



# NRG Energy

## Edison Mission Transaction Overview



January 7, 2014

# 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 acquisition of the Edison Mission Energy assets, 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 close the proposed EME transaction, and the ability to realize anticipated benefits of the transaction (including expected cost savings, other synergies and our ability to successfully transact with NRG Yield) or the risk that anticipated benefits may take longer to realize than expected.

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 forecasts are estimates as of January 7, 2014. 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).

## **Additional Information**

NRG has filed a registration statement (including a prospectus) with the SEC with respect to the NRG common stock that is expected to be issued in the transaction to which this presentation relates. This presentation shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of NRG common stock in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. You should read the prospectus in that registration statement and other documents NRG has filed with the SEC for more complete information about NRG. You may obtain these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the Company will arrange to send you the prospectus if you request it by calling 609-524-4500 or emailing [investor.relations@nrgenergy.com](mailto:investor.relations@nrgenergy.com).





# Agenda

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- + Transaction Overview – *D. Crane*
- + Operational Assessment – *M. Gutierrez*
- + Financial Overview – *K. Andrews*
- + Closing Remarks and Q&A – *D. Crane*



# Edison Mission Transaction Overview

## Value Today

## Potential For More Value Tomorrow

### NYLD Eligible Assets<sup>1</sup>

**1,598 MW**

- Contracted Wind
- Walnut Creek

### EME Merchant Assets<sup>1,2</sup>

#### Midwest Generation

**4,314 MW**

- Powerton & Joliet
- Waukegan & Will County

#### Gas, Oil & Wind

**1,775 MW**

- Merchant Wind
- Tax Equity Wind
- ST Contracted Gas
- Oil peakers

**Edison Mission  
Marketing & Trading**

### Immediate to Near-Term Value Drivers

- ❖ Drop-down opportunities for NRG Yield
- ❖ SG&A and cost savings
- ❖ Environmental compliance optimization
- ❖ Operational improvements and O&M rationalization
- ❖ EMMT value added complementary to NRG's Commercial Operations team



- ❖ Expanded operational benefits
- ❖ Retail / wholesale integration in Illinois
- ❖ Financing optimization of non-recourse entities
- ❖ Operational economies of scale
- ❖ Market recovery across PJM



NRG's Platform Provides Immediate Value and a Path for Long-Term Financial Accretion



<sup>1</sup> See Appendix slide 16 for detailed asset summary  
<sup>2</sup> Excludes non-core assets (Ambit and Big Sky Wind)

# Applying Lessons from the GenOn Transaction



## Cost Synergies

- ✦ Alignment of corporate functions and integration into the NRG platform

>65% savings versus EME est. corporate G&A of \$107 MM<sup>1</sup>

~\$70 MM/Year<sup>2</sup>

## Operational Improvements

- ✦ Operational improvement and capex efficiencies, driven by the application of:

**fornrg**  
an NRG initiative

~\$10 MM/Year<sup>2</sup>



Total Expected Benefits of ~\$80 MM/Year



<sup>1</sup> Source: EME's Presentation to Unsecured Noteholders on 1/9/2013; Based on estimated 2014 corporate G&A costs  
<sup>2</sup> Represents estimated annual run-rate target beyond 2014; Impact to 2014 dependent on anticipated closing date and timing of synergy realization



# Putting the EME Transaction in Perspective

(\$ millions)

## Full Year 2014 Guidance<sup>1</sup>

	Capacity (MW)	Adj. EBITDA	CAFD	Implied Enterprise Value <sup>2</sup>
<b>NYLD Eligible Assets</b>	1,598	\$185	\$60 - \$70	\$2,491 - \$2,735
<b>EME Merchant Assets<sup>3</sup></b>	6,089	\$145 <sup>4</sup>	NA	\$109 - \$353
<b>Total Portfolio</b>	<b>7,687</b>	<b>\$330</b>	<b>\$60 - \$70</b>	<b>\$2,844</b>

