

Investor Presentation

# NRG Energy, Inc.

(NYSE: NRG)

May 12, 2014

Deutsche Bank Clean Tech, Utilities and Power Conference



# Safe Harbor



## **Forward Looking Statements**

In addition to historical information, the information presented in this presentation 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 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 acquired companies, including the assets of Edison Mission Energy, the ability to realize anticipated benefits of acquisitions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, and our ability to pay dividends and initiate share repurchases under our Capital Allocation Plan, which 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 May 6, 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 Earnings 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 Energy Overview

## ***Key Information***

Ticker: **NRG (NYSE)**

Market Cap<sup>1</sup>: ~\$**11.5 BN**

Generation Assets<sup>2</sup>: ~**53 GW**

Competitive Retail Customers: ~**3 MM**

## ***LTM Financial Highlights***<sup>3</sup>

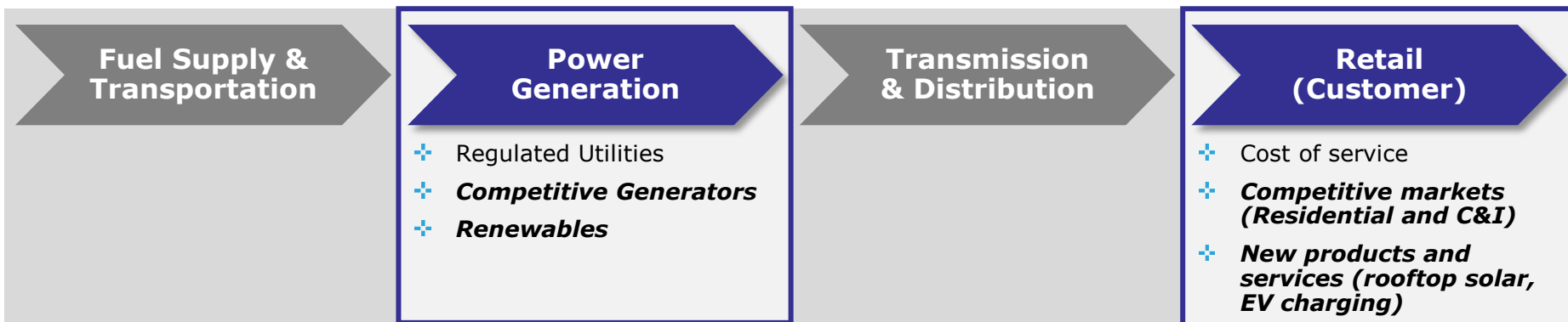
Revenues: **\$12.7 BN**

Adjusted EBITDA: **\$3.1 BN**

Adjusted Cash From Operations: **\$2.1 BN**

Free Cash Flow Before Growth: **\$1.6 BN**

## NRG in the Power Sector Value Chain



**The nrg**  
**Difference:**

- ❖ Largest competitive power generation portfolio with fuel and geographic diversity
- ❖ Leading retail energy platform across competitive markets that provides foundation for high growth distributed businesses – including NRG Residential Solar Solutions
- ❖ National leader in clean energy sector with ~3,550 MW<sup>4</sup> of utility-scale renewable generation projects; Focused effort to reduce carbon footprint
- ❖ Competitive cost of capital through majority ownership of **NRG YIELD**<sup>SM</sup>
- ❖ Strong free cash flow coupled with long history of balanced capital allocation

<sup>1</sup> As of 5/6/2014; assumes ~337.2 MM shares outstanding

<sup>2</sup> Net operating capacity as of 4/1/2014 (excludes capacity attributable to non-controlling interests and NRG Thermal MW<sub>T</sub>)

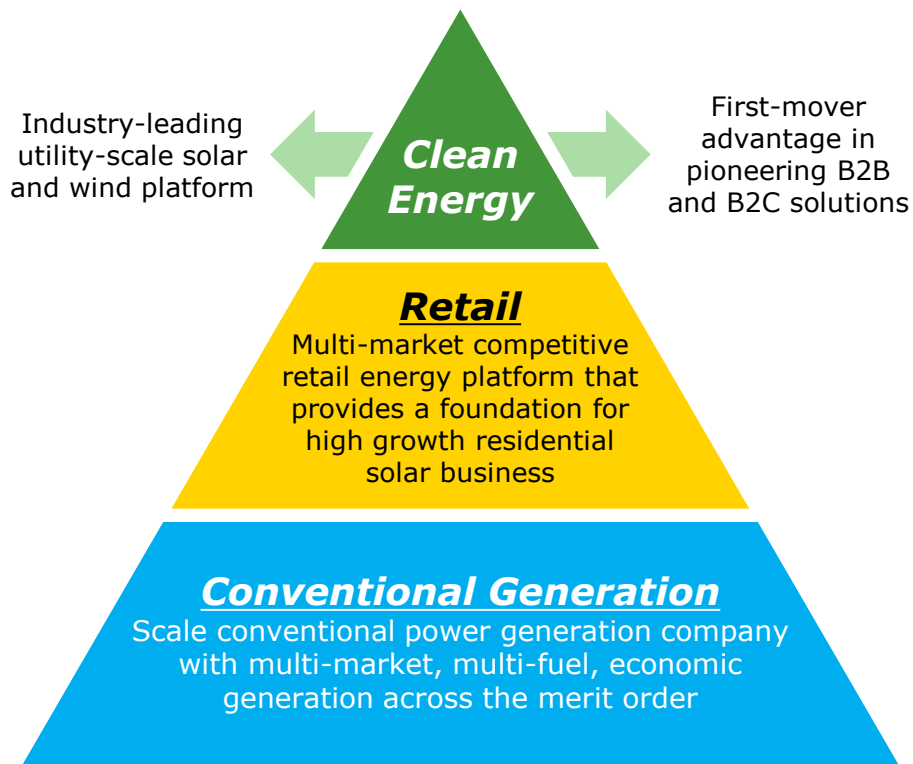
<sup>3</sup> Per NRG Energy filings as of 3/31/2014

<sup>4</sup> Total solar and wind capacity as of 4/1/2014

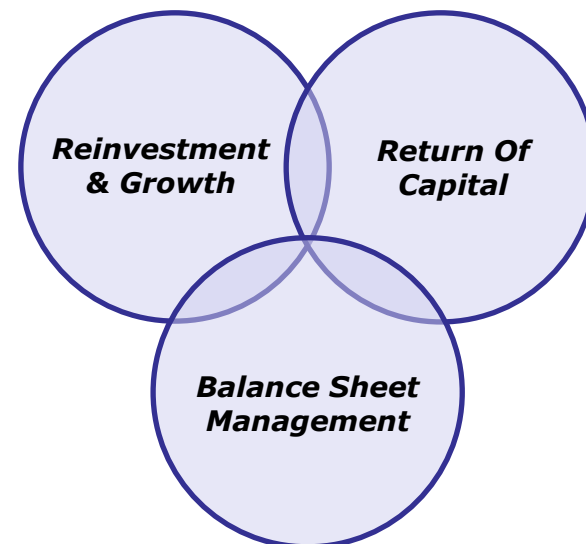


# NRG's Investment Proposition

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



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



**Annual Dividend**  
of \$0.56/share (~1.6% yield)<sup>1</sup>

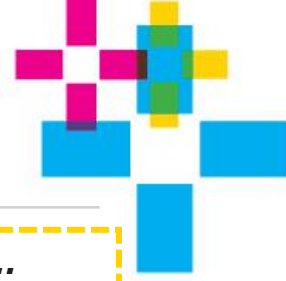
**2014 Free Cash Flow Yield**  
10.4% – 12.1%<sup>1,2</sup>



