H** ybrid solutions
- **R** enewables...and not just wind
- **I** ntegrated Plants and Processes
- **V** ariable Fuels
- **E** lectric Vehicles

# NRG Approach to Successful M&A

**Value-accretive acquisitions that optimize our existing portfolio**

| | |
|---|---|
| ✓ An adequate offer and well-considered agreement among the parties | NRG, Reliant and Merrill Lynch hammered out a thorough set of interrelated agreements over a three month period |
| ✓ A well-planned, transparent, detailed business plan including financing | NRG presented a retail business plan to its Board in January and have further refined the Plan since, in cooperation with Reliant Energy management |
| ✓ Timely execution and efficient transition/integration | Dedicated working teams from both companies in continuous contact with transition agreements detailing respective roles |

# New Reliant Energy retail – A Strategic Combination

- ✓ Complements NRG's merchant generation position with a leading retail franchise business with an enduring brand name and outstanding customer operations
- ✓ Optimizes business model through matching of strengths of each business profile, including NRG's risk management and commercial core competencies
- ✓ Increases collateral-efficient contracting options for NRG's Texas generation assets

**Fuel Supply**
- Oil, gas, coal companies

**Fuel Transportation**
- Common carriers: Pipelines, Trains, Ships

**NRG**

**Power Generation**
- Investor and Government Owned Utilities
- Merchant Generator (NRG, ect.)

**Transmission**
- From Generator to Distribution substation

**Distribution**
- From Distribution substation to home or business

**Reliant Energy**

**Retail (Customer)**
- Residential, commercial, and industrial

**NRG Texas**:
Wholesale generation totaling 11,010 MW
- 5,340 MW baseload (coal & nuclear)
- 5,475 MW gas
- 195 MW wind

**Complementary combination**

**New Reliant Energy retail:**
Serves nearly 1.7 mm customers
- Mass: 2nd largest in Texas with ~28% market share – 1.5 mm customers
- C&I: largest in Texas over 35 TWh annual sales

Value-enhancing upstream and downstream acquisition opportunities exist, which also enhance our positions in our core markets

# New Reliant Energy retail – A Natural Fit for NRG

| Reliant Energy | NRG | Complementary combination | NRG |
|---|---|---|---|
| ✔ | | **Customer Retention / Procurement** | ✔ |
| ✔ | | **Customer Debt / Collections** | ✔ |
| | ✔ | **Volume / Price Risk Management** | ✔ |
| | ✔ | **Collateral Management** | ✔ |
| ✔ | ✔ | **Regulatory Relationships** | ✔ |

Announced and closing (May 1) in just under 2 months

# New Reliant Energy retail: Integration Plan

## Phase 1 - Stabilization

- Stabilize and retain Reliant Energy retail business key personnel and customer inter-facing services and capabilities
- Effectively manage pre-existing hedge positions through critical summer months
- Identify and begin realization of cost synergies
- Manage and wind down over time Transition Services Agreement with RRI
- Protect brand value
- Revitalize Texas C&I business approach with disciplined marketing campaign
- Achieve positive financial contribution, even taking into account one-off costs
- NRG core values

## Phase 2 – Integration Optimization

- Equal or exceed full year base case EBITDA and FCF objectives
- Reduce collateral obligations to on-going run rate; wind down and phase out ML collateral sleeve arrangement
- Achieve full run rate cost synergies
- Begin optimal long-term hedging program for combined company
- Implement one or more “distributed green” initiatives
- Rollout, with Generation, targeted “energy displacement” strategy; Begin implementation
- Maintain “best in class” customer satisfaction ranking

Complete integration process in maximum 18 months

# Federal Energy Policies: NRG Response to Washington Landscape for Implementation

NRG

**Policy drivers align with strategic new opportunities for growth**

| Twin Societal Dynamics | Washington Catalyst | Technology Winners | NRG Response |
|---|---|---|---|
| Promoting Sustainability | RES | Efficiency/ Conservation | Reliant smart meter initiative (rollout) |
| | | Wind | 3 windfarms (construction & operation) |
| | | Solar | 500 MW eSolar Projects (development) |
| | | Biomass | Montville Biomass, Somerset Plasma (development) |
| | Stimulus | | |
| Combating Climate Change | Climate Change Legislation (Waxman-Markey) | New Nuclear | NINA, STP 3&4 (development) |
| | | Clean Coal (CCS) | Parish demo project (demonstration) |

To capture these opportunities, scale (with a purpose) is useful, but nimbleness is absolutely critical

# Stimulus: Law Signed and Being Implemented

- Designed to incent tomorrow's energy infrastructure, not yesterday's
  - ✓ Wind – Langford (application in preparation)
  - ✓ Solar – eSolar (application submitted)
  - ✓ Nuclear – STP 3&4 (application submitted to US government)
  - ✓ Plasma – Somerset (application submitted)
  - ✓ Biomass – Montville/Somerset
  - ✓ Smart Grid – New Reliant Energy retail business