Based on current 4.1% CAFD yield<sup>2</sup>

EV/EBITDA:  
**0.7x - 2.4x**  
\$/kW:  
**\$18 - \$58**



★ Providing Substantial Growth for NYLD While Acquiring the Merchant Assets at a Significant Discount ★

<sup>1</sup> Actual contribution to 2014 will not include full 12 months due to anticipated closing date; Excludes approximately \$80 MM of transaction costs and costs to achieve synergy target  
<sup>2</sup> See slide 11 for details; As of 1/6/2014; Assumes 65.25 million Class A and Class B shares outstanding; Yield based on 2014 NYLD CAFD guidance of \$103 MM as a percentage of market capitalization  
<sup>3</sup> Excludes non-core assets (Ambit and Big Sky Wind)  
<sup>4</sup> 2014 Adjusted EBITDA does not include full run-rate synergy target

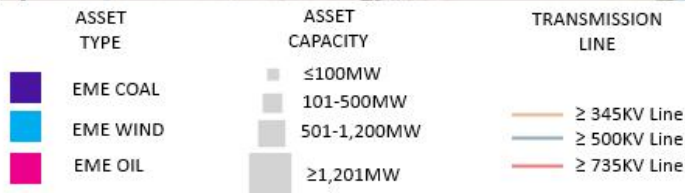


# Operational Assessment



# Edison Mission PJM Portfolio Overview

## Over 4.7 GW of Capacity



Source: SNL Financial

## Key Market Developments

Market Driver	Outlook
Demand Response	Proposed new rules expected to result in reduced DR participation in the Base Residual Auction
Imports	Proposed new rules would cap imports into the RTO region of PJM, where the EME assets are located
Retirements	Disciplined bidding in BRA; Significant un-cleared coal generation
Demand Growth	Low growth
Natural Gas Basis	Falling gas basis shrinking dark spreads in outer years



★ Positioning for Long-Term Option Value While Optimizing Near-Term Performance ★



# Economies of Scale: Leveraging NRG's Platform



## Realizing Value of the EME Merchant Assets...

Corporate Costs	<ul style="list-style-type: none"> <li>Annual estimated corporate G&amp;A savings of ~\$70 MM<sup>1</sup></li> </ul>
Midwest Gen	<ul style="list-style-type: none"> <li>4.3 GW of PRB generation</li> <li>Up to \$350 MM obligation for environmental capex</li> </ul>
Gas Fleet	<ul style="list-style-type: none"> <li>1.1 GW of gas-fired generation in CA</li> <li>74% contracted with average PPA life of ~4 years<sup>2</sup></li> </ul>
Wind Fleet	<ul style="list-style-type: none"> <li>~350 MW of merchant, short-term contracted, and tax equity wind</li> <li>Geographically diversified</li> </ul>
EMMT	<ul style="list-style-type: none"> <li>Average Trading Revenue of ~\$70 MM over past 5 years<sup>3</sup></li> </ul>



## ...By Leveraging Core Competencies

- ✦ Alignment of corporate functions
  - ✦ Cost enhancements / performance improvements
  - ✦ Fuel additions / repowerings
  - ✦ Reduction in maintenance CapEx
  - ✦ Improved environmental compliance program
- ✦ Leverage NRG Commercial Operations team

**Implied EME Merchant Value<sup>4</sup> \$109 - \$353**



Enhancing Value By Leveraging GenOn Experience  
and Successfully Integrating EME Operations



<sup>1</sup> See slide 4 for details  
<sup>2</sup> Weighted by MW; See Appendix page 16 for detailed asset summary  
<sup>3</sup> Source: EME's Presentation to Unsecured Noteholders on 1/9/2013  
<sup>4</sup> See slide 11 for details; Market data as of 1/6/2014



# Financial Overview



# Revisiting Key Deal Terms & Conditions

Consideration **\$2,635 MM** of Cash and stock (~12.7 MM NRG Energy shares<sup>1</sup>)

Key Purchase Price Adjustments include:

- Target Cash Balance<sup>2</sup> • **\$1,063 MM**; Adjusted by amounts above or below target (Closing Cash<sup>2</sup>)
- Target Debt Balance<sup>2</sup> • **\$1,545 MM**; Adjusted by amounts above or below target (Closing Debt<sup>2</sup>)

