

# NRG Energy, Inc.

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**Kirk Andrews**

Executive Vice President & Chief Financial Officer

2013 Wolfe Research  
Power and Gas Leaders Conference  
September 24, 2013



# Safe Harbor



## **Forward Looking Statements**

In addition to historical information, the information presented in this communication includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as “may,” “should,” “could,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “expect,” “intend,” “seek,” “plan,” “think,” “anticipate,” “estimate,” “predict,” “target,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the merger between NRG and GenOn, the Company’s future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

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, our ability to implement value enhancing improvements to plant operations and companywide processes, our ability to obtain federal loan guarantees, the inability to maintain or create successful partnering relationships, our ability to operate our businesses efficiently including NRG Yield, our ability to retain retail customers, our ability to realize value through our commercial operations strategy and the creation of NRG Yield, the ability to successfully integrate the businesses of NRG and GenOn, the ability to realize anticipated benefits of the transaction (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, and share repurchase under the Capital Allocation Plan may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The Adjusted EBITDA and free cash flow guidance are estimates as of August 9, 2013. These estimates are based on assumptions believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG’s actual results to differ materially from those contemplated in the forward-looking statements included in this Presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG’s future results included in NRG’s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).





# NRG's Investment Proposition

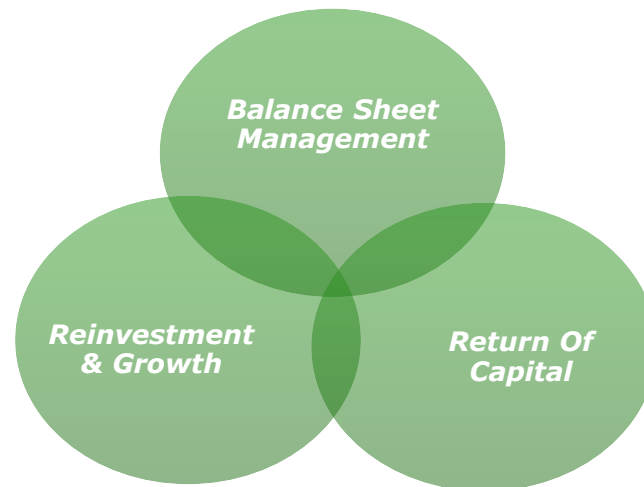
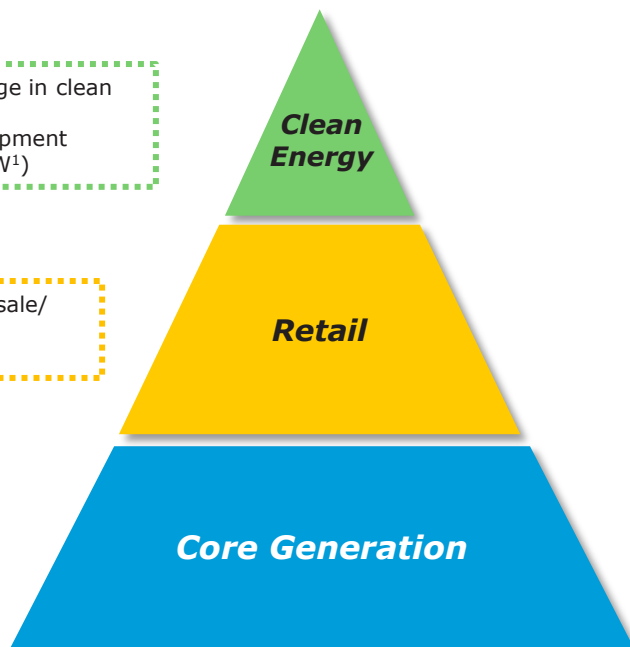
**Premium Competitive Energy Business Model...**

**...Augmented by Balanced Capital Allocation**

- First-mover advantage in clean energy sector
- Leading solar development platform (>1,200 MW<sup>1</sup>)

