

Investor Presentation  
NRG Yield, Inc.  
(NYSE: NYLD)

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September 2013

This 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, but are not limited to, statements about the Company’s future revenues, income, indebtedness, capital structure, strategy, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG Yield, Inc. believes that the 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, our ability to enter into new contracts as existing contracts expire, our ability to obtain anticipated Section 1603 Cash Grants and our ability to maintain and grow our quarterly dividends.

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# NRG Yield: A Premier Dividend Growth Company



**Ticker:** NYLD (NYSE)

**Market Cap<sup>1</sup>:** ~\$2.0 BN

**Estimated Dividend Yield<sup>1</sup>:**  
~4%

**Initial Distribution Growth<sup>2</sup>:**  
~20%

**Initial Payout Ratio:**  
90%

**NRG Energy Ownership Stake:**  
65.5%

## Conventional



- + 3 Facilities with 910 net MW
- + 100% Contracted
- + ~14 year average remaining PPA life<sup>3</sup>

## Renewable



- + 10 solar and wind facilities with 414 net MW
- + 100% Contracted
- + ~20 year average remaining PPA life<sup>3</sup>

## Thermal



- + 1.1 GWt capacity and 123 net MW of generating capacity
- + 500+ customers
- + Primarily long-term contracts or regulated rates

<sup>1</sup> As of 9/19/2013; assumes ~65.2 MM shares outstanding (~ 22.5 MM Class A shares; 42.7 Class B shares) and an annualized dividend of \$1.20 per share

<sup>2</sup> Based on estimated organic growth in Cash Available for Distribution with completion of CVSR project

<sup>3</sup> Weighted by MW

**A total-return investment vehicle that benefits from a strong growth profile and predictable and stable cash flows from contracted power infrastructure assets**

## *Diversified Mix of High Quality Operating Assets*

- ❖ 2.5 GW<sup>1</sup> of conventional, renewable and thermal assets
- ❖ Long-term off-take agreements; credit worthy counterparties
- ❖ Proven technology and long useful lives



## *Abundant Growth Opportunities*

- ❖ ~20% organic CAFD growth driven by completion of CVSR
- ❖ Highly visible growth pipeline from NRG ROFO Assets<sup>2</sup>
- ❖ Competitive cost of capital creates meaningful opportunities to acquire third-party assets



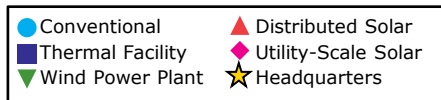
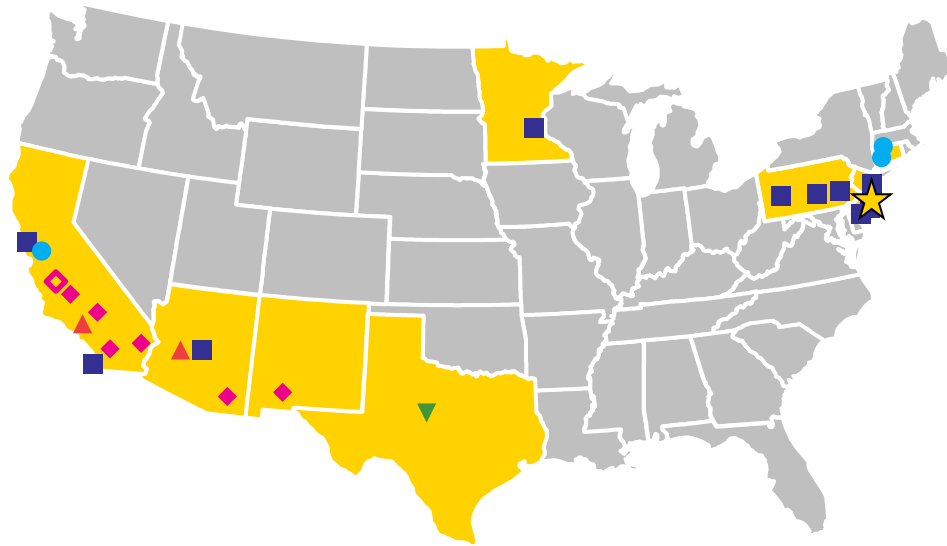
## *Backed by Strong Strategic Sponsor in NRG Energy (NYSE: NRG)*

- ❖ Largest competitive power company in the U.S.
- ❖ Industry-leading management and operational expertise
- ❖ Strong asset development and acquisition track record

<sup>1</sup> Capacity represents net ownership stake; includes thermal equivalents