Excluded Liabilities

- Pension liabilities administered by EIX
- EME retains NOL's and other tax attributes up to transaction closing
- Cure payments under the Powerton/Joliet (PoJo) lease

PoJo Lease Amendment

- NRG assumes obligation effective as of 1/1/14; NRG Corporate Guaranty will be required
- Obligation to spend up to \$350MM in compliance CapEx
- Plants must retain ability to economically dispatch at full capacity or otherwise be capable as a capacity resource

Non-Core Assets

Assets Included:

- Big Sky
- Ambit

NRG has no obligation to support these entities



<sup>1</sup> Based on share price of \$27.62 per S-1 filed by NRG Energy on 12/24/2013

<sup>2</sup> As defined in the Asset Purchase Agreement; For purposes of establishing the \$1,063 MM, Cash includes cash and cash equivalents, restricted cash, margin and collateral deposits; Includes adjustments for any lease payments made by Seller beginning 1/1/2014; Excludes any changes in cash or debt at non-core assets



# Understanding Transaction Value

(\$ millions, except \$/kW)

<b>Implied Enterprise Value<sup>1</sup></b>	
Purchase Price	\$2,635
Less: Acquired Cash per APA	(1,063)
Add: Non-Recourse Debt Assumed <sup>2</sup>	1,272
<b>Implied Enterprise Value</b>	<b>\$2,844</b>

(A) **Total Enterprise Value**  
**\$2,844 MM**

## NYLD Eligible Assets

## EME Merchant Assets

	Range	
CAFD <sup>3</sup>	\$60	\$70
Current CAFD Yield <sup>4</sup>	4.1%	
Implied Equity Value	\$1,463	\$1,707
Add: Debt	\$1,028	
(B) <b>Implied Market Value</b>	<b>\$2,491</b>	<b>\$2,735</b>
(A-B) <b>Implied Residual Value</b>	<b>\$353</b>	<b>\$109</b>

	Range	
Implied Residual Value	\$109	\$353
2014 Adjusted EBITDA Guidance	\$145	
<b>Implied 2014 EV/EBITDA</b>	<b>0.7x</b>	<b>2.4x</b>
Implied \$/kW	\$18	\$58

Illustrative Multiples		
EV/EBITDA	9.0x	7.0x
<b>Required Adj. EBITDA</b>	<b>\$12</b>	<b>\$50</b>

★ **NRG Yield Enables Acquisition of EME Merchant Assets at a Significant Discount** ★



<sup>1</sup> Excludes estimated Purchase Price Adjustments  
<sup>2</sup> Per announcement on 10/18/2013; Based on 6/30/2013 balance sheet including incremental debt of \$23 MM from Viento refinancing; Excludes non-recourse debt associated with assets classified as non-core  
<sup>3</sup> CAFD represents Cash Available for Distribution  
<sup>4</sup> As of 1/6/2014; Assumes 65.25 million Class A and Class B shares outstanding; Yield based on 2014 NYLD CAFD guidance of \$103 MM as a percentage of market capitalization



# Process Update Overview

## + **Bankruptcy Process**

- Plan Support Agreement approved by bankruptcy court and bid protections secured – Oct. 24<sup>th</sup>
- >2/3s (74%) of bondholders signed onto PSA – Nov. 6<sup>th</sup>
- Filing of Chap. 11 Plan of Reorganization and related disclosure statement – Nov. 15<sup>th</sup>
- Expiration of “Go Shop” Period – Dec. 6<sup>th</sup>
- Final Approval of the Plan – expected 1Q14

## + **Regulatory Approvals**

- DOJ / Hart-Scott-Rodino – received Nov. 26<sup>th</sup>
- FERC – filed Oct. 25<sup>th</sup>
- Public Utility Commission of Texas – filed Oct. 29<sup>th</sup>