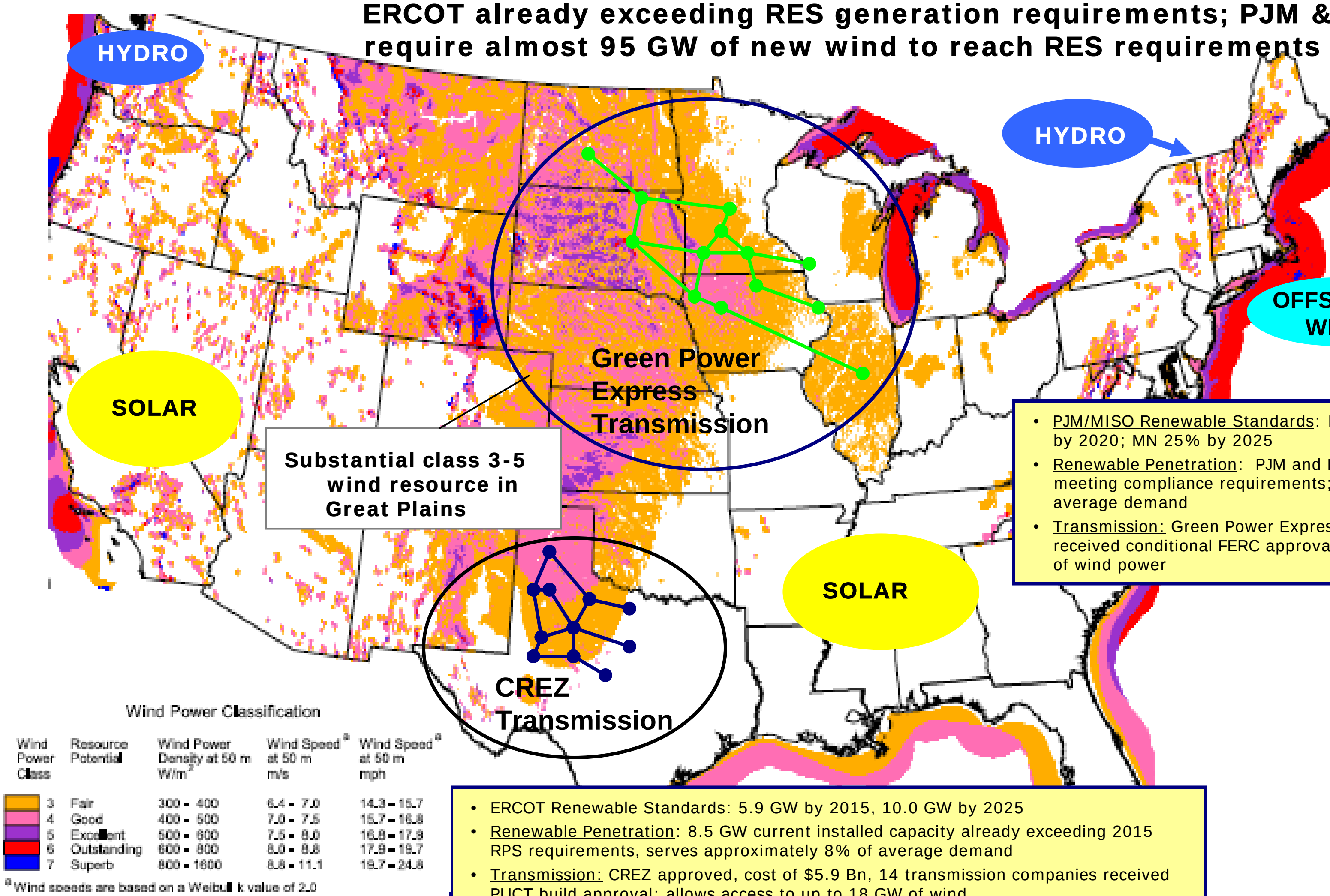
NRG is using its resources to develop the projects and invest in the technologies that will underpin the businesses that climate change and sustainability will create

# Federal RES: Renewables on the Rise – the Push from Washington

- Federal RES has momentum -- more than climate change legislation itself in Senate
- NRG Renewables Strategy Standard
  I. Public Policy: Support federal clean energy standard (includes clean coal and new advanced nuclear)
  II. Early Mover: All regions will need to have the ability to comply
  III. Firming product: Intermittent resources will need to be firmed by fossil; hybrid products ("Firm Renewables")

# Federal RES: Renewable Resources and Transmission Projects

**ERCOT already exceeding RES generation requirements; PJM & MISO states require almost 95 GW of new wind to reach RES requirements**




- PJM/MISO Renewable Standards: IL 25% by 2025; PA 20% by 2020; MN 25% by 2025
- Renewable Penetration: PJM and MISO are far from meeting compliance requirements; serves about 2% of average demand
- Transmission: Green Power Express, \$10-12 Bn cost, received conditional FERC approval; allows access to 12 GW of wind power

- ERCOT Renewable Standards: 5.9 GW by 2015, 10.0 GW by 2025
- Renewable Penetration: 8.5 GW current installed capacity already exceeding 2015 RPS requirements, serves approximately 8% of average demand
- Transmission: CREZ approved, cost of \$5.9 Bn, 14 transmission companies received PUCT build approval; allows access to up to 18 GW of wind

Potential RES buildout will impact generation dispatch dynamics, depressing ATC power prices; this has greatest implications for Incumbent Generation where the Renewable Market Penetration, to date, has been minimal

# Climate Change: Beginning Process in House

- Waxman-Markey generally tracks USCAP Blueprint
- To achieve passage, legislation will need to accommodate coal state legislators
- Impact on NRG will depend on success with *Repowering*NRG

# NRG Moves Expeditiously to Capture Opportunities Arising out of Key US Power Industry Dynamics

| Key Dynamics | Implications for Market Participants |
|---|---|
| Sustainability | Government focused on promoting sustainability through the “carrot” of Stimulus Funding |
| Climate Change | Current economic conditions means the “stick” of federal climate change legislation is likely to be softer and further out in future |
| Competitive Access to Capital | Government inducements (ITCs, PTCs, loan guarantees) will be the key to new energy projects for the foreseeable future |
| Commodity Price “Bottom” Cycle | Twin chokepoints of capital constraints and low commodity prices will result in turbocharged recovery |

# Questions and Answers

# Appendix

# Adjusted EBITDA by Region

| | 1st Quarter 2009 | | | 1st Quarter 2008 | | |
|---|---|---|---|---|---|---|
| *$ in millions* | Adj. EBITDA | Less: MtM Gain / (Loss) Impact[1] | Net | Adj. EBITDA | Less: MtM Gain / (Loss) Impact[1] | Net |
| **Texas** | $ 519 | $ 199 | $ 320 | $ 154 | $ (138) | $ 292 |
| **Northeast** | 253 | 147 | 106 | 100 | (32) | 132 |
| **South Central** | 24 | (5) | 29 | 63 | - | 63 |
| **West** | - | (1) | 1 | 17 | - | 17 |
| **International** | 14 | (9) | 23 | 24 | - | 24 |
| **Thermal** | 8 | 1 | 7 | 9 | - | 9 |
| **Corporate** | (9) | - | (9) | (12) | - | (12) |
| **Consolidated NRG** | **$ 809** | **$ 332** | **$ 477** | **$ 355** | **$ (170)** | **$ 525** |

Note 1: MtM impact reflects the net change in fair value of asset-backed forward sales contracts and ineffectiveness.