<sup>2</sup> Right of First Offer Assets

# Ideal Portfolio for Total Return



## NRG Yield Portfolio

- + **21 assets** across **9 states**<sup>1</sup>
- + **Diversified and Environmentally Sound** asset mix: Gas, Solar, Wind and Thermal
- + **1.4 GW** of conventional, renewable and thermal generation assets
- + **1.1 GWt** of thermal infrastructure assets
- + **16 year** average **remaining** PPA duration<sup>2</sup>
- + **~10 year** corporate-level tax shield
- + **98%** of rated offtakers investment-grade<sup>2</sup>
- + **Proven, Reliable Technology** from leading OEMs: GE, Siemens, First Solar, and SunPower

<sup>1</sup> All assets fully operational with the exception of CVSR; 3 of 4 phases have achieved COD with the fourth expected to achieve COD in October 2013

<sup>2</sup> For conventional and renewable generation assets; weighted by MW

# NRG Energy is a Strong Strategic Sponsor

**NRG Energy (NYSE: NRG) is a Fortune 500 company with dual headquarters in Princeton, NJ and Houston, TX**



## **Core Generation**

- ❖ ~46 GW of generation capacity at ~100 facilities located in 18 states
- ❖ Over the last 5 years, NRG Energy has constructed, is constructing, or has acquired ~4 GW of assets<sup>1</sup>
- ❖ Significant brownfield opportunities given locational advantages in key load pockets



## **Retail Business**

- ❖ Leading integrated competitive wholesale/retail platform serving more than ~2.3 million customers
- ❖ Operate in 11 states plus Washington DC
- ❖ 59 TWh of electricity sold in 2012
- ❖ Integrated model in a supply-constrained market



## **Clean Energy**

- ❖ First mover in \$450+ BN clean energy sector
- ❖ Team of experienced professionals focused solely on renewable assets
- ❖ Over 500 MW of ROFO solar projects provides visible renewable growth pipeline<sup>2</sup>

<sup>1</sup> Excludes GenOn acquisition

<sup>2</sup> Further detail on ROFO assets can be found on page 14

# Recent Industry Trends Support Long Term Growth Potential...

## Natural Gas & Renewables are becoming the generation sources of choice...

- Significant increase in natural gas production

"60% and 29% of all new electric generation capacity constructed in the U.S. between 2011 and 2035 will be comprised of natural gas-fired generation and renewable generation capacity, respectively." - EIA's Annual Energy Outlook, 2012

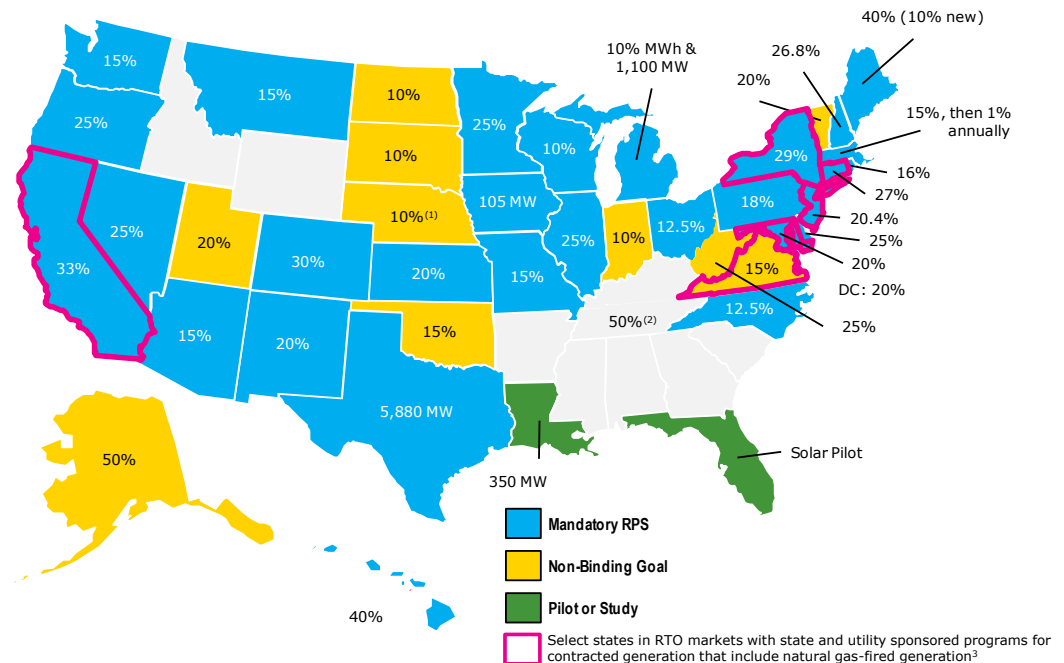
- Continued cost declines and efficiency improvements in solar and wind technology

- Aging power plants, especially coal, facing economic and regulatory challenges

- New nuclear projects delayed or halted

- Government incentives for renewables

### States with Renewable Portfolio Standards



## ...with trends continuing to lead to more contracted generation opportunities

Note: RPS requires a percent of an electric provider's energy sales (MWh) or installed capacity (MW) to come from renewable sources; map percentages are final years' targets