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

<sup>1</sup> As of 5/6/2014; assumes ~337.2 MM shares outstanding

<sup>2</sup> Based on 2014 Free Cash Flow Before Growth guidance as previously disclosed during NRG's 1st Quarter 2014 Results Presentation on 5/6/2014

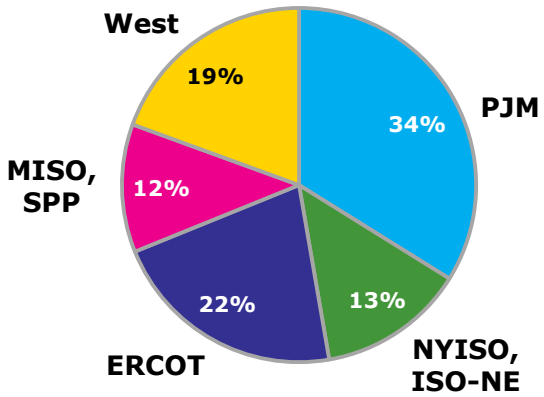


# Leading Competitive Generation Portfolio

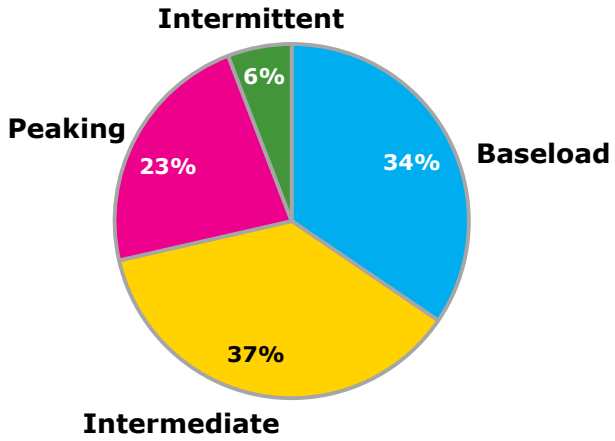
**NRG's Competitive Generation Footprint Benefits from Scale and Diversity ...**

## Locational Diversity

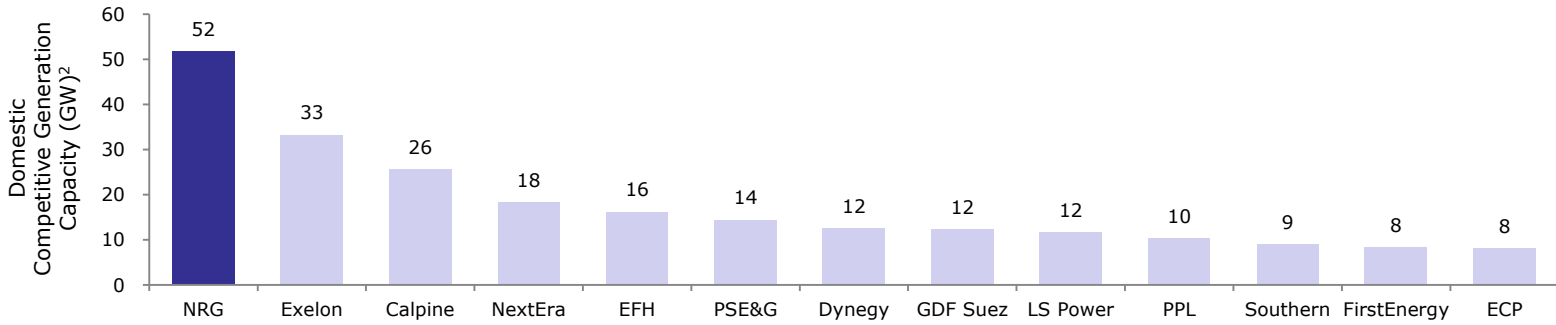
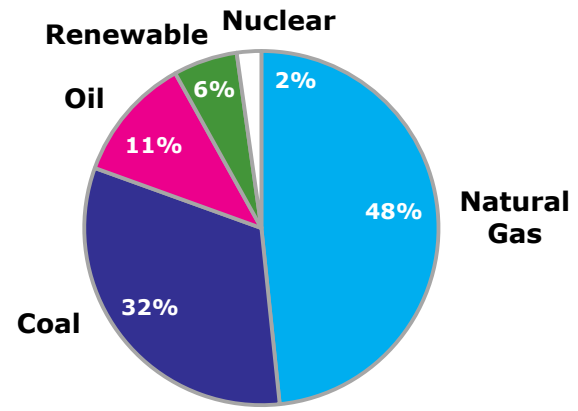
By Capacity



## Merit Order Diversity<sup>1</sup>



## Fuel Diversity<sup>1</sup>



★ ... And Provides Foundation for Strong Results, While Supporting ★  
Development of Next Generation Competitive Energy Services

Note: Totals may not sum to 100% due to rounding; MW as of 4/1/2014 and excludes international assets

<sup>1</sup> Merit order classification based on technology and NRG assumptions, rather than actual dispatch characteristics on a current-market basis; Fuel diversity denotes primary fuel type

<sup>2</sup> Source: SNL Financial and company materials

# Expanding Retail and Residential Solar to Win the Home



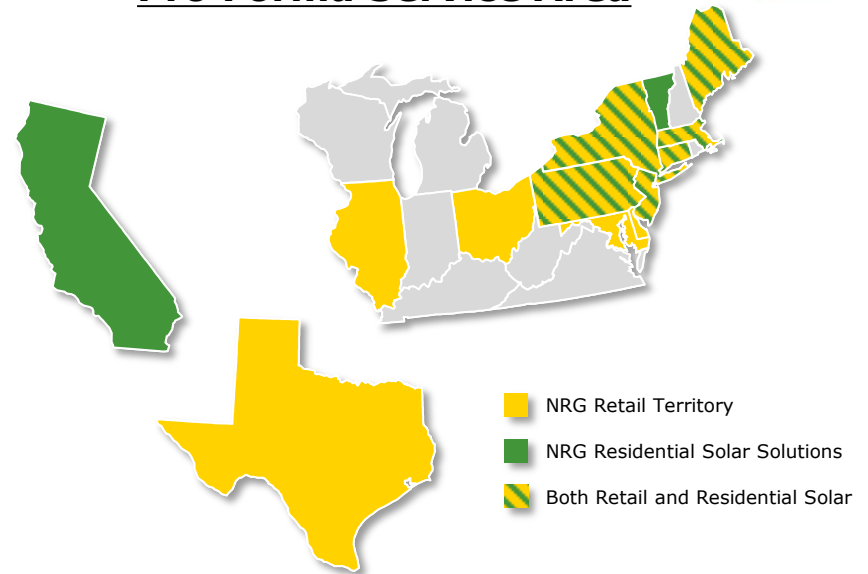
## NRG Retail: ~3 Million Customers and Growing<sup>1</sup>