## + **Required Notices**

- California Public Utilities Commission – Oct. 30<sup>th</sup>



On Track For 1Q14 Closing





## Closing Remarks and Q&A

# Conclusion

## Immediate to Near-Term Focus

- ❑ Drop down NYLD-eligible assets
- ❑ Execute SG&A synergies and operational improvements
- ❑ Optimize the environmental compliance program
- ❑ Leverage EMMT platform

## Long-Term Focus

- ❑ Deliver expanded synergies
- ❑ Optimize the financing of non-recourse entities
- ❑ Leverage Illinois platform for retail growth
- ❑ Realize operational economies of scale

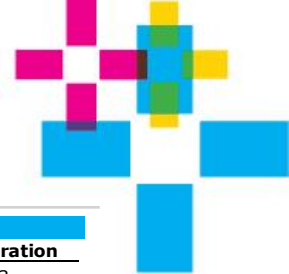




# Appendix



# Detailed Asset Summary



NYLD-Eligible Assets						
Asset	Net MW	Fuel Type	COD	Debt (9/30)	Debt Maturity	PPA Expiration
Walnut Creek	500	Natural Gas	2013	\$478	May-23	2023
Tapestry	204	Wind	>2008	\$204	Dec-21	>2031
Viento	304	Wind	>2005	\$202	Jul-23	>2025
High Lonesome	100	Wind	2009	\$66	Nov-17	2039
Laredo Ridge	80	Wind	2011	\$70	Mar-26	2031
Community Wind	30	Wind	2011	-	-	2031
Crosswinds	21	Wind	2007	-	-	2022
Hardin	15	Wind	2007	-	-	2027
Jeffers	50	Wind	2008	-	-	2028
Odin	20	Wind	2008	-	-	2028
Sleeping Bear	95	Wind	2007	-	-	2032
Spanish Fork	19	Wind	2008	-	-	2028
Storm Lake	108	Wind	1999	-	-	2019
Minnesota Wind Assets	52	Wind	Various	\$8	Various	Various
<b>Total</b>	<b>1,598</b>			<b>\$1,028</b>		
<b>Weighted Average</b>			<b>4 Years</b>			<b>14 yrs</b>

EME Merchant Assets						
Asset	Net MW	Fuel Type	COD	Debt (9/30)	Debt Maturity	PPA Expiration
Joliet	1,326	Coal	1959	-	-	-
Powerton	1,538	Coal	1972	-	-	-
Waukegan	689	Coal	1958	-	-	-
Will County	761	Coal	1958	-	-	-
Fisk Oil	197	Oil	1968	-	-	-
Waukegan Oil	108	Oil	1968	-	-	-
Kern River	150	Natural Gas	1985	-	-	2020
Sycamore	150	Natural Gas	1988	-	-	2020
Midway-Sunset	113	Natural Gas	1989	-	-	2018
Watson	196	Natural Gas	1988	-	-	2015
Coalinga	20	Natural Gas	1992	-	-	2016
Mid-Set	20	Natural Gas	1989	-	-	2016
Salinas River	21	Natural Gas	1992	-	-	2016
Sargent Canyon	21	Natural Gas	1992	-	-	2016
Sunrise	293	Natural Gas	2001	-	-	-
Doga	144	Natural Gas	1999	-	-	2019
Goat Wind	150	Wind	2008	-	-	-
Lookout	38	Wind	2008	-	-	-
Forward	29	Wind	2008	-	-	2017
Crofton Bluffs	12	Wind	2012	\$26	Dec-27	2032
Broken Bow	25	Wind	2012	\$51	Dec-27	2032
Cedro Hill	47	Wind	2010	\$119	Dec-25	2030
Mountain Wind I	19	Wind	2008	-	-	2033
Mountain Wind II	25	Wind	2008	-	-	2033
<b>Total</b>	<b>6,089</b>			<b>\$196</b>		

Non-Core Assets						
Asset	Net MW	Fuel Type	COD	Debt (9/30)	Debt Maturity	PPA Expiration
Big Sky	240	Wind	2012	\$228	Oct-14	-
Ambit	40	Waste Coal	1992	\$46	Oct-17	2036
<b>Total</b>	<b>280</b>			<b>\$274</b>		