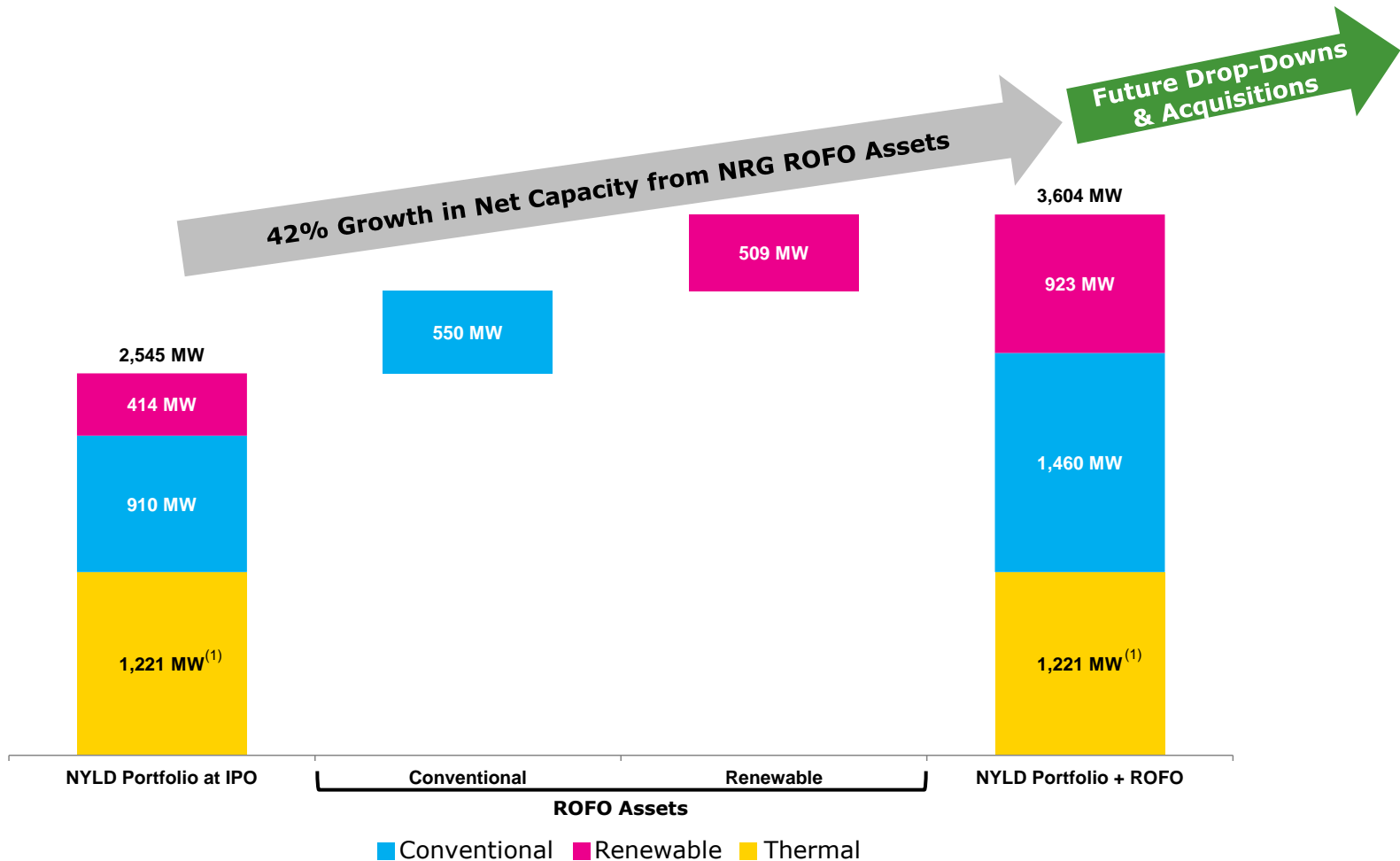
<sup>1</sup> Nebraska's two largest public power districts have renewable goals