- Leading integrated wholesale/retail energy business
- Largest retailer in Texas

- Largest competitive generation portfolio (~47 GW<sup>1</sup>)
- Poised to benefit from gas and power price recovery



**Annual Dividend**  
**of \$0.48/share (~1.7% yield)<sup>2</sup>**

**Free Cash Flow Yield**  
**of 12–15% in 2014<sup>2,3</sup>**



**A Diversified Competitive Energy Company, Positioned for Future Growth, While Generating Significant Free Cash Flow**



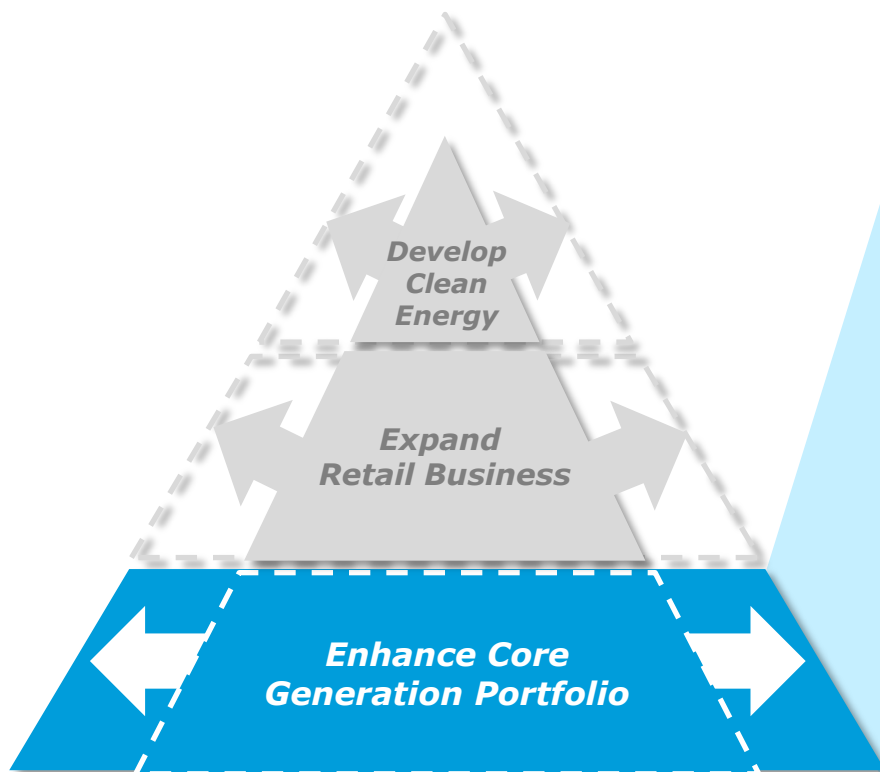
<sup>1</sup> As of 6/30/2013. Capacity includes projects under construction and non-controlling interest. Solar capacity includes utility-scale and distributed solar

<sup>2</sup> As of 9/19/2013; assumes ~323MM shares outstanding

<sup>3</sup> Based on 2014 Free Cash Flow Before Growth guidance previously disclosed in NRG's 2nd Quarter 2013 Results Presentation on 8/9/2013



# Enhancing the Core Generation Portfolio



## Key Drivers

- ✦ Leading position in the Texas power market (~11 GW) that is poised to benefit from favorable market fundamentals
- ✦ Strategically located portfolio in both Eastern and Western power markets; positioned for tightening fundamentals and future repowerings
- ✦ Successful development platform; ~1.4 GW of capacity<sup>1</sup> added in 2013
- ✦ Multiple brownfield and permitted sites with locational advantage for future repowerings