- ✦ ~2.2 million customer in Texas and ~800 thousand customers in the Northeast
- ✦ Fortified by industry-leading **integrated wholesale / retail** energy model
- ✦ Provides strong foundation and competitive advantage to **enable** NRG's **long-term expansion** into the American home

## NRG Residential Solar Solutions: Vertically Integrating and Scaling

- ✦ Recently completed acquisition of Roof Diagnostics Solar, one of the largest **national residential solar** companies
- ✦ Best-in-class **vertically-integrated platform** from origination to installation to maintenance
- ✦ Key relationship with **major big box retailer** provides advantaged sales platform
- ✦ Ability to **cross-sell** NRG's full suite of consumer products and services, such as retail energy, EV charging, and more

## Pro Forma Service Area



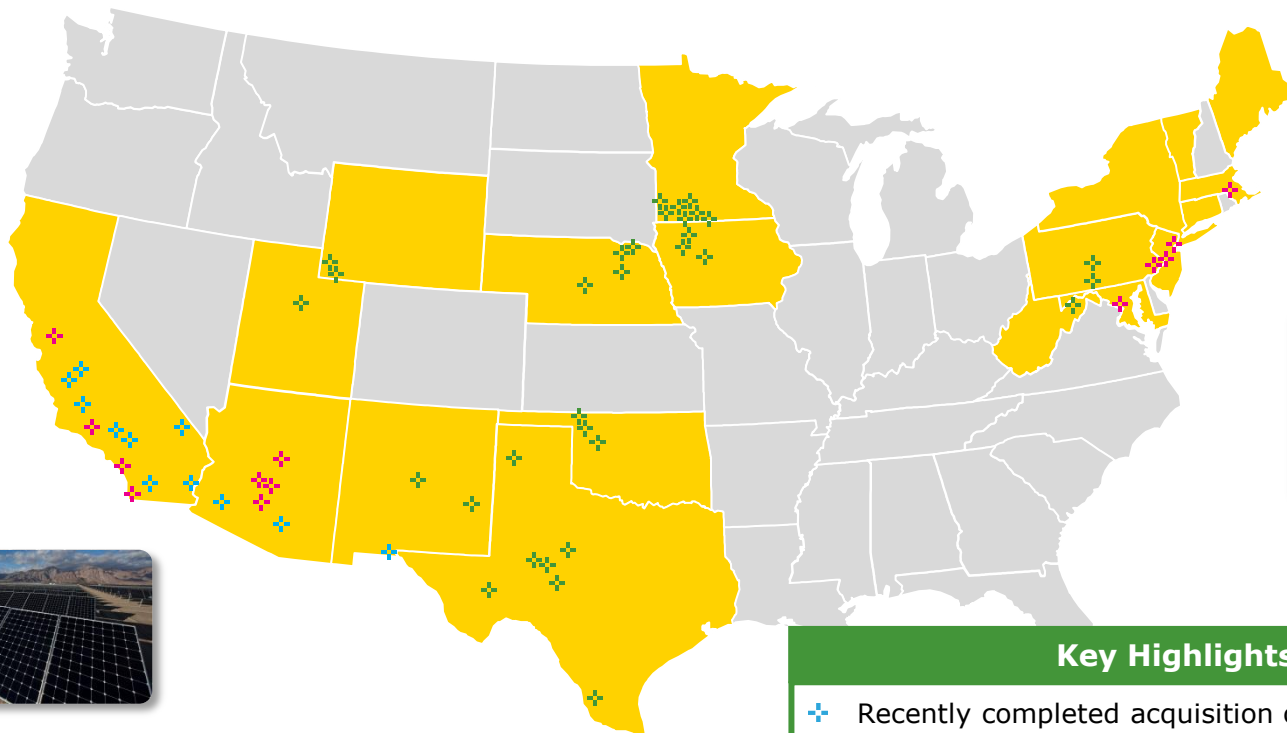
NRG's ~3 Million Retail Customers Provide a Strong Foundation for Increased Value Creation Inside the Home






<sup>1</sup> Includes pro forma estimate of impact of Dominion competitive electric business after customary transitions






# Industry-Leading Clean Energy Platform



-  Utility-Scale Solar
-  Distributed Solar<sup>2</sup>
-  Utility-Scale Wind

### Key Highlights

-  Recently completed acquisition of Edison Mission, making NRG the **3<sup>rd</sup> largest** US-based renewables operator and developer
-  **~3,550 MW** of wind and solar capacity in operation and under construction<sup>1</sup>
-  Burgeoning distributed solar business with **~60 MW** in operation and under construction<sup>1</sup>



★ **Leading Renewables Platform Contributing Significant Contracted EBITDA and Growth** ★

<sup>1</sup> Total capacity, including capacity owned by minority interest partners, as of 4/1/2014  
<sup>2</sup> Represents key distributed solar portfolios

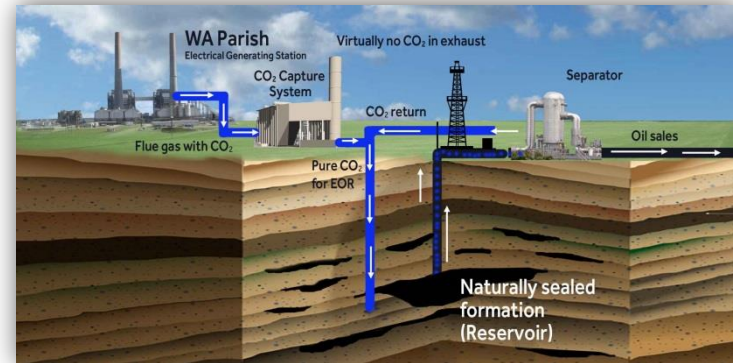


# Setting the Stage for the Future of Coal



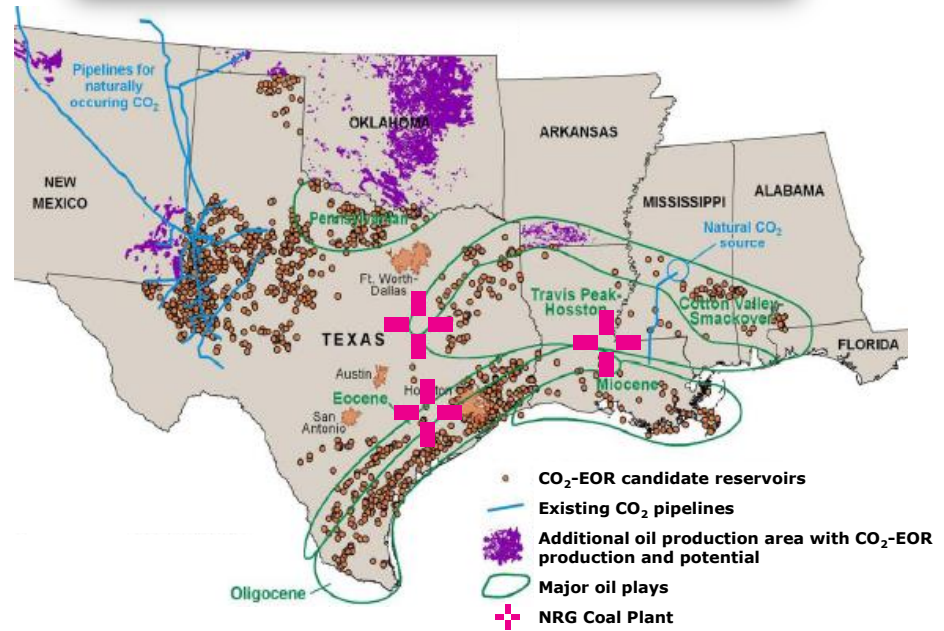
## What is Petra Nova?