# Q1 & Full Year 2009 Capital Expenditures

| *$ in millions* | Maintenance | Environmental | *Repowering* NRG | Total |
|---|---|---|---|---|
| **Q1 2009** | | | | |
| Northeast | $ 8 | $ 39 | $ - | **47** |
| Texas | 59 | - | 12 | **71** |
| South Central | (1) | - | - | **(1)** |
| West | 1 | - | 1 | **2** |
| NINA | - | - | 37 | **37** |
| Wind | - | - | 28 | **28** |
| Other | 2 | - | - | **2** |
| **Total CapEx** | **$ 69** | **$ 39** | **$ 78** | **$ 186** |
| Repowering Equity Investments | - | - | 9 | **9** |
| Reversal of Dec. 31, 2008 Accrual | - | 19 | 28 | **47** |
| **Total, Net of Project Funding** | **$ 69** | **$ 58** | **$ 115** | **$ 242** |
| **Full Year 2009 Guidance** | | | | |
| Northeast | $ 31 | $ 216 | $ - | **247** |
| Texas | 186 | - | 25 | **211** |
| South Central | 18 | - | - | **18** |
| West | 3 | - | 4 | **7** |
| NINA | - | - | 194 | **194** |
| Wind | - | - | 115 | **115** |
| Other | 24 | 14 | 18 | **56** |
| **Total CapEx** | **$ 262** | **$ 230** | **$ 356** | **$ 848** |
| Repowering Equity Investments | - | - | 87 | **87** |
| Reversal of Dec. 31, 2008 Accrual | - | 19 | 28 | **47** |
| **Gross Investments** | **$ 262** | **$ 249** | **$ 471** | **$ 982** |
| Estimated Project Funding | - | - | (317) | **(317)** |
| **Total, Net of Project Funding** | **$ 262** | **$ 249** | **$ 154** | **$ 665** |

# Q1 Generation Sold & Availability

| *(in thousands MWh except otherwise stated)* | 2009 | 2008 | Change | % | 2009 EAF[1] | 2009 NCF[2] | 2008 EAF[1] | 2008 NCF[2] |
|---|---|---|---|---|---|---|---|---|
| Texas | 10,239 | 11,031 | (792) | (7) | 87% | 50% | 85% | 52% |
| Northeast | 2,637 | 3,591 | (954) | (27) | 90 | 16 | 93 | 21 |
| South Central | 3,169 | 3,088 | 81 | 3 | 91 | 55 | 95 | 60 |
| West | 169 | 150 | 19 | 13 | 77 | 7 | 83 | 6 |
| **Total** | **16,214** | **17,860** | **(1,646)** | **(9)** | **87%** | **36%** | **88%** | **39%** |

| | 2009 | 2008 | Change | % | 2009 EAF[1] | 2009 NCF[2] | 2008 EAF[1] | 2008 NCF[2] |
|---|---|---|---|---|---|---|---|---|
| Texas Nuclear | 2,572 | 2,542 | 30 | 1 | 100% | 100% | 96% | 99% |
| Texas Coal | 6,967 | 7,490 | (523) | (7) | 89 | 78 | 84 | 83 |
| NE Coal | 2,404 | 3,254 | (850) | (26) | 91 | 57 | 90 | 77 |
| SC Coal | 2,684 | 3,010 | (326) | (11) | 94 | 85 | 97 | 92 |
| **Baseload** | **14,627** | **16,296** | **(1,669)** | **(10)** | **93%** | **81%** | **91%** | **88%** |
| Elbow Creek | 102 | - | 102 | | n/a | 39% | - | - |
| **Wind** | **102** | **-** | **102** | | **n/a** | **39%** | **-** | **-** |
| Oil | 69 | 65 | 4 | 6 | 87% | 1% | 88% | 1% |
| Gas - Texas | 432 | 724 | (292) | (40) | 79 | 2 | 79 | 2 |
| Gas - NE | 164 | 272 | (108) | (40) | 82 | 4 | 93 | 7 |
| Gas - SC | 22 | 14 | 8 | 57 | 81 | 1 | 95 | 1 |
| Gas - West | 169 | 150 | 19 | 13 | 77 | 7 | 83 | 6 |
| **Intermediate / Peaking** | **856** | **1,225** | **(369)** | **(30)** | **83%** | **3%** | **87%** | **4%** |
| **Purchased Power** | **629** | **339** | **290** | **86** | | | | |
| **Total** | **16,214** | **17,860** | **(1,646)** | **(9)** | | | | |