<sup>2</sup> Represents Tennessee Valley Authority's goal, not state policy

<sup>3</sup> Source: NRG Energy; based on most current information

# ...and Sponsor Relationship Provides Robust and Visible Potential Growth Opportunities

**ROFO Agreement with NRG create significant opportunity to grow the portfolio**

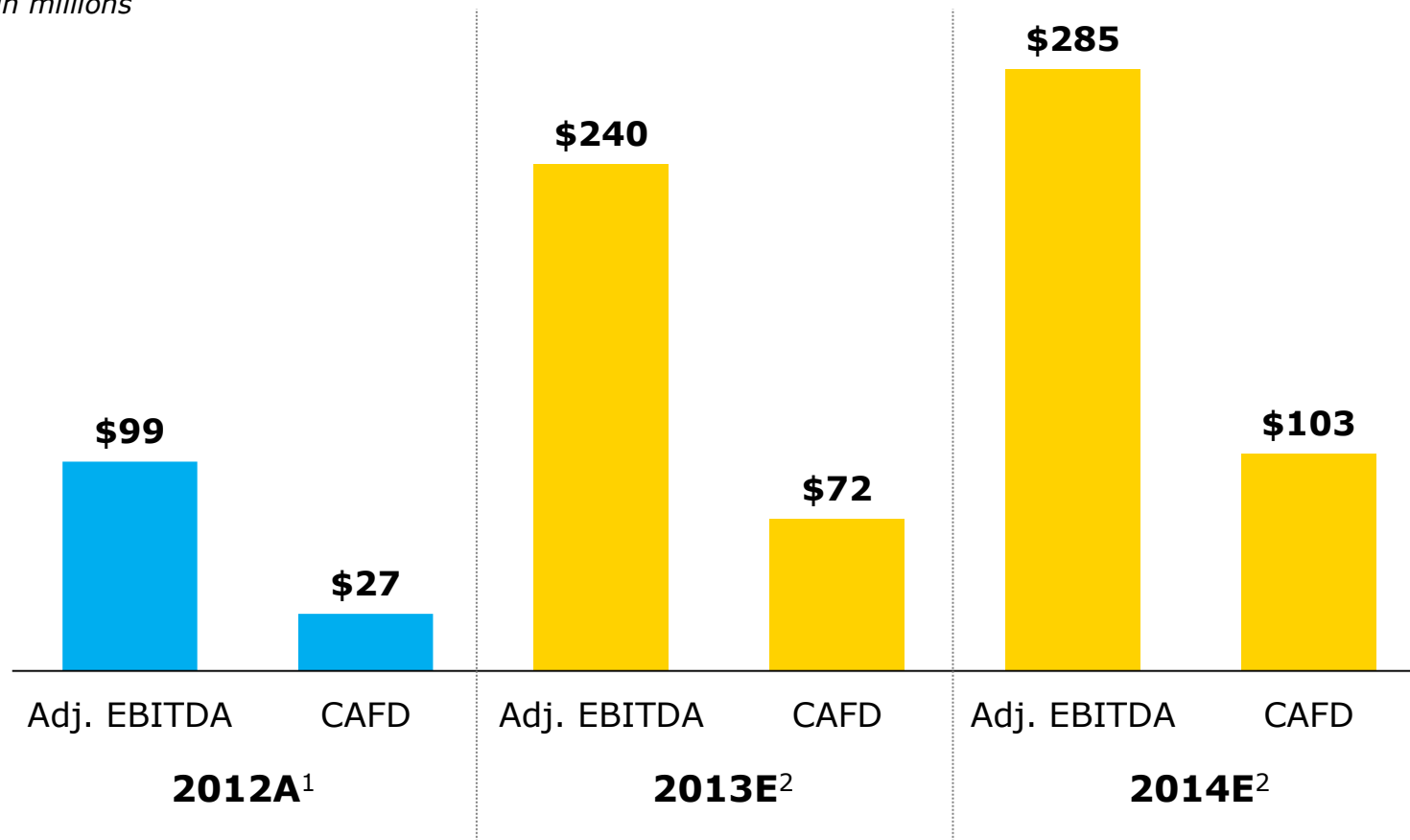


<sup>1</sup> Includes thermal equivalents



# Financial Highlights: Adjusted EBITDA and Cash Available for Distribution

\$ in millions








**Robust EBITDA and CAFD growth over the near-term; Visible growth opportunities in the medium to long-term**

Note: Financials reflect year ending 12/31

<sup>1</sup> 2012 historical performance based on disclosure on page 62 of NRG Yield S-1 filing