nrg / GenOn Combination



~\$480 MM of annual cash flow synergies by 2014<sup>2</sup>

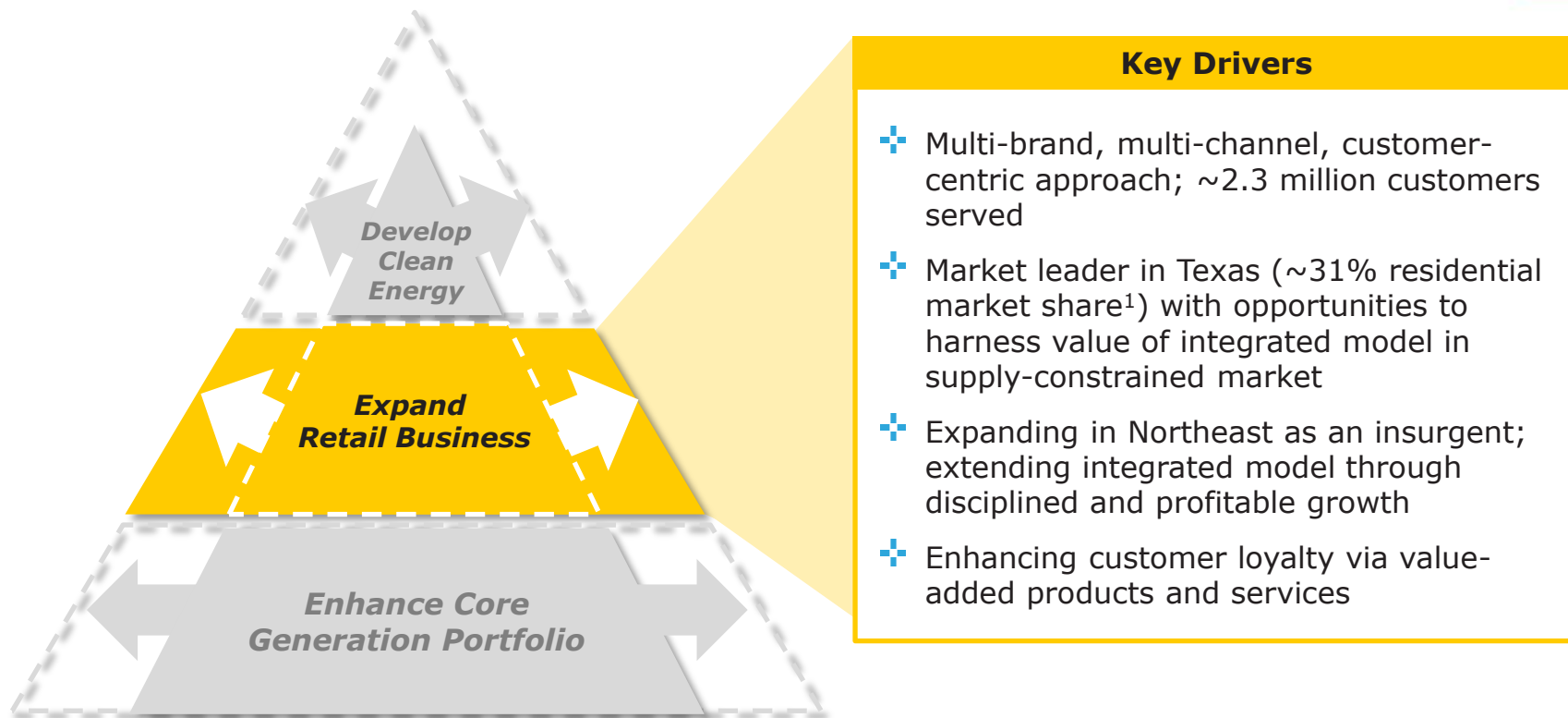


★ Diversified Portfolio Provides Foundation for Growth, Augmented By Significant Benefits Resulting from GenOn Combination ★

<sup>1</sup> Includes projects owned by NRG and its affiliates. Projects include: Marsh Landing (720 MW), El Segundo (550 MW), WA Parish Peaker (75 MW), and Dover (62 MW)  
<sup>2</sup> As previously disclosed in NRG's 2<sup>nd</sup> Quarter 2013 Results Presentation on 8/9/2013; Excludes additional free cash flow improvements relating to reductions in maintenance capex