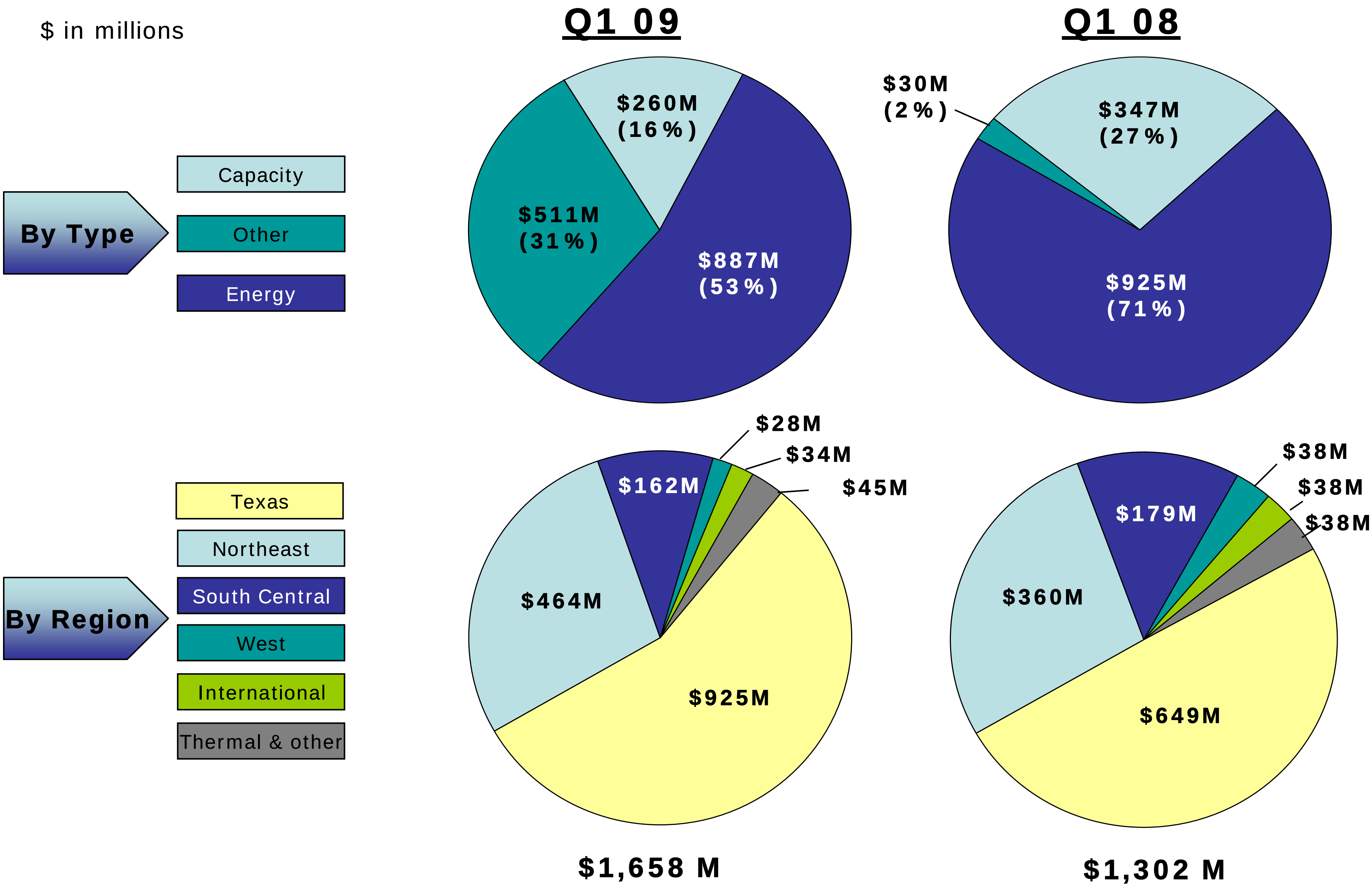
[1] Equivalent Availability Factor

[2] Net Capacity Factor

# Q1 Fuel Statistics

| Domestic | Q1 2009 | Q1 2008 |
|---|---|---|
| Gas Costs ($/mmBTU) | $ 4.39 | $ 6.99 |
| Coal Consumed (mm Tons) | 7.7 | 8.5 |
| PRB Blend | 81% | 75% |
| Northeast | 68% | 62% |
| South Central | 100% | 100% |
| Texas | 77% | 70% |
| Coal Costs (mmBTU) | $ 1.90 | $ 1.86 |
| Northeast | 3.10 | 2.92 |
| South Central | 2.01 | 1.85 |
| Texas | 1.51 | 1.45 |
| Coal Costs ($/Tons) | $ 31.33 | $ 30.81 |
| Northeast | 58.60 | 56.88 |
| South Central | 32.96 | 29.48 |
| Texas | 24.04 | 22.89 |

