



**NRG Energy Inc.**

# Second Quarter 2016 Earnings Presentation

August 9, 2016



# 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 acquisitions, 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 be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, general economic conditions, hazards customary in the power industry, weather conditions, including wind and solar performance, 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 regulations, 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, execute or successfully implement acquisitions, repowerings or asset sales, our ability to implement value enhancing improvements to plant operations and companywide processes, GenOn's ability to continue as a going concern, 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 businesses of acquired companies, our ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, our ability to close the Drop Down transactions with NRG Yield, and our ability to execute our Capital Allocation Plan. Debt and share repurchases 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, 2016. These estimates are based on assumptions the company 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).



# Agenda

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## **Business Review**

Mauricio Gutierrez, President and CEO

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## **Financial Update**

Kirk Andrews, EVP and CFO

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## **Closing Remarks**

Mauricio Gutierrez, President and CEO

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## **Q&A**



# Q2 2016 Review & Highlights

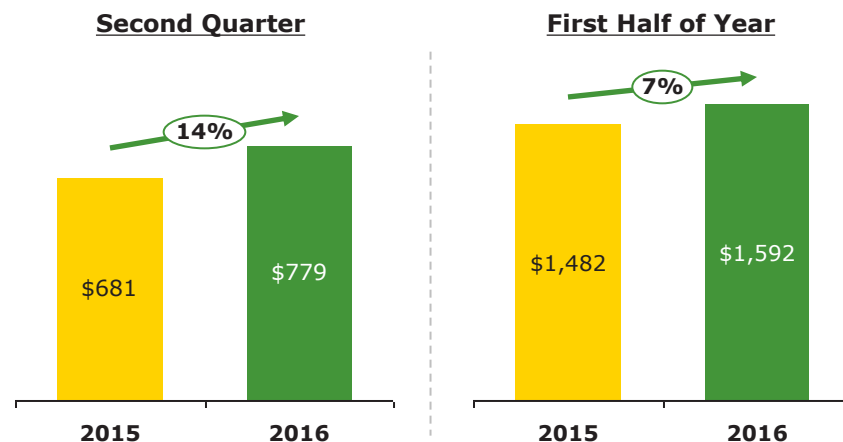
## Solid Operational and Financial Execution...

- Integrated platform continues to deliver:** Solid financial performance; record Q2 Retail results
- Executing on debt management program:** Reduced corporate debt by \$337 MM year to date and reduced 2018-2020 maturity obligation by \$5.8 Bn since 3Q15; redeemed \$345 MM convertible preferred stock
- Replenishing capital:** Completed sales of Aurora and Rockford for \$425 MM in cash consideration in July 2016; receiving \$180 MM in cash consideration from CVSR after drop down to NYLD<sup>1</sup>
- Streamlining costs:** On track to achieve \$400 MM for nrg cost savings through 2017

## ...Results in Stronger Year over Year Performance

(\$ millions)

### Adjusted EBITDA Year over Year



### On Track to Achieve 2016 Guidance:

**\$3,000 - \$3,200 Adjusted EBITDA**  
**\$1,000 - \$1,200 Free Cash Flow before Growth**

## NRG Delivers Strong 2Q16 Results, Reaffirms 2016 Financial Guidance

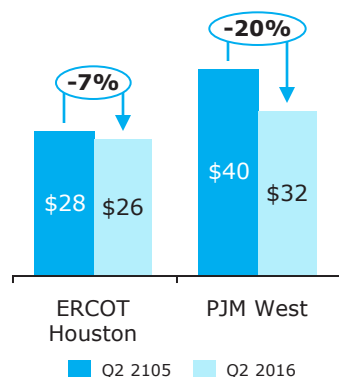
<sup>1</sup> Comprised of NRG portion of project-level net financing of \$101.5 MM (closed July'16) and NYLD cash proceeds from Drop Down of \$78.5 MM (expected to close in 3Q16)