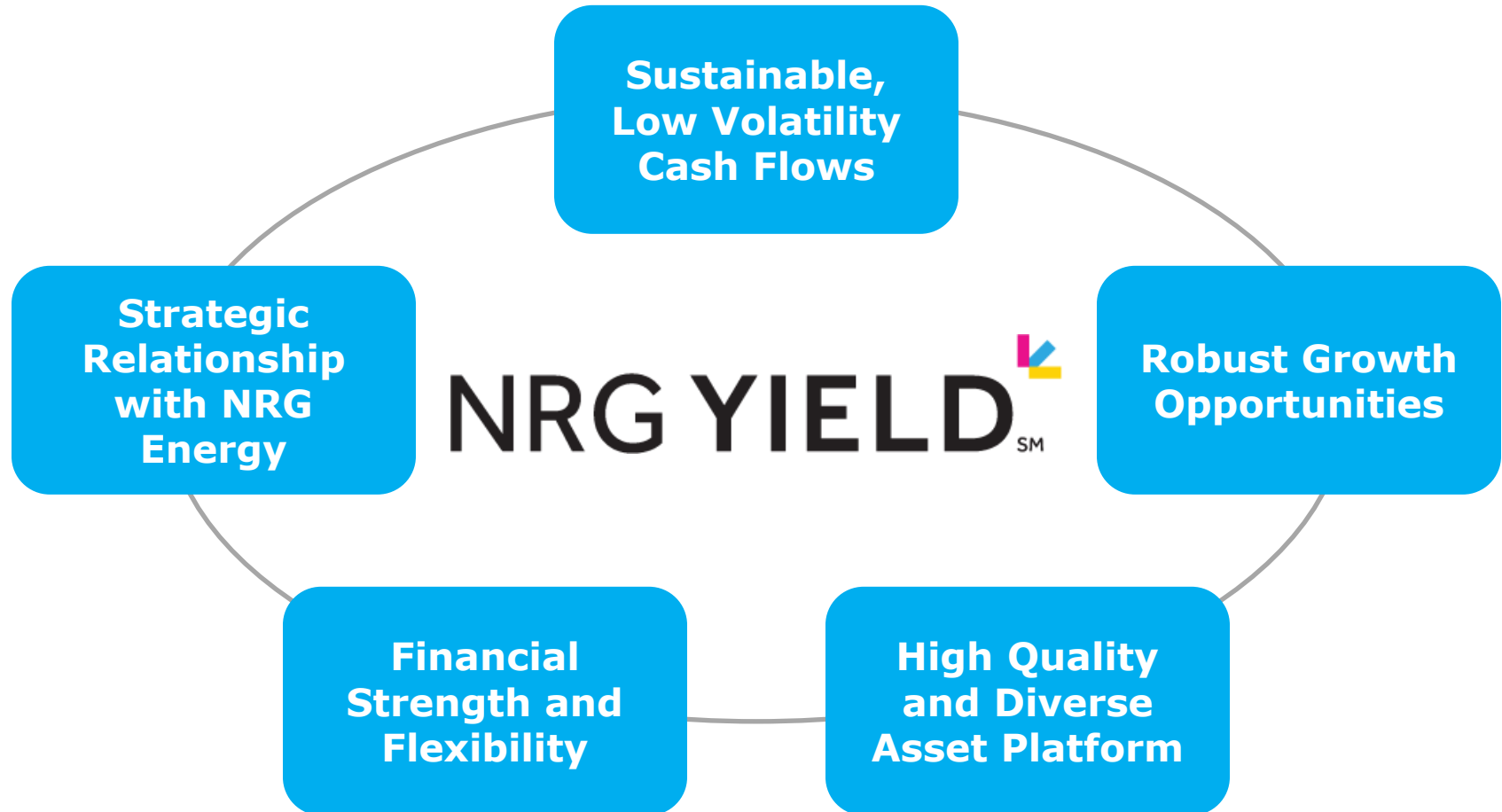
<sup>2</sup> Based on guidance disclosed in NRG Yield's 2<sup>nd</sup> Quarter 2013 Financial Results press release as of 8/14/2013

# NRG Yield Advantage

	<b>NRG YIELD</b> <sup>SM</sup>	<b>vs. Comparables</b>
<b>Dividend Policy</b>	90% Initial Target Payout Ratio	
<b>Cash Flow Stability</b>	Average PPA contract life of 16 years with investment grade counterparties <sup>1</sup>	
<b>Dividend Growth</b>	20% forecasted by end of 2014	
<b>Tax Policy</b>	10-year tax shield <sup>2</sup>	
<b>Sponsor Support</b>	Leading strategic sponsor in NRG Energy	

<sup>1</sup> For conventional and renewable generation assets; weighted by MW

<sup>2</sup> NRG Yield does not expect to pay significant federal income taxes for approximately 10 years