- ✦ Established to **reduce and monetize** the carbon intensity of existing coal plants through CO<sub>2</sub> capture for Enhanced Oil Recovery (EOR)
- ✦ Planned 240 MW carbon capture system (CCS) at **WA Parish** Unit 8 (32 year-old, 610 MW, PRB coal) that captures ~1.6 mm tons of CO<sub>2</sub> annually
- ✦ **Strong project partners**
  - **Hilcorp Energy**: part-owner and operator of West Ranch Field for EOR
  - **Department of Energy**: providing \$167 MM grant under Clean Coal Power Initiative
- ✦ If successful, can **provide the foundation** for additional projects at other Gulf Coast sites, such as Limestone and Big Cajun

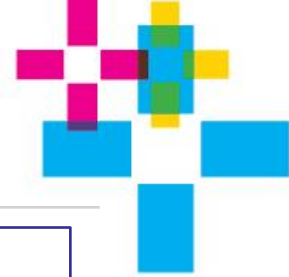


## Progress To Date

- ✦ 2010: Awarded DoE grant
- ✦ 2011: Entered into JV with Hilcorp
- ✦ 2012: Favorable CO<sub>2</sub> pilot injection test at oil field
- ✦ 2013: 75 MW peaking unit<sup>1</sup> at WA Parish achieved COD, Record of Decision received from DoE







<b>Ticker:</b> NYLD (NYSE)	<b>Market Cap<sup>1</sup>:</b> ~\$2.8 BN
<b>Estimated Dividend Yield<sup>1</sup>:</b> ~3.4%	<b>Target Dividend Growth<sup>2</sup>:</b> 10% - 15%
<b>Project Pipeline Capacity<sup>3</sup>:</b> ~2.1 GW	<b>NRG Energy Ownership Stake:</b> 65.5%

### Conventional<sup>3</sup>



- ❖ 4 Facilities with 1,460 net MW
- ❖ 100% Contracted
- ❖ ~11 year average remaining PPA life<sup>4</sup>

### Renewable<sup>3</sup>



- ❖ 12 solar and wind facilities with 454 net MW
- ❖ 100% Contracted
- ❖ ~19 year average remaining PPA life<sup>4</sup>

### Thermal



- ❖ 1.35 GW<sub>T</sub> capacity and 123 MW of generating capacity
- ❖ 550+ customers
- ❖ Primarily long-term contracts or regulated rates

<sup>1</sup> As of 5/6/2014; assumes ~65.25 MM shares outstanding (~22.5 MM Class A shares; ~42.7 Class B shares) and an expected annualized dividend of \$1.45 per share by 3Q 2014

<sup>2</sup> Represents target 5-year CAGR; Excludes embedded 3.5% growth (relative to current dividend) resulting from full cash distributions from CVSR beginning 3Q 2014

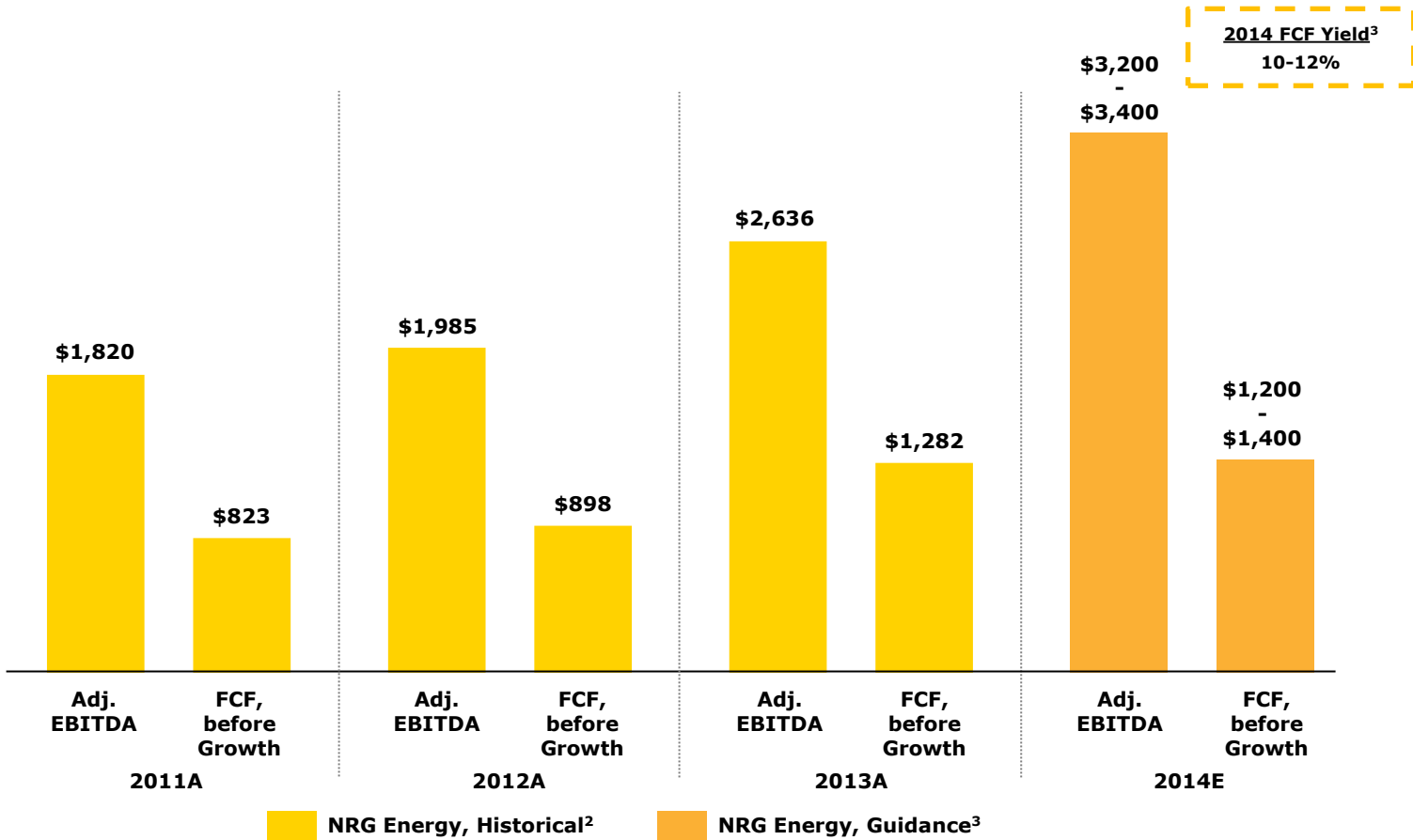
<sup>3</sup> Pro forma for drop-down transaction announced on 5/6/2014; Expected to close during 2Q14