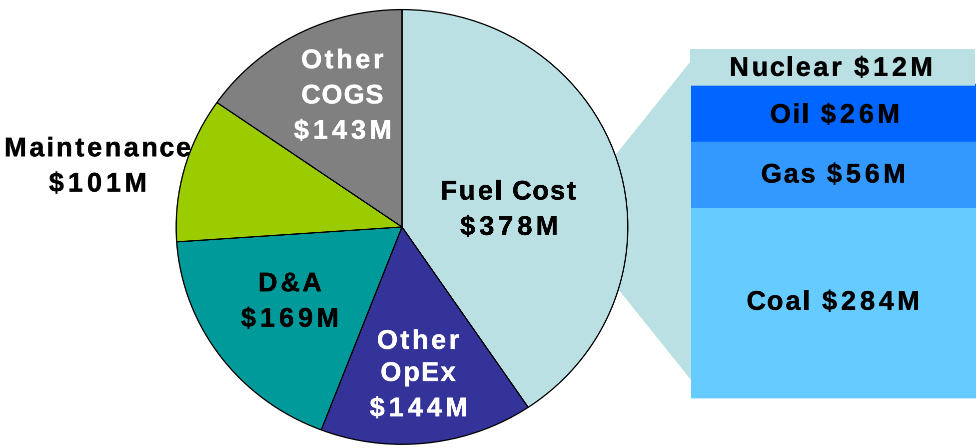
# Q1 Operating Revenues



# Q1 Operating Expenses and Depreciation

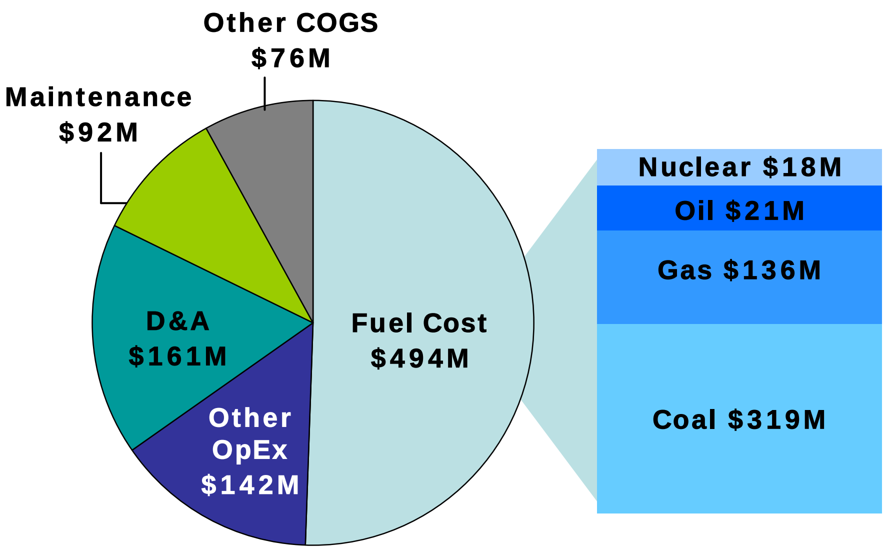
$ in millions

**Q1 09**




**$935 M**

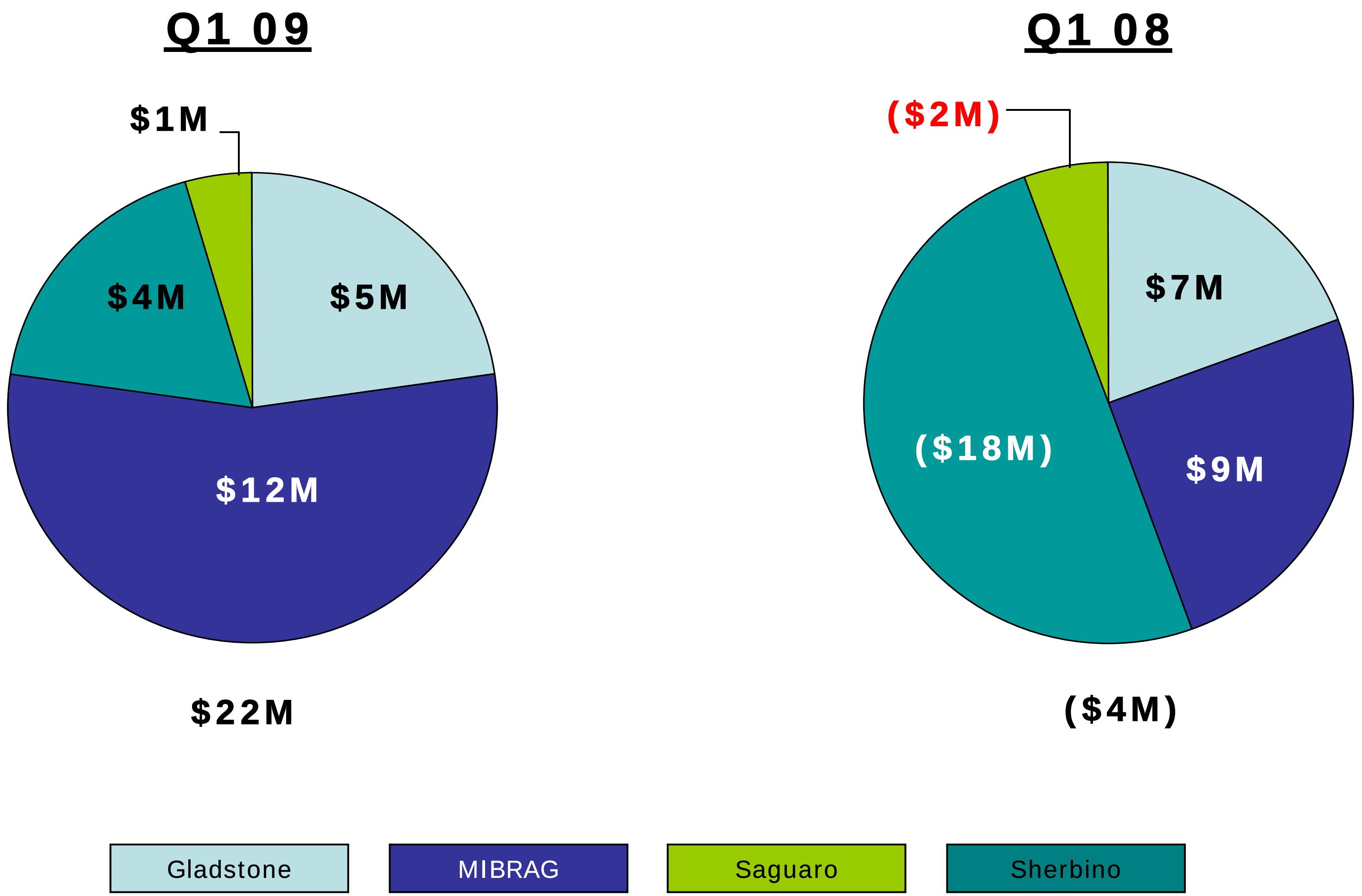
**Q1 08**




**$965 M**

# Q1 Equity Earnings

$ in millions



# Forecast Non-Cash Contract Amortization Schedules: 2008-2011

Increase Revenue

Reduce Cost

Increase Cost

Increase Cost

| ($M) | 2008 | | | | | 2009 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | Q1A | Q2A | Q3A | Q4A | Year | Q1A | Q2E | Q3E | Q4E | Year |
| **Power contracts/gas swaps[1]** | 75 | 92 | 83 | 48 | **298** | 47 | 32 | 34 | 24 | **137** |
| **Fuel Expense** | Q1A | Q2A | Q3A | Q4A | Year | Q1A | Q2A | Q3A | Q4 | Year |
| **Fuel out-of market contracts[2]** | 8 | 3 | 13 | 10 | **34** | 5 | 5 | 5 | 4 | **19** |
| **Fuel in-the market contracts[3]** | 5 | 8 | 4 | 4 | **21** | 5 | 8 | 5 | 8 | **26** |
| **Emission Allowances (NOX & SO2)** | 10 | 10 | 10 | 10 | **40** | 10 | 11 | 10 | 10 | **41** |
| **Total Net Expense** | 7 | 15 | 1 | 4 | **27** | 10 | 14 | 10 | 14 | **48** |