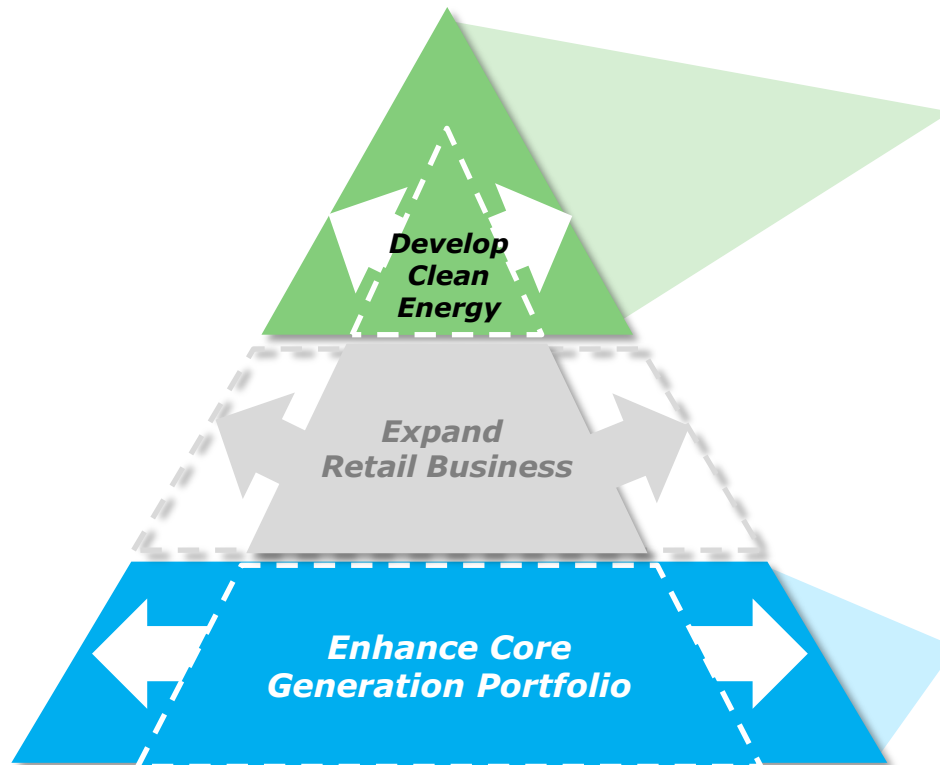


**Creating an Industry Leading Clean Generation and Infrastructure Company**

# Appendix

# NRG Energy and NRG Yield are Aligned

## NRG Energy's Competitive Energy Platform...

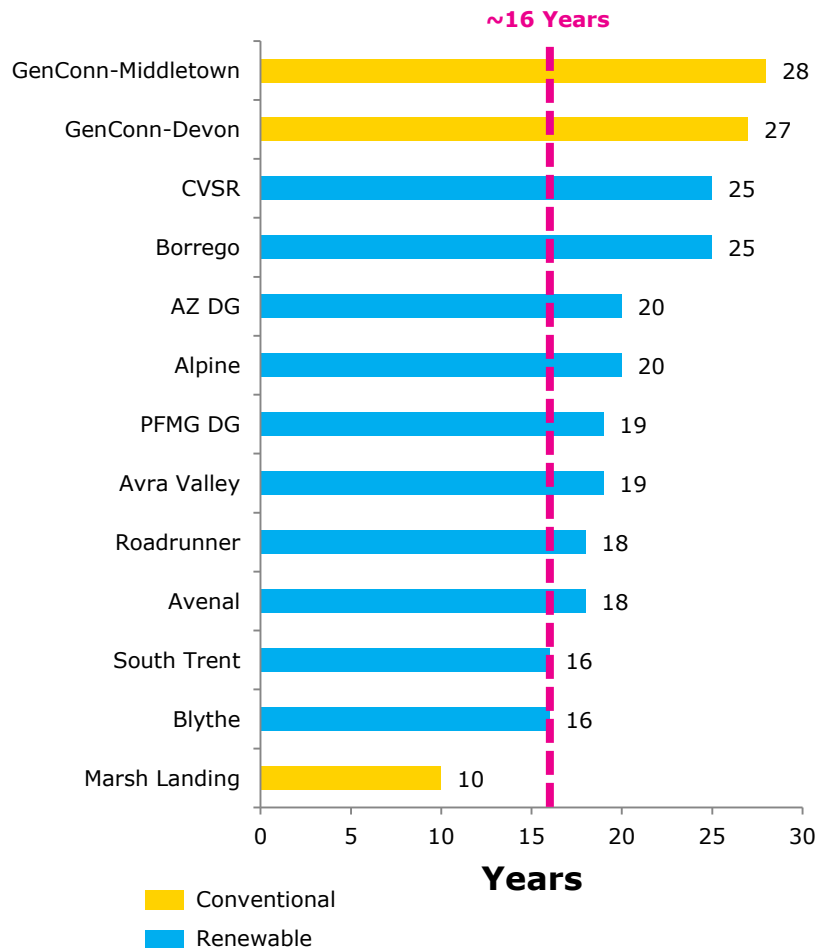


## ...Is Aligned with NRG Yield

- ✦ 65.5% ownership stake: NRG intends to maintain a controlling interest in NRG Yield
- ✦ Competitive cost of capital enables growth in acquisitions and development
- ✦ Visible pipeline of drop-down assets beginning with the 1,059 MW of NRG ROFO Assets
- ✦ NRG Yield highlights a clear market value for NRG Energy's investments in contracted assets
- ✦ Shared management and operations teams through a Management Service Agreement