# Expanding the Retail Business



**<\$1 BN** of equity capital committed<sup>2</sup> since 2009



**~\$3.3 BN** of Adjusted EBITDA through 2013<sup>3</sup>



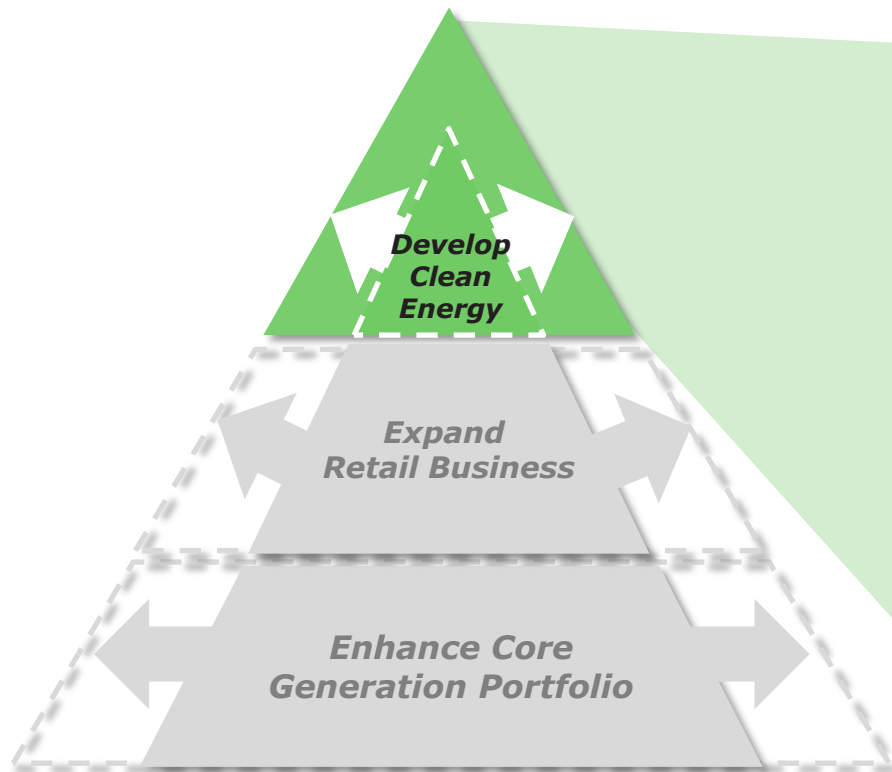
NRG Retail: Leading Position and A Channel for Future Growth



<sup>1</sup> Source: NRG research, company filings, and KEMA Retailer Landscape, April 2013 <sup>2</sup> Excludes working capital  
<sup>3</sup> Represents reported Adjusted EBITDA for the years ending 2009-2012 and midpoint of 2013 guidance as previously disclosed in NRG's 2nd Quarter 2013 Results Presentation on 8/9/2013; Prior to 2011, Retail Adjusted EBITDA represents Reliant only



# Developing Clean Energy



**Key Drivers**

- ✦ Industry-leading solar platform with ~835 net MW of utility-scale solar capacity in operation and currently under construction<sup>1</sup>
- ✦ Burgeoning distributed solar business, with ~50 MW<sup>1</sup> of projects in operation and under construction
- ✦ First-mover status and strategic synergies in clean energy businesses, which include EV charging, smart metering, and green retail energy