Increase Revenue

Reduce Cost

Increase Cost

Increase Cost

| ($M) | 2010E | | | | | 2011E | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | Q3 | Q4A | Year |
| **Power contracts/gas swaps[1]** | 28 | 17 | 18 | 16 | **79** | 5 | 5 | 5 | 6 | **21** |
| **Fuel Expense** | Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | Q3 | Q4 | Year |
| **Fuel out-of market contracts[2]** | 2 | 2 | 2 | 0 | **6** | - | - | - | - | **-** |
| **Fuel in-the market contracts[3]** | 1 | 1 | 0 | 4 | **6** | - | 1 | - | 1 | **2** |
| **Emission Allowances (NOX & SO2)** | 13 | 13 | 13 | 13 | **52** | 13 | 13 | 13 | 13 | **52** |
| **Total Net Expense** | 12 | 12 | 11 | 17 | **52** | 13 | 14 | 13 | 14 | **54** |

[1] Amortization of power contracts occurs in the revenue line.

[2] Amortization of fuel contracts occurs in the fuel cost line; includes coal.

[3] Amortization of fuel contracts occurs in the fuel cost line; includes coal, nuclear, gas and water.

Note: Detailed discussion of these above reference in-the-money and out-of-the money contracts can be found in NRG 2008 10K

# Capacity Revenue Sources: Generation Asset Overview

In addition to our baseload hedging program, NRG revenues and free cash flows benefit from capacity sources originating from either market clearing capacity prices, Reliability Must Run (RMR)/Resource Adequacy (RA) contracts and tolling arrangements. While ERCOT (Texas) region does not have a capacity market, Texas capacity revenues reflect bilateral transactions. Prior to NRG's acquisition of Texas Genco, the Public Utility Commission of Texas (PUCT) regulations required that Texas generators sell 15% of their capacity by auction at reduced rates. In March 2006, the PUCT accepted NRG's request to no longer participate in these auctions and that capacity is now being sold in the merchant market. In addition to the PUCT mandated auctions, the prior owners of Texas Genco also participated in voluntary auctions. These capacity contracts will expire in 2009. In South Central[2], NRG earns significant capacity revenue from its long-term contracts. NRG has long-term all-requirements contracts with 11 Louisiana distribution cooperatives, which are not unit specific. The agreements are standardized into three types and have expirations and estimated customer loads as follows: Forms A and B expire in March 2025 and December 2024, respectively, and account for approximately 45% of the region's load; Form C expires March 2009-2014 and accounts for approximately 42% of the region's load. NRG also has long-term contracts with the Municipal Agency of Mississippi, South Mississippi Electric Power Association, and Southwestern Electric Power Company, which collectively comprise an additional 13% of contract load. The table below reflects the plants and relevant capacity revenue sources for the Northeast, West and Thermal business segments:

| Region and Plant | Zone | MW | Sources of Capacity Revenues: Market Capacity, Reliability Must Run (RMR) and Tolling Arrangements | Tenor |
|---|---|---|---|---|
| **NORTHEAST:** | | | | |
| **NEPOOL (ISO NE):** | | | | |
| Devon | SWCT | 140 | LFRM/FCM | |
| Connecticut Remote Turbines[3] | SWCT | 145 | LFRM/FCM | |
| Montville | CT - ROS | 500 | RMR[1]/FCM | RMR until June 2010 |
| Somerset Power[4] | SE - MASS | 125 | LFRM/FCM | |
| Middletown | CT - ROS | 770 | RMR[1]/FCM | RMR until June 2010 |
| Norwalk Harbor | SWCT | 340 | RMR[1]/FCM | RMR until June 2010 |
| **PJM:** | | | | |
| Indian River[5] | PJM - East | 740 | DPL- South | |
| Vienna | PJM - East | 170 | DPL- South | |
| Conemaugh | PJM - West | 65 | PJM- MAAC | |
| Keystone | PJM - West | 65 | PJM- MAAC | |
| **New York (NYISO):** | | | | |
| Oswego | Zone C | 1635 | UCAP - ROS | |
| Huntley | Zone A | 380 | UCAP - ROS | |
| Dunkirk | Zone A | 530 | UCAP - ROS | |
| Astoria Gas Turbines | Zone J | 550 | UCAP - NYC | |
| Arthur Kill | Zone J | 865 | UCAP - NYC | |
| **California (CAISO):** | | | | |
| Encina | SP-15 | 965 | Toll | Expires 12/31/2009 |
| Cabrillo II | SP-15 | 190 | RA Capacity[6] | |
| El Segundo | SP-15 | 670 | RA Capacity[7] | |
| Long Beach[8] | SP-15 | 260 | Toll | Expires 8/1/2017 |
| **Thermal:** | | | | |
| Dover | PJM - East | 104 | DPL- South | |
| Paxton Creek | PJM - West | 12 | PJM- MAAC | |

1 Per the terms of the RMR agreement, any FCM transition capacity payments are offset against approved RMR payment. RMR agreements will expire June 1, 2010, the first day of the First Installed Capacity Commitment Period of the Forward Capacity Market

2 South Central includes Rockford I and II, which is in PJM

3 Includes 38 MW from 2nd quarter 2008 repowering project

4 Somerset has entered into an agreement with the Massachusetts Department of Environmental Protection, or MADEP, to retire or repower the remaining coal-fired unit at Somerset by the end of 2009. In connection with a repowering proposal approved by the MADEP, the date for the shut-down of the unit was extended to September 30, 2010

5 Indian River Unit 1 will be retired by May 1, 2011 and Indian River Unit 2 will be retired by May 1, 2010

6 The RMR agreement covering 160 MW expired on 12/31/2008 and was replaced by RA contracts covering the entire Cabrillo II portfolio during 2009 (RA contracts for 88 MW run through November 30, 2013)