<sup>4</sup> Weighted by MW

# Financial Highlights: EBITDA<sup>1</sup> and Free Cash Flow



**Strong Financial Performance and Robust Free Cash Flow Today...**



★ ...Provides the Necessary Capital for Long-Term Value Creation ★

<sup>1</sup> 2012A, 2013A, and 2014E Adjusted EBITDA based on NRG's revised methodology, as more fully described in NRG's 4Q12 earnings presentation on 2/27/2013  
<sup>2</sup> 2011A from NRG's 4Q11 earnings presentation on 2/28/2012; 2012A from NRG's 4Q12 earnings presentation on 2/27/2013; 2013A from NRG's 4Q13 earnings presentation on 2/28/2014  
<sup>3</sup> Based on guidance previously disclosed in NRG's 1<sup>st</sup> Quarter 2014 Results Presentation on 5/6/2014; Market data as of 5/6/2014; Assumes ~337.2 MM shares outstanding



# Summary: NRG Value Proposition

## Cash Generation Now

*Largest utility-scale solar business*

*~3 million energy customers ... and growing*

*Multi-fuel, multi-region, scale portfolio*

*Advantaged cost of capital through NRG YIELD<sup>SM</sup>*

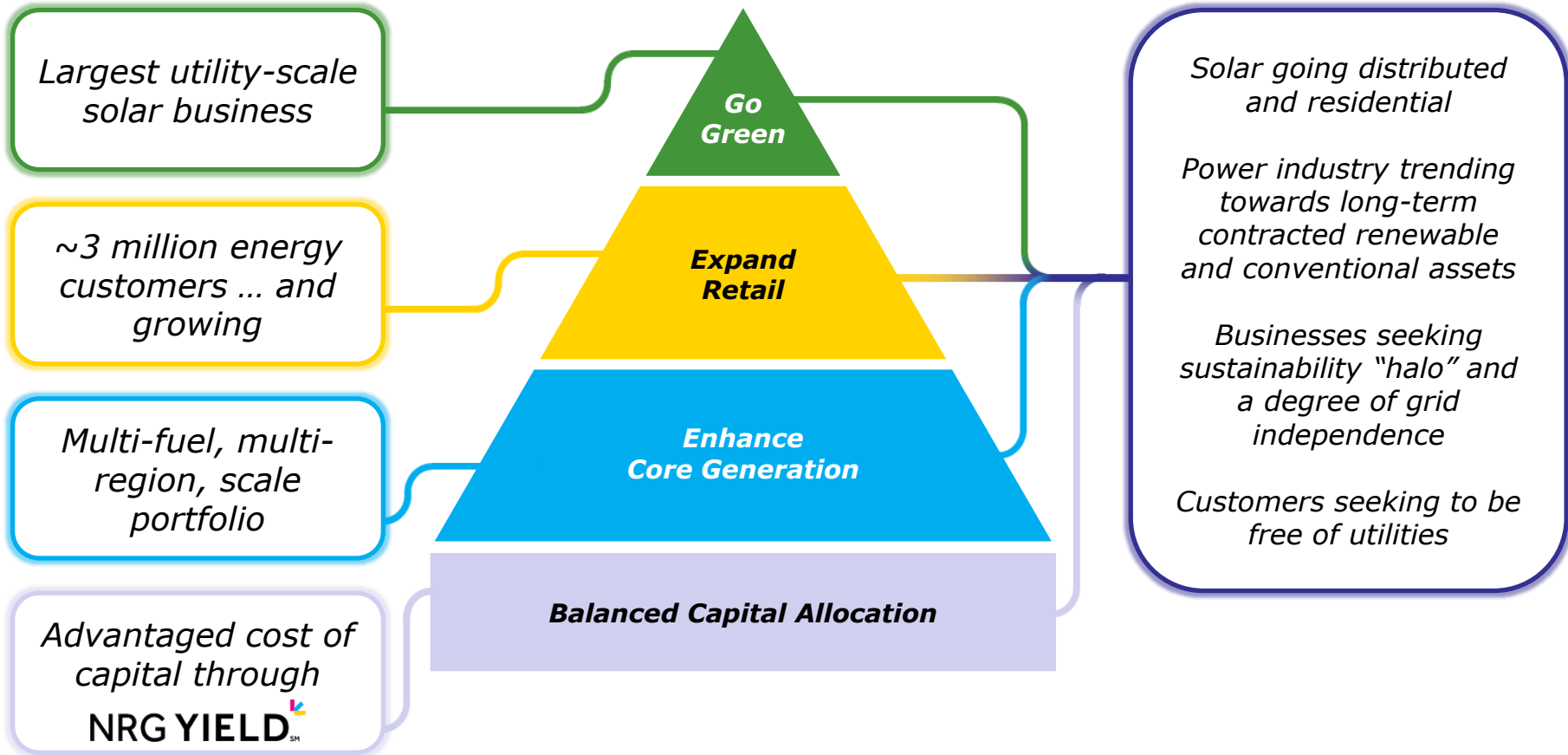
## Value Enhancing Growth

*Solar going distributed and residential*

*Power industry trending towards long-term contracted renewable and conventional assets*

*Businesses seeking sustainability "halo" and a degree of grid independence*

*Customers seeking to be free of utilities*



★ A Unique Combination of Current Results and Future Prospects ★



# Appendix



# 2014 Guidance Overview

<i>(\$ millions)</i>	<b>Guidance 5/6/2014</b>	<b>Previous Guidance 2/28/2014</b>
<b>Wholesale</b>	<b>\$2,315-\$2,440</b>	<b>\$1,815-\$1,940</b>
<b>Retail</b>	<b>\$600-\$675</b>	<b>\$600-\$675</b>
<b>NRG Yield</b>	<b>\$292</b>	<b>\$292</b>
<b>Adjusted EBITDA</b>	<b>\$3,200-\$3,400</b>	<b>\$2,700-\$2,900</b>
<b>Free Cash Flow – before Growth Investments</b>	<b>\$1,200-\$1,400</b>	<b>\$950-\$1,150</b>
<b>Description</b>	<b>2014 Adjusted EBITDA Guidance Impacts</b>	
<b>Change in NRG’s Outlook<sup>1</sup></b>	<b>\$250</b>	
<b>Impact of Acquisitions</b>	<b>\$250</b>	



★ Increasing Guidance Following Strong First Quarter Results ★  
And Completion of Strategic Acquisitions

<sup>1</sup> Reflects Q1 2014 outperformance and change in curves from previous guidance

# First Ever ROFO Drop-Down to NRG Yield



## ROFO Assets Being Dropped Down

TA High Desert



- ❖ PV Solar (20 MW) in CA
- ❖ 20-year PPA with SCE
- ❖ COD achieved March 2013

RE Kansas South



- ❖ PV Solar (20 MW) in CA
- ❖ 20-year PPA with PG&E
- ❖ COD achieved June 2013

El Segundo



- ❖ Fast-start, efficient natural gas facility (550 MW) in CA
- ❖ 10-year toll with SCE
- ❖ COD achieved in Aug 2013