Growing utility-scale and distributed solar portfolio



**~\$340 MM** of Annual Adjusted EBITDA by 2014<sup>2</sup>



Led By NRG's Leading Solar Platform, the Growth Engine for the Future



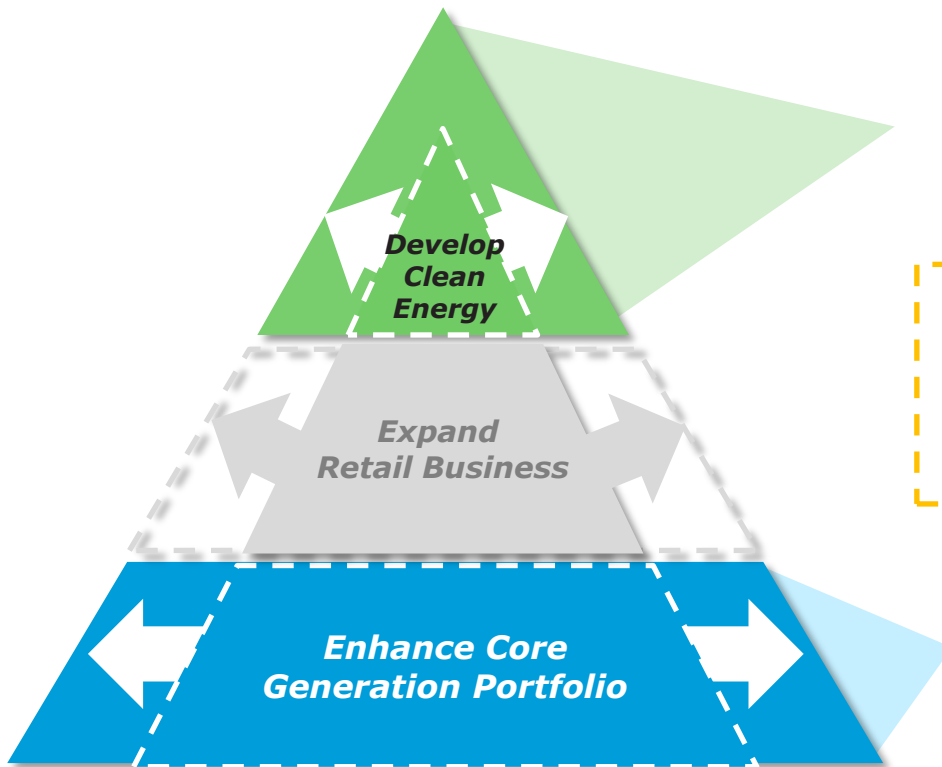
<sup>1</sup> All MW as of 6/30/2013 and are net of non-controlling interest. Figures are MW(AC) and net of station load  
<sup>2</sup> As previously disclosed in NRG's 1st Quarter 2013 Results Presentation on 5/7/2013



# A Long-Term Strategic Perspective

**NRG's Competitive Energy Business Model...**

**...is Meaningfully Enhanced by the Success of ...**



Renewables enabled by long term PPAs and leases with utility and corporate off-takers



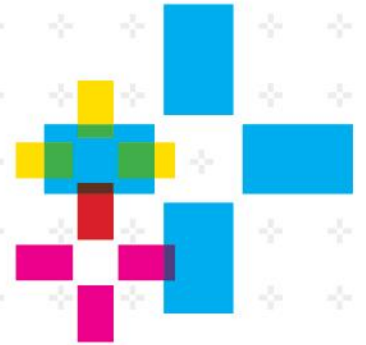
**NRG YIELD**<sup>SM</sup>  
*competitive cost of capital for contracted assets*



In low gas price environment, long term contracted assets are the key to replacement capacity market for conventional assets



★ NRG: Competitive Energy Company Well-Positioned for Value-Enhancing Growth in the 21<sup>st</sup> Century ★



# Appendix: Reg. G Schedules



# Guidance Overview

*As previously disclosed in NRG's 2nd Quarter 2013 Results Presentation on 8/9/2013*

	2013	2014
<i>(\$ millions)</i>		
<b>Wholesale<sup>1</sup></b>	<b>\$1,735-\$1,810</b>	<b>\$1,965-\$2,090</b>
<b>Retail</b>	<b>\$575-\$650</b>	<b>\$600-\$675</b>
<b>NRG Yield</b>	<b>\$240</b>	<b>\$285</b>
<b>Adjusted EBITDA</b>	<b>\$2,550-\$2,700</b>	<b>\$2,850-\$3,050</b>
<b>Free Cash Flow – before growth investments</b>	<b>\$1,050-\$1,200</b>	<b>\$1,100-\$1,300</b>