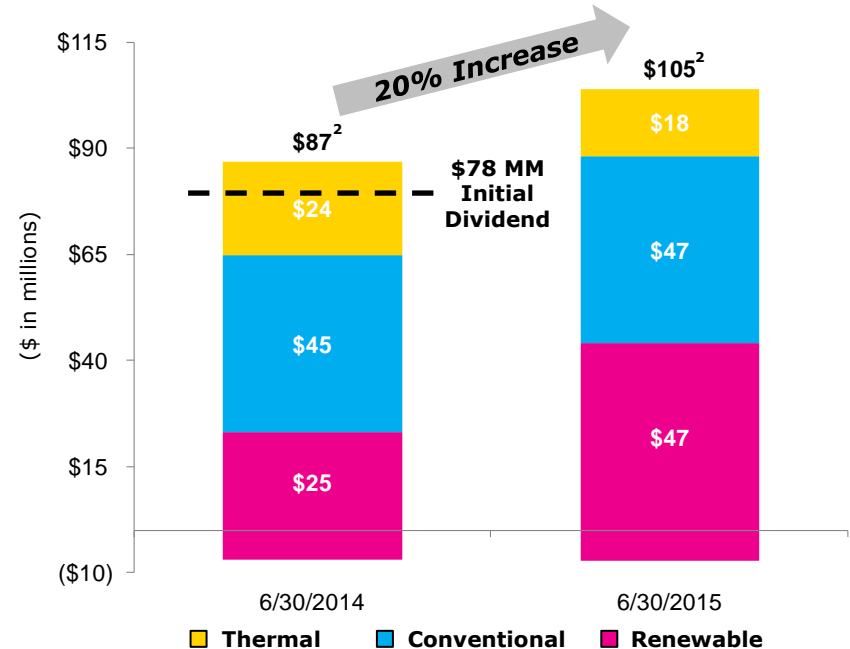
# Stable, Predictable Cash Flows Support Reliable Dividend Payout

## Contract Remaining Life By Asset<sup>1</sup>



## Dividend Growth Strategy

### Forecasted Cash Available for Distribution at NRG Yield LLC



- ✦ Growth driven by completion of CVSR and drop-downs from NRG...
  - ✦ ROFO Assets
  - ✦ Other assets developed by NRG that reach COD
- ✦ ... and third party acquisitions
- ✦ Augmented by:
  - ✦ *Excess Cash*: One-time sources of cash providing liquidity / leverageable growth capital
  - ✦ Capital structure optimization opportunities

<sup>1</sup> Excludes thermal assets; remaining life as of 6/30/2013; AZ DG represents mid-point of remaining PPA life

<sup>2</sup> Chart figures include \$7 million of corporate expense to reflect forecasted payments to NRG under the Management Services Agreement

# NRG ROFO Assets Provide Robust and Visible Growth Pipeline

**ROFO Agreement with NRG Energy provides NRG Yield with the right of first offer to acquire six recently constructed assets (the "NRG ROFO Assets") to add 1,059 net MW of generation capacity**

<b>TA High Desert</b>		<ul style="list-style-type: none"> <li>❖ TA High Desert solar facility (20 net MW) in CA</li> <li>❖ 20-year PPA with Southern California Edison ("SCE")</li> <li>❖ COD achieved in March 2013</li> </ul>
<b>RE Kansas South</b>		<ul style="list-style-type: none"> <li>❖ RE Kansas South solar facility (20 net MW) in CA</li> <li>❖ 20-year PPA with Pacific Gas &amp; Electric ("PG&amp;E")</li> <li>❖ COD achieved in June 2013</li> </ul>
<b>El Segundo</b>		<ul style="list-style-type: none"> <li>❖ El Segundo natural-gas fired facility (550 net MW) in CA</li> <li>❖ 10-year tolling agreement with SCE</li> <li>❖ COD achieved in August 2013</li> </ul>
<b>CVSR</b>		<ul style="list-style-type: none"> <li>❖ Remaining 51.05% interest (128 net MW) in the CVSR solar facility in CA</li> <li>❖ 25-year PPA with PG&amp;E</li> <li>❖ COD expected in October 2013 (final phase)</li> </ul>
<b>Agua Caliente</b>		<ul style="list-style-type: none"> <li>❖ 51%<sup>1</sup> interest (148 net MW) in the Agua Caliente solar facility in CA</li> <li>❖ 25-year PPA with PG&amp;E</li> <li>❖ COD expected in 2014<sup>2</sup></li> </ul>
<b>Ivanpah</b>		<ul style="list-style-type: none"> <li>❖ 49.95%<sup>3</sup> interest (193 net MW) in the Ivanpah solar facility in CA</li> <li>❖ 20-25 year PPAs with PG&amp;E and SCE</li> <li>❖ COD expected in Q4 2013</li> </ul>

**ROFO mechanism creates opportunity to significantly increase the size of NRG Yield**

<sup>1</sup> Remaining 49% of Agua Caliente is owned by MidAmerican Energy Holdings, Inc.