## Financial Summary

\$ millions

### Estimated Financials 2014

Adjusted EBITDA ~\$100

CAFD ~\$30

### Net Equity Invested

~\$225

## Transaction Perspective

\$ millions

### Transaction Summary

Equity Proceeds to NRG<sup>1</sup> \$349

Plus: Debt<sup>2</sup> \$657

Implied Enterprise Value<sup>3</sup> \$1,006

### Implied Metrics

EV/EBITDA 10.1x

Multiple to Net Equity Invested 1.6x



Delivering Immediate Value to NRG while Driving CAFD Growth at NRG Yield



<sup>1</sup> Excludes \$30 MM of dividends previously received by NRG

<sup>2</sup> As of 3/31/2014

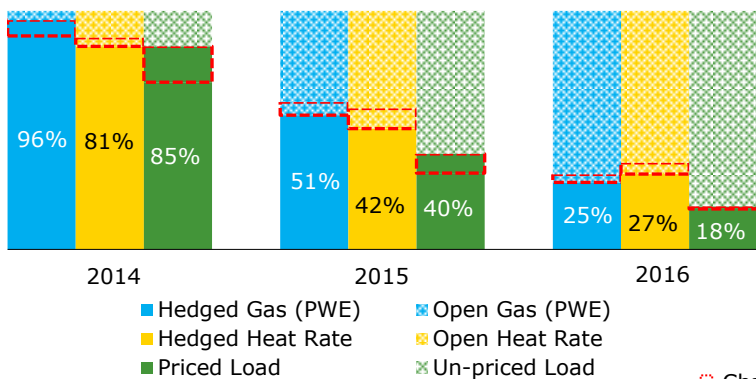
<sup>3</sup> Excludes working capital adjustment to be paid to NRG as part of transaction



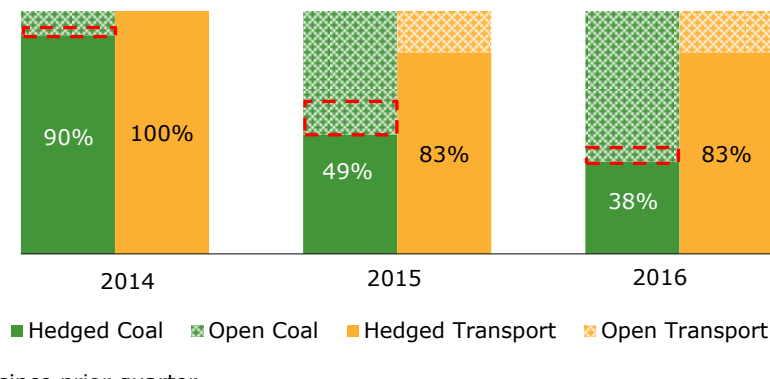


# Managing Commodity Price Risk

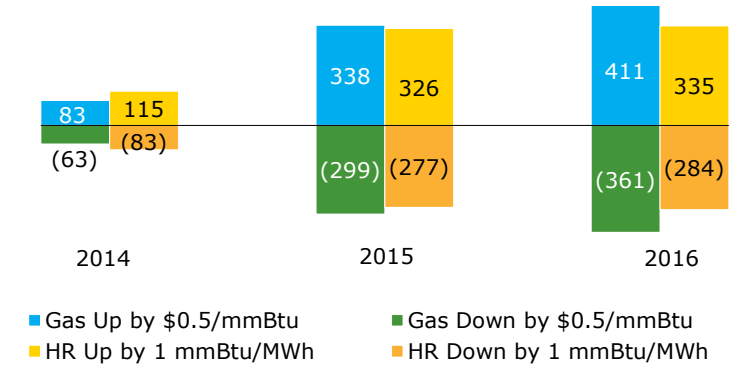
## Coal and Nuclear Generation and Retail Hedge Position<sup>1,2</sup>



## Coal and Transport Hedge Position<sup>1,4</sup>



## Coal and Nuclear Generation Sensitivity to Gas Price and Heat Rate<sup>1,3</sup>



## Commercial Highlights

- ✦ Strong commercial execution through extreme wholesale market volatility
- ✦ Successful commercial integration of EME merchant assets
- ✦ Increased hedges for the balance of 2014 for the coal and nuclear fleet



<sup>1</sup> Portfolio as of 4/21/2014; Includes recently closed acquisition of Edison Mission  
<sup>2</sup> Retail Priced Load includes Term load, Hedged Month-to-month load, and Indexed load  
<sup>3</sup> Price sensitivity reflects gross margin change from \$0.5/MMBtu gas price, 1 mmBtu/MWh heat rate move  
<sup>4</sup> Coal position excludes existing coal inventory

# Proportionate Adjusted EBITDA and Debt



	Guidance
<i>(\$ millions)</i>	2014
<b>Adjusted EBITDA</b>	<b>\$3,200-\$3,400</b>
- Pro-rata Adjusted EBITDA associated with project non-controlling interests (i.e., Agua Caliente, Ivanpah)	(90)
<b>NRG Proportionate Adjusted EBITDA</b>	<b>\$3,110-\$3,310</b>
- NRG Yield Proportionate Adjusted EBITDA	(292)
<b>NRG Residual Adjusted EBITDA</b>	<b>\$2,818-\$3,018</b>
<b>Recourse Debt</b>	<b>\$ 8,843</b>
<b>Non-recourse Debt</b>	<b>9,114</b>
<b>Consolidated Debt<sup>1</sup></b>	<b>\$ 17,957</b>
- Pro-rata Debt associated with project non-controlling interests (i.e., Agua Caliente, Ivanpah)	(1,040)
+ Pro-rata Debt associated with unconsolidated affiliates	210
<b>NRG Proportionate Debt</b>	<b>\$ 17,127</b>
- NRG Yield Proportionate Debt <sup>2</sup>	(1,930)
<b>NRG Residual Debt</b>	<b>\$ 15,197</b>

<sup>1</sup> Debt balances exclude discounts and premiums

<sup>2</sup> Represents NRG Yield's portion of NRG Consolidated debt (\$1,361 MM); plus its share of pro-rata debt associated with Avenal, GenConn and 48.95% of CVSR totaling \$569 MM



# Appendix Reg. G Schedules

# Reg. G: LTM Free Cash Flow Before Growth Investments



<i>\$ millions</i>	Year Ending Dec 31, 2013	Quarter Ending Mar 31, 2013	Quarter Ending Mar 31, 2014	LTM
<b>Adjusted EBITDAR</b>	\$ 2,746 -	\$ 402 +	\$ 844 =	\$ 3,188
Less: GenOn operating lease expense <sup>1</sup>	(110) -	(19) +	(28) =	(119)
<b>Adjusted EBITDA</b>	\$ 2,636 -	\$ 383 +	\$ 816 =	\$ 3,069
Interest payments	(935) -	(165) +	(208) =	(978)
Income tax	60 -	(2) +	- =	62
Collateral/working capital/other	(491) -	(340) +	(217) =	(368)
<b>Cash flow from operations</b>	\$ 1,270 -	\$ (124) +	\$ 391 =	\$ 1,785
Reclassifying of net receipts (payments) for settlement of acquired derivatives that include financing elements	267 -	98 +	(223) =	(54)
Merger and integration costs	141 -	47 +	33 =	127
Collateral	47 -	226 +	407 =	228
<b>Adjusted Cash flow from operations</b>	\$ 1,725 -	\$ 247 +	\$ 608 =	\$ 2,086
Maintenance CapEx, net <sup>2</sup>	(325) -	(90) +	(62) =	(297)
Environmental CapEx, net	(104) -	(14) +	(50) =	(140)
Preferred dividends	(9) -	(2) +	(2) =	(9)
Distributions to non-controlling interests	(5) -	- +	(7) =	(12)
<b>Free Cash Flow - before Growth Investments</b>	\$ 1,282 -	\$ 141 +	\$ 487 =	\$ 1,628