7 El Segundo includes approximately 670MW economic call option and 548MW of RA contracts for 2009

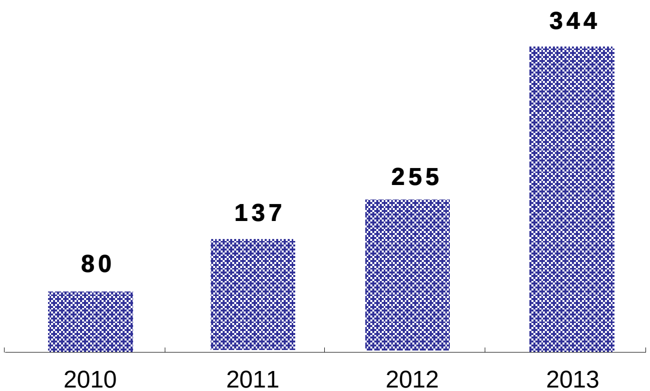
8 NRG has purchased back energy and ancillary service value of the toll through July 31, 2011

# Gas & Heat Rate Sensitivity

## Baseload Gas Price Sensitivity[1]

Gross margin change from $1/mmBtu gas price change

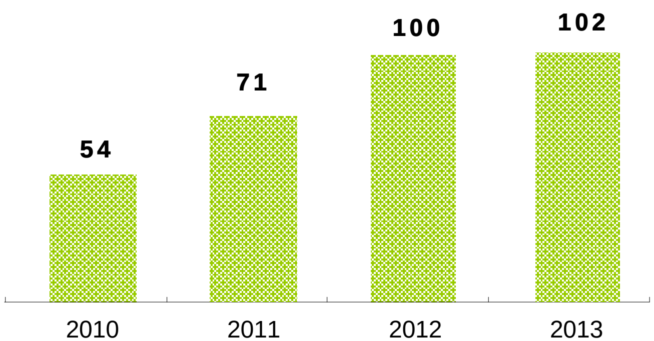
*($ In millions)*




[1] Q1'09 sensitivities were based on hedge positions as of 4/9/2009

## Baseload Heat Rate Sensitivity[2]

*($ In millions)*




[2] $1/mmBtu move in gas is 'equally probable' to 0.28 mmBtu/MWh move in heat rate. Q1'09 sensitivity was based on portfolio as of 4/9/2009

Note: Baseload gas price and heat rate sensitivity for 2009 is immaterial.

# Stimulus: NRG Repowering Initiative Advances Low to No Carbon Technologies

| Project | Accomplishments |
|---|---|
| Cedar Bayou Unit 4<br>550MW gas-fired CCGT | ✓ On target for June 2009 commercial operation, 45 days ahead of schedule, and on-budget capital cost<br>✓ 50% partner co-funding construction and operating costs<br>✓ Lower carbon profile for mid-merit capacity |
| NINA's STP 3&4<br>2700 MW Nuclear | ✓ Highly ranked in DOE loan guarantee application process; DOE due diligence ongoing<br>✓ Executed favorable EPC contract with Toshiba for STP 3&4; EPC terms will apply to two additional two-unit projects developed by NINA<br>✓ $500 million long-lead time material financing executed by NINA with Toshiba America Nuclear Energy, Inc. (TANE)<br>✓ MOUs for over 100% of NINA owned STP 3&4 output<br>✓ Initiated 20% equity sell down |
| GenConn<br>400 MW Gas Peakers | ✓ $534 million financing for GenConn projects meets all funding needs<br>✓ Construction started at Devon on April 1, 2009<br>✓ Major project contracts executed including turbines, and other long lead time items ordered |
| eSolar<br>Up to 500 MW solar | ✓ Acquired development rights for 3 project sites<br>✓ Close anticipated during Q209<br>✓ Seeking application for federal loan guarantee |

# Climate Change: Debate of Auction vs. Allocation – An Emerging Center

| One Year Ago | Today |
|---|---|
| Obama ......... 100% auction | Committed to work with business to find "middle way" (BRT, 3/12/09) |
| Waxman ........ 100% auction<br>Markey .......... 100% auction<br>Boucher ......... 100% allocation | Signed letter with Dingell lauding USCAP Blueprint and stating joint intent to use allocations to make their bill work(1) |
| EEI ............... Unable to agree | "Net compliance costs" for merchant coal, ample share to LDCs |
| Exelon .......... 100% to load<br>NRDC ........... 100% auction<br>USCAP .......... Unable to agree<br>NRG : "net compliance costs" for merchant coal, ample share to LDCs, large amount to fund clean tech | "Net compliance costs" for merchant coal, ample share to LDCs, large amount to fund clean tech. |
| Labor ........... No position | IBEW, UWL call for "net compliance costs" for merchant coal |
| Not enough votes for climate bill | Key votes are from Blue Dogs and moderated Dems from coal states |

(1)"Objectives can be achieved if we are smart about overall program design and the allocation of tradable emission allowances"

# Appendix:
# Reg. G Schedules

# Reg. G

**Appendix Table A-1: First quarter 2009 Regional Adjusted EBITDA Reconciliation**
The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