<sup>2</sup> While full COD of entire project expected to be achieved early 2014, PPA maximum capacity deliverable (290 MW) expected to COD by the 3<sup>rd</sup> quarter 2013

<sup>3</sup> Remaining 50.05% of Ivanpah is owned by NRG Energy, Google, Inc., and BrightSource Energy, Inc.

# Investment Highlight Summary

## *Stable and Predictable Cash Flows*

- ❖ Large scale, diverse portfolio of contracted and rate-regulated assets
- ❖ Average remaining PPA duration of 16 years<sup>1</sup> with credit-worthy counterparties
- ❖ Significant embedded tax attributes shield taxable income for ~10 years

## *Robust Growth Opportunities*

- ❖ Completion of CVSR facility projected to provide ~20% embedded increase in CAFD
- ❖ NRG ROFO Assets represent 1,059 MW<sup>2</sup> of additional future growth opportunities
- ❖ Competitive cost of capital creates meaningful advantage to acquire contracted operating projects

## *Strategic Relationship with NRG Energy*

- ❖ Industry leading management and operational expertise
- ❖ Strong development and acquisition track record
- ❖ Substantial pipeline of drop-down acquisition opportunities

## *High Quality and Diverse Asset Portfolio*

- ❖ Long useful lives, predominantly recently constructed assets, high barriers to entry
- ❖ Low operating and capital expenditure requirements
- ❖ Attractive environmental footprint

## *Financial Strength and Flexibility*

- ❖ Significant excess liquidity provides a strong foundation for dividend stability and growth
- ❖ Opportunities to optimize NRG Yield's capital structure on a portfolio basis to enhance cash available for distribution

<sup>1</sup> For conventional and renewable generation assets; weighted by MW

<sup>2</sup> Represents net ownership stake



# Appendix

## Reg. G Schedules

## Appendix Table A-1: Year Ending December 31, 2012 Segment Adjusted EBITDA Reconciliation

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to net income / (loss)

<i>(dollars in millions)</i>	Total
<b>Net Income/(Loss)</b>	<b>13</b>
Adjustments to net income to arrive at Adjusted EBITDA:	
Interest Income	(1)
Depreciation and Amortization	25
Interest Expense	28
Contract amortization	1
Income Tax Expense	10
Adjustments to reflect Yield's pro-rata share of Adjusted EBITDA from Unconsolidated Affiliates	23
<b>Adjusted EBITDA</b>	<b>99</b>

## Appendix Table A-2: Adjusted EBITDA Guidance Reconciliation

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to net income / (loss)

<i>(dollars in millions)</i>	For the Twelve Months Ending	
	12/31/13	12/31/14
<b>Net Income/(Loss)</b>	<b>77</b>	<b>58</b>
Adjustments to net income to arrive at Adjusted EBITDA:		
Interest Income	-	-
Depreciation and Amortization	51	66
Interest Expense, net	45	66
Contract amortization	1	1
Income Tax Expense	30	41
Adjustments to reflect Yield's pro-rata share of Adjusted EBITDA from Unconsolidated Affiliates	36	53
<b>Adjusted EBITDA</b>	<b>240</b>	<b>285</b>

## Appendix Table A-3: Cash Available for Distribution Guidance Reconciliation

The following table summarizes the calculation of Cash Available for Distribution and provides a reconciliation to net income / (loss)

(\$ in millions)	NRG Yield, Inc.	
	LTM 6/30/2014	LTM 6/30/2015
<b>Net Income of NRG Yield, LLC</b>	<b>\$ 64</b>	<b>\$ 62</b>
Less:		
Interest Income	(1)	(1)
Add:		
Depreciation and amortization	65	67
Interest expense	68	64
Income tax expense	43	41
Contract amortization	1	1
Adjustments to reflect Yield's pro-rata share of Adjusted EBITDA in unconsolidated affiliates	42	52
<b>Adjusted EBITDA</b>	<b>282</b>	<b>286</b>
Add:		
Cash distribution from unconsolidated affiliates	22	44
Less:		
Pro-rata Adjusted EBITDA from unconsolidated affiliates	(70)	(74)
Cash interest paid	(72)	(63)
Income tax paid	-	-
Maintenance capital expenditures	(12)	(12)
Change in other assets	1	1
Principal amortization of indebtedness	(64)	(77)
<b>Estimated cash available for distribution</b>	<b>\$ 87</b>	<b>\$ 105</b>
Estimated cash reserves	9	11
Estimated distributions to NRG Energy, Inc. (70%)	55	66
Estimated distributions to NRG Yield, Inc. (30%)	23	28
<b>Total Distributions</b>	<b>\$ 78</b>	<b>\$ 94</b>