<sup>1</sup> For Year Ending 12/31/2013, amounts include final purchase accounting adjustments for GenOn transaction

<sup>2</sup> Maintenance capex, net excludes merger and integration capex

# Reg. G: 2012 & 2011 Free Cash Flow Before Growth Investments



<i>\$ in millions</i>	<b>Dec 31, 2012</b>	<b>Dec 31, 2011</b>
<b>Adjusted EBITDAR</b>	<b>\$ 1,988</b>	<b>\$ 1,820</b>
Less: GenOn operating lease expense	(3)	-
<b>Adjusted EBITDA</b>	<b>\$ 1,985</b>	<b>\$ 1,820</b>
Interest payments	(707)	(769)
Income tax	(17)	(26)
Collateral/working capital/other	(112)	141
<b>Cash flow from operations</b>	<b>\$ 1,149</b>	<b>\$ 1,166</b>
Reclassifying of net payments for settlement of acquired derivatives that include financing elements	(68)	(83)
GenOn Merger and integration costs	46	-
Collateral	(82)	-
<b>Adjusted Cash flow from operations</b>	<b>\$ 1,045</b>	<b>\$ 1,083</b>
Maintenance CapEx, net	(215)	(200)
Environmental CapEx, net	(5)	(51)
Preferred dividends	(9)	(9)
<b>Free cash flow - before growth investments</b>	<b>\$ 816</b>	<b>\$ 823</b>



# Reg. G: 2014 Guidance



*\$ millions*

**5/6/14  
Guidance**

<b>Adjusted EBITDAR</b>	<b>\$3,328-\$3,528</b>
Less: Operating lease expense	(128)
<b>Adjusted EBITDA</b>	<b>\$3,200-\$3,400</b>
Interest Payments <sup>1</sup>	(1,065)
Income Tax	(40)
Working capital/other	(70)
<b>Adjusted Cash flow from operations</b>	<b>\$2,025-\$2,225</b>
Maintenance CapEx, net	(375)-(395)
Environmental CapEx, net	(320)-(340)
Preferred Dividends	(9)
Distributions to non-controlling interests	(100)
<b>Free Cash Flow - before Growth Investments</b>	<b>\$1,200-\$1,400</b>



<sup>1</sup> Includes \$73 MM debt extinguishment costs associated with refinancings



# Reg. G



## Appendix Table A-1: First Quarter 2014 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

(\$ millions)	Retail	Texas	South Central	East	West	Other Conventional	NRG Yield	Alt. Energy	Corp.	Total
<b>Net Income/(Loss) Attributable to NRG Energy, Inc</b>	<b>291</b>	<b>(324)</b>	<b>(13)</b>	<b>219</b>	<b>16</b>	<b>1</b>	<b>14</b>	<b>(59)</b>	<b>(201)</b>	<b>(56)</b>
Plus:										
Net Income Attributable to Non-Controlling Interest	-	-	-	-	-	-	4	(17)	2	(11)
Interest Expense, net	-	-	30	(14)	7	-	19	28	182	252
Loss on Debt Extinguishment	-	-	-	-	-	-	-	1	40	41
Income Tax	-	-	-	-	-	2	3	-	(36)	(31)
Depreciation Amortization and ARO Expense	33	118	25	69	19	1	17	52	6	340
Amortization of Contracts	1	10	(4)	(4)	(2)	-	-	-	-	1
<b>EBITDA</b>	<b>325</b>	<b>(196)</b>	<b>38</b>	<b>270</b>	<b>40</b>	<b>4</b>	<b>57</b>	<b>5</b>	<b>(7)</b>	<b>536</b>
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	-	-	-	-	(3)	4	12	(2)	-	11
Integration & Transaction Costs, gain on sale	-	-	(24)	6	-	-	-	-	12	(6)
Deactivation costs	-	-	-	2	1	-	-	-	-	3
Legal Settlement	4	-	-	-	-	-	-	-	-	4
Market to Market (MtM) losses/(gains) on economic hedges	(221)	236	3	247	2	-	-	1	-	268
<b>Adjusted EBITDA</b>	<b>108</b>	<b>40</b>	<b>17</b>	<b>525</b>	<b>40</b>	<b>8</b>	<b>69</b>	<b>4</b>	<b>5</b>	<b>816</b>



# Reg. G



## Appendix Table A-2: First Quarter 2013 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

(\$ millions)	Retail	Texas	South Central	East	West	Other Conventional	NRG Yield	Alt. Energy	Corp.	Total
<b>Net Income/(Loss) Attributable to NRG Energy, Inc</b>	<b>369</b>	<b>(426)</b>	<b>(7)</b>	<b>(159)</b>	<b>(7)</b>	<b>4</b>	<b>11</b>	<b>(25)</b>	<b>(92)</b>	<b>(332)</b>
Plus:										
Net Income Attributable to Non-Controlling Interest	-	-	-	-	-	-	-	(1)	-	(1)
Interest Expense, net	1	-	4	13	(1)	-	5	8	163	193
Loss on Debt Extinguishment	-	-	-	-	-	-	-	-	28	28
Income Tax	-	-	-	-	-	-	-	-	(152)	(152)
Depreciation Amortization and ARO Expense	32	113	24	80	14	1	10	30	4	308
Amortization of Contracts	21	9	(5)	(11)	(2)	-	1	-	-	13
<b>EBITDA</b>	<b>423</b>	<b>(304)</b>	<b>16</b>	<b>(77)</b>	<b>4</b>	<b>5</b>	<b>27</b>	<b>12</b>	<b>(49)</b>	<b>57</b>
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	-	-	1	-	1	4	5	6	-	17
Integration & Transaction Costs	-	-	-	-	-	-	-	-	42	42
Deactivation Costs	-	-	-	3	-	-	-	-	-	3
Asset Write Off and Impairment	-	-	-	-	-	-	-	-	1	1
MtM losses/(gains) on economic hedges	(320)	376	(25)	232	(1)	-	-	1	-	263
<b>Adjusted EBITDA</b>	<b>103</b>	<b>72</b>	<b>(8)</b>	<b>158</b>	<b>4</b>	<b>9</b>	<b>32</b>	<b>19</b>	<b>(6)</b>	<b>383</b>

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## Appendix Table A-3: Full-Year 2013 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