<sup>1</sup>Total synergies of \$200 million and \$340 million are included in Wholesale results for 2013 and 2014, respectively; Wholesale guidance now includes solar assets not currently owned by NRG Yield

# Reg. G: 2013 & 2014 Guidance



	8/9/2013		6/24/2013	
	2013 Guidance	2014 Guidance	2013 Guidance	2014 Guidance
<b>Adjusted EBITDAR</b>	<b>\$2,630-\$2,780</b>	<b>\$2,930-\$3,130</b>	<b>\$2,695-\$2,895</b>	<b>\$2,930-\$3,130</b>
Less: GenOn operating lease expense	(80)	(80)	(80)	(80)
<b>Adjusted EBITDA</b>	<b>\$2,550-\$2,700</b>	<b>\$2,850-\$3,050</b>	<b>\$2,615-\$2,815</b>	<b>\$2,850-\$3,050</b>
Interest Payments	(945)	(945)	(945)	(945)
Income Tax	50	(40)	50	(40)
Working capital/other	(120)	(165)	(120)	(215)
<b>Adjusted Cash flow from operations</b>	<b>\$1,535-\$1,685</b>	<b>\$1,700-\$1,900</b>	<b>\$1,600-\$1,800</b>	<b>\$1,650-\$1,850</b>
Maintenance CapEx, net	(325)-(345)	(315)-(335)	(385)-(405)	(325)-(345)
Environmental CapEx, net	(135)-(145)	(220)-(240)	(155)-(175)	(205)-(225)
Preferred Dividends	(9)	(9)	(9)	(9)
Distributions to non-controlling interests- NRG Yield and Solar	(7)	(33)	(1)	(6)
<b>Free cash flow - before growth investments</b>	<b>\$1,050-\$1,200</b>	<b>\$1,100-\$1,300</b>	<b>\$1,050-\$1,250</b>	<b>\$1,100-\$1,300</b>

# Reg. G



## Appendix Table A-1: Retail Adjusted EBITDA Reconciliation<sup>1</sup>

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to net income for the years ending:

(dollars in millions)	2012	2011	2010	2009	Total
<b>Net Income/(Loss)</b>	<b>541</b>	<b>369</b>	<b>358</b>	<b>966</b>	<b>2,234</b>
Plus:					
Income Tax	-	(3)	-	-	(3)
Interest Expense, net	4	4	5	34	47
Amortization of finance costs	-	-	-	1	1
Depreciation, Amortization and ARO Expense	162	159	117	137	575
Amortization of Contracts	115	169	183	209	676
<b>EBITDA</b>	<b>822</b>	<b>698</b>	<b>663</b>	<b>1,347</b>	<b>3,530</b>
Early termination of CSRA	-	-	-	89	89
Economic Hedge, MtM (Losses)/Gains	(166)	(34)	48	(794)	(946)
<b>Adjusted EBITDA</b>	<b>656</b>	<b>664</b>	<b>711</b>	<b>642</b>	<b>2,673</b>



<sup>1</sup> Prior to 2011, Retail Adjusted EBITDA represents Reliant only

# Reg. G



## Appendix Table A-2: NRG's Construction Program Adjusted EBITDA Reconciliation to Income Before Taxes

The following table summarizes the comparative Income before taxes to Adjusted EBITDA

<i>\$ in millions</i>	<b>Full Year 2014</b>
<b>Adjusted EBITDA:</b>	
Solar	345
Conventional Growth Investments	200
<b>Total Adjusted EBITDA</b>	<b>\$ 545</b>
<b>Income Before Income Taxes:</b>	
Solar	96
Conventional Growth Investments	155
<b>Total Income Before Income Taxes</b>	<b>\$ 251</b>