| *(Amounts in millions)* | Texas | Northeast | South Central | West | International | Thermal | Corporate | Total |
|---|---|---|---|---|---|---|---|---|
| **Net Income/(Loss)** | $ 217 | $ 211 | $ 1 | $ (3) | $ 12 | $ 4 | $ (244) | $ 198 |
| Plus: | | | | | | | | |
| Income Tax | 161 | - | - | - | 2 | - | 135 | 298 |
| Interest Expense | 29 | 13 | 12 | - | - | 2 | 71 | 127 |
| Amortization of Finance Costs | - | - | - | - | - | - | 6 | 6 |
| Amortization of Debt (Discount)/Premium | - | - | - | - | - | - | 4 | 4 |
| Depreciation Expense | 117 | 29 | 17 | 2 | - | 2 | 2 | 169 |
| ARO Accretion Expense | 1 | - | - | 1 | - | - | - | 2 |
| Amortization of Power Contracts | (15) | - | (6) | - | - | - | - | (21) |
| Amortization of Emission Allowances | 9 | - | - | - | - | - | - | 9 |
| **EBITDA** | 519 | 253 | 24 | - | 14 | 8 | (26) | 792 |
| Exelon Defense Costs | - | - | - | - | - | - | 5 | 5 |
| Reliant retail transaction and integration costs | - | - | - | - | - | - | 12 | 12 |
| **Adjusted EBITDA** | 519 | 253 | 24 | - | 14 | 8 | (9) | 809 |
| Less MTM Forward Position Accruals | 205 | 153 | (5) | (1) | (9) | 2 | - | 345 |
| Add. Prior Period MtM Reversals | 9 | 7 | - | - | - | 1 | - | 17 |
| Less: Hedge Ineffectiveness | 3 | 1 | - | - | - | - | - | 4 |
| **Adjusted EBITDA, excluding MtM** | $ 320 | $ 106 | $ 29 | $ 1 | $ 23 | $ 7 | $ (9) | $ 477 |

# Reg. G

**Appendix Table A-1: First quarter 2008 Regional Adjusted EBITDA Reconciliation**
The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

| *(Amounts in millions)* | Texas | Northeast | South Central | West | International | Thermal | Corporate | Total |
|---|---|---|---|---|---|---|---|---|
| **Net Income/(Loss)** | $ 37 | $ 59 | $ 39 | $ 12 | $ 24 | $ 5 | $ (127) | $ 49 |
| Plus: | | | | | | | | |
| Income Tax | 30 | - | - | - | 4 | - | 20 | 54 |
| Interest Expense | 30 | 14 | 13 | 3 | - | 1 | 85 | 146 |
| Amortization of Finance Costs | - | - | - | - | - | - | 6 | 6 |
| Amortization of Debt (Discount)/Premium | - | - | - | - | - | - | 4 | 4 |
| Depreciation Expense | 113 | 26 | 17 | 1 | - | 3 | 1 | 161 |
| ARO Accretion Expense | - | 1 | - | 1 | - | - | - | 2 |
| Amortization of Power Contracts | (63) | - | (6) | - | - | - | (1) | (70) |
| Amortization of Fuel Contracts | (3) | - | - | - | - | - | - | (3) |
| Amortization of Emission Allowances | 10 | - | - | - | - | - | - | 10 |
| **EBITDA** | 154 | 100 | 63 | 17 | 28 | 9 | (12) | 359 |
| Income from Discontinued Operations | - | - | - | - | (4) | - | - | (4) |
| **Adjusted EBITDA** | 154 | 100 | 63 | 17 | 24 | 9 | (12) | 355 |
| Less MTM Forward Position Accruals | (87) | (28) | - | - | - | - | - | (115) |
| Add. Prior Period MtM Reversals | 7 | 3 | - | - | - | - | - | 10 |
| Less: Hedge Ineffectiveness | (44) | (1) | - | - | - | - | - | (45) |
| **Adjusted EBITDA, excluding MtM** | $ 292 | $ 132 | $ 63 | $ 17 | $ 24 | $ 9 | $ (12) | $ 525 |

# Reg. G

**Appendix Table A-3: Net Debt to Total Capital Reconciliation ($mm)**
The following table summarizes the calculation of Net Debt to Total Capital

| | March 31, 2009 |
|---|---|
| **Numerator:** | |
| Gross Debt | $7,948 |
| Total Cash | 1,205 |
| Net Debt | 6,743 |
| **Denominator:** | |
| Net Debt | 6,743 |
| Preferred stock | 653 |
| Book Value of Common Equity | 7,054 |
| Capital | $14,455 |
| **Net Debt to Capital** | **46.6%** |

# Reg. G

- EBITDA, adjusted EBITDA, free cash flow and adjusted cash flow from operations are nonGAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of adjusted EBITDA and adjusted cash flow from operations should not be construed as an inference that NRG's future results will be unaffected by unusual or non-recurring items.

- EBITDA represents net income before interest, taxes, depreciation and amortization. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:
  - EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
  - EBITDA does not reflect changes in, or cash requirements for, working capital needs;
  - EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debts;
  - Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
  - Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

- Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of NRG's business. NRG compensates for these limitations by relying primarily on our GAAP results and using EBITDA and adjusted EBITDA only supplementally.

- Adjusted EBITDA is presented as a further supplemental measure of operating performance. Adjusted EBITDA represents EBITDA adjusted for the hedge reset, integration, impairment and corporate relocation charges, discontinued operations, legal settlements and write downs and gains or losses on the sales of equity method investments and other assets, Exelon defense costs and Texas retail acquisition and integration costs; factors which we do not consider indicative of future operating performance. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. As an analytical tool, adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating adjusted EBITDA, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this news release. Adjusted EBITDA, excluding mark-to-market (MtM) adjustments, is provided to further supplement adjusted EBITDA by excluding the impact of unrealized MtM adjustments included in EBITDA for hedge contracts that are economic hedges but do not qualify for hedge accounting treatment in accordance with SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities,* as well as the ineffectiveness impact of economic hedge contracts that qualify for hedge accounting treatment. Adjusted EBITDA, excluding MtM adjustments, is a supplemental measure provided to illustrate the impact of MtM movements on adjusted EBITDA resulting from commodity price movements for economic hedge contracts while the underlying hedged commodity has not been subject to MtM adjustments.

- Free cash flow is cash flow from operations less capital expenditures and preferred stock dividends and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. Free cash flow, net of collateral movements, adjusts free cash flow to remove the cash flow impact of collateral changes resulting from fluctuating commodity prices. Adjusted cash flow from operations is provided to show cash flows from operations without the impact of the Hedge Reset and the financing element of derivatives acquired in conjunction with the acquisition of NRG Texas. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. In addition, in evaluating free cash flow, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this presentation.