# Pro Forma Balance Sheet

\$ millions	As of September 30, 2013		Transaction Adjustment	September 30, 2013
	NRG <sup>1</sup>	EME <sup>1</sup>		Pro Forma
Cash and cash equivalents	2,129	1,138	(1,600)	1,667
Restricted cash, current portion	307	15	-	322
<b>Total Cash</b>	<b>\$2,436</b>	<b>\$1,153</b>	<b>(\$1,600)</b>	<b>\$1,989</b>
<b>Recourse debt:</b>				
Term loan facility and Revolver	2,011	-	432 <sup>4</sup>	2,443
Unsecured Notes	5,718	-	700	6,418
Tax Exempt Bonds	373	-	-	373
<b>Recourse subtotal</b>	<b>8,102</b>	<b>-</b>	<b>1,132</b>	<b>9,234</b>
<b>Non-Recourse debt:</b>				
NRG Yield	1,167	-	-	1,167
EME NYLD Eligible Assets	-	1,028	-	1,028
Other EME non-recourse debt <sup>2</sup>	-	495	-	495
Solar non-recourse debt <sup>3</sup>	3,643	-	-	3,643
Unsecured Notes	2,799	-	-	2,799
Conventional non-recourse debt	689	-	-	689
<b>Non-Recourse subtotal</b>	<b>8,298</b>	<b>1,523</b>	<b>-</b>	<b>9,821</b>
<b>Total Debt</b>	<b>\$16,400</b>	<b>\$1,523</b>	<b>\$1,132</b>	<b>\$19,055</b>



<sup>1</sup> Debt excludes discounts/premiums from balances

<sup>2</sup> Includes non-recourse debt associated with assets classified as non-core in the amount of \$274MM

<sup>3</sup> Includes 100% of CVSR project debt in Solar non-recourse debt, NRG Yield owns 48.95% of the project

<sup>4</sup> Estimated purchase price adjustment based on EME's 9/30/2013 Balance Sheet and forecasted changes; Actual adjustments will be based on EME's balance sheet at closing



# Appendix: Reg. G Schedules

# Reg. G

## Appendix Table A-1 EME Assets 2014 Midpoint Free Cash Flow before Growth Investments reconciliation to Adjusted EBITDA and Estimated Income Before Taxes

The following table reconciles estimated Income Before Taxes to Adjusted EBITDA

	2014
<i>\$ millions</i>	EME Assets
Income Before Taxes	\$ 140
Interest Expense	66
Adjustment to Reflect Reported Equity Earnings	22
Depreciation and Amortization	102
<b>Adjusted EBITDA</b>	<b>\$ 330</b>

# Reg. G

## Appendix Table A-2 2014 EME NYLD Eligible Assets Midpoint Cash Available For Distribution (CAFD) reconciliation to Adjusted EBITDA and Estimated Income Before Taxes

The following table reconciles estimated Income Before Taxes to Adjusted EBITDA to Midpoint CAFD

<i>\$ millions</i>	2014 EME NYLD Eligible Assets
Income Before Taxes	\$51
Interest Expense	54
Adjustment to Reflect Reported Equity Earnings	10
Depreciation and Amortization	70
<b>Adjusted EBITDA</b>	<b>\$ 185</b>
Interest Payments	(54)
Working Capital/other	(9)
Maintenance CapEx	(1)
Debt Amortization	(56)
<b>Midpoint CAFD</b>	<b>\$ 65</b>

# Reg. G

## Appendix Table A-3 EME Merchant Assets 2014 Midpoint Free Cash Flow before Growth Investments reconciliation to Adjusted EBITDA and Estimated Income Before Taxes

The following table reconciles Income Before Taxes to Adjusted EBITDA

<i>\$ millions</i>	2014 EME Merchant Assets
Income Before Taxes	\$89
Interest Expense	12
Adjustment to reflect reported equity earnings	12
Depreciation and Amortization	32
<b>Adjusted EBITDA</b>	<b>\$ 145</b>