(\$ in millions)	Retail	Texas	South Central	East	West	Other Conventional	NRG Yield	Alt. Energy	Corp.	Total
<b>Net Income/(Loss) Attributable to NRG Energy, Inc</b>	<b>562</b>	<b>(177)</b>	<b>13</b>	<b>(139)</b>	<b>78</b>	<b>(56)</b>	<b>96</b>	<b>(108)</b>	<b>(655)</b>	<b>(386)</b>
Plus:										
Net Income Attributable to Non-Controlling Interest	-	-	-	-	-	-	13	27	(6)	34
Interest Expense, net	2	1	18	57	13	-	34	55	656	836
Loss on Debt Extinguishment	-	-	-	-	-	-	-	-	50	50
Income Tax	-	-	-	-	-	(29)	8	-	(261)	(282)
Depreciation Amortization and ARO Expense	143	460	99	329	60	4	51	109	21	1,276
Amortization of Contracts	55	39	(22)	(46)	(4)	-	2	-	-	24
<b>EBITDA</b>	<b>762</b>	<b>323</b>	<b>108</b>	<b>201</b>	<b>147</b>	<b>(81)</b>	<b>204</b>	<b>83</b>	<b>(195)</b>	<b>1,552</b>
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	-	-	2	-	18	16	40	3	-	79
Integration & Transaction Costs	-	-	-	-	-	-	-	-	128	128
Deactivation costs	-	-	-	19	4	-	-	-	-	23
Legal Settlement	3	-	-	-	-	-	-	-	-	3
Asset and Investment Write-offs	-	2	-	460	-	93	-	4	7	566
MtM losses/(gains) on economic hedges	(151)	177	(67)	324	(2)	-	-	1	3	285
<b>Adjusted EBITDA</b>	<b>614</b>	<b>502</b>	<b>43</b>	<b>1,004</b>	<b>167</b>	<b>28</b>	<b>244</b>	<b>91</b>	<b>(57)</b>	<b>2,636</b>

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## Appendix Table A-4: Full-Year 2012 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

(\$ in millions)	Retail	Texas	South Central	East	West	Other Conventional	NRG Yield	Alt. Energy	Corp.	Total
<b>Net Income/(Loss) Attributable to NRG Energy, Inc</b>	<b>541</b>	<b>(94)</b>	<b>2</b>	<b>(55)</b>	<b>59</b>	<b>21</b>	<b>13</b>	<b>(57)</b>	<b>(135)</b>	<b>295</b>
Plus:										
Net Income Attributable to Non-Controlling Interest	-	-	-	-	-	-	-	20	-	20
Interest Expense, net	4	-	18	18	1	-	27	26	558	652
Loss on Debt Extinguishment	-	-	-	-	-	-	-	-	51	51
Income Tax	-	-	-	-	-	3	10	-	(340)	(327)
Depreciation Amortization and ARO Expense	162	461	93	140	16	2	25	49	12	960
Amortization of Contracts	115	41	(20)	(1)	-	-	1	-	-	136
<b>EBITDA</b>	<b>822</b>	<b>408</b>	<b>93</b>	<b>102</b>	<b>76</b>	<b>26</b>	<b>76</b>	<b>38</b>	<b>146</b>	<b>1,787</b>
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	-	-	2	-	2	17	25	9	-	55
Merger and Transaction Costs	-	-	-	-	-	-	-	-	112	112
Deactivation Costs	-	-	-	3	-	-	-	-	-	3
Bargain Purchase Gain	-	-	-	-	-	-	-	-	(296)	(296)
Asset Write Off and Impairment	-	8	9	-	-	-	-	-	5	22
Legal Settlement	-	-	14	-	20	-	-	-	-	34
MtM losses/(gains) on economic hedges	(166)	464	(17)	(3)	(10)	-	-	-	-	268
<b>Adjusted EBITDA</b>	<b>656</b>	<b>880</b>	<b>101</b>	<b>102</b>	<b>88</b>	<b>43</b>	<b>101</b>	<b>47</b>	<b>(33)</b>	<b>1,985</b>



<sup>1</sup> Revised to reflect new Adjusted EBITDA methodology disclosed in the February 27, 2013 earnings presentation

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## Appendix Table A-5: Full-Year 2011 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

(\$ in millions)	Gulf Coast					Other Conv.	Alt. Energy	Corp.	Total
	Retail	Texas	South Central	East	West				
<b>Net Income/(Loss)</b>	\$369	\$316	(14)	(\$86)	\$54	\$19	(\$57)	(\$404)	\$197
Plus:									
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-	-	-	-	-
Income Tax	(3)	-	-	-	-	7	-	(847)	(843)
Interest Expense	4	(16)	41	47	2	15	16	556	665
Depreciation, Amortization and ARO Expense	159	466	89	120	13	14	31	12	904
Loss on Debt Extinguishment	-	-	-	-	-	-	-	175	175
Amortization of Contracts	169	56	(20)	-	-	1	-	-	206
<b>EBITDA</b>	698	822	96	81	69	56	(10)	(508)	1,304
Asset and Investment Write off	-	170	-	12	-	-	-	495	677
MtM losses/(gains)	(34)	(150)	29	(5)	4	-	(5)	-	(161)
<b>Adjusted EBITDA</b>	\$664	\$842	\$125	\$88	\$73	\$56	(\$15)	(\$13)	\$1,820

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## Appendix Table A-6: 2014 ROFO Assets Announced as First Drop-Down Transaction Guidance Adjusted EBITDA and Cash Available for Distribution Reconciliations

The following table summarizes the calculation of Adjusted EBITDA and Cash Available for Distribution and provides a reconciliation to net income

<i>(\$ millions)</i>	
<b>Net Income</b>	<b>\$45</b>
Plus:	
Depreciation and Amortization	27
Interest Expense	28
<b>Adjusted EBITDA</b>	<b>100</b>
Cash Interest Paid	(26)
Maintenance Capital Expenditures	(2)
Principal Amortization of Indebtedness	(38)
Change in Other Assets	(4)
<b>Cash Available for Distribution</b>	<b>\$30</b>



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- EBITDA and Adjusted EBITDA are non-GAAP 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 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 (including loss on debt extinguishment), 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 debt or cash income tax payments;
  - 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. See the statements of cash flow included in the financial statements that are a part of this news release.
- Adjusted EBITDA is presented as a further supplemental measure of operating performance. Adjusted EBITDA represents EBITDA adjusted for mark-to-market gains or losses, asset write offs and impairments; and 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 cash flow from operating activities is a non-GAAP measure NRG provides to show cash from operations with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger and integration related costs. The Company provides the reader with this alternative view of operating cash flow because the cash settlement of these derivative contracts materially impact operating revenues and cost of sales, while GAAP requires NRG to treat them as if there was a financing activity associated with the contracts as of the acquisition dates. The Company adds back merger and integration related costs as they are one time and unique in nature and do not reflect ongoing cash from operations and they are fully disclosed to investors.
- Free cash flow (before growth investments) is adjusted cash flow from operations less maintenance and environmental capital expenditures, net of funding, 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. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on free cash flow before growth investments as a measure of cash available for discretionary expenditures.
- Cash available for distribution is adjusted EBITDA plus cash dividends from unconsolidated affiliates, less maintenance capital expenditures, pro-rata adjusted EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness and changes in others assets. Management believes cash available for distribution is a relevant supplemental measure of the Company's ability to earn and distribute cash returns to investors.