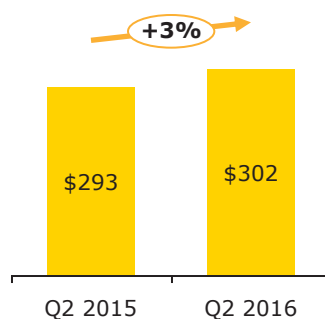
# Q2 Operational Update

## Generation Delivers Strong Results Amid Low Commodity Prices...

### Avg. On-Peak Prices (\$/MWh)<sup>1</sup>



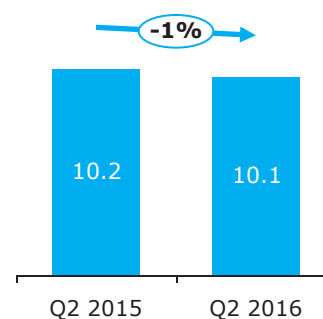
### Adj. EBITDA (\$ MM)



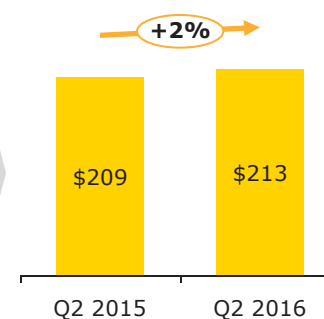
- Safety and Plant Operations:** Top quartile safety performance YTD; increased baseload reliability and availability year over year
- Commercial Execution:** Lower operating costs, opportunistic hedging program and higher capacity revenues
- Fleet Optimization Continues:** Completed environmental controls at Avon Lake and gas conversions at Joliet and New Castle

## ...Which Benefitted Retail and Drove Record Q2 Performance

### Retail Load (TWh)



### Adj. EBITDA (\$ MM)






- Effective Margin Management:** Favorable supply costs and prudent risk management
- Stable Customer Base:** Continued momentum in customer acquisition and retention
- Favorable Operating Expenses:** Superior performance and relentless pursuit of cost efficiencies

Platform Delivers Again During Low Commodity Cycle, Validating Value Proposition

<sup>1</sup> Average Day-Ahead prices



# NRG Value Levers

NRG Levers	Value Drivers	Outlook
<p><b>1 Stable Base</b></p> <p>Retail, Contracted and Capacity (2/3<sup>rd</sup> of Consolidated Economic Gross Margin<sup>1</sup>)</p>	<ul style="list-style-type: none"> <li>↑ Retail business model delivers stable results; continued balance between EBITDA and customer count</li> <li>↑ Increasing RPS targets and sustainability goals of corporations across the U.S. create opportunities for contracted renewable and gas assets</li> <li>↔ Regulatory support for capacity performance standards in the East but PJM 19/20 auction results below previous year</li> </ul>	
<p><b>2 Gas Leverage</b></p> <p>Long gas position ~3.3 bcf/d (2/3<sup>rd</sup> NRG, 1/3<sup>rd</sup> GenOn)</p>	<ul style="list-style-type: none"> <li>↑ Significant increase in spot gas prices from recent lows</li> <li>↑ Stagnant production; E&amp;P capex down ~30% year over year (YoY)<sup>2</sup>; 85 bankruptcies since January 2015<sup>3</sup></li> <li>↑ Demand responding to lower prices; ~4 bcf/day increase YoY this injection season. Record gas demand in power sector in June and July</li> </ul>	
<p><b>3 Power Leverage</b></p> <p>Fuel, merit-order and geographic diversification in ~43 GW merchant fleet</p>	<ul style="list-style-type: none"> <li>↑ Continued plant retirements; ~30 GW of retirements across U.S. since January 2015<sup>4</sup></li> <li>↑ Strong load growth in ERCOT; +1.4% YoY Jan-Jun weather normalized</li> <li>↓ Environmental regulatory uncertainty; Regional Haze, ERCOT 1-Hour SO<sub>2</sub>, Clean Power Plan</li> <li>↓ Push for Nuclear subsidies (NY, IL, CT) and state-based contracts (OH, MA)</li> </ul>	

**Three Levers Enhanced by NRG's Regional Strategies:  
Integrated Platform in Gulf; Capacity in the East; Renewables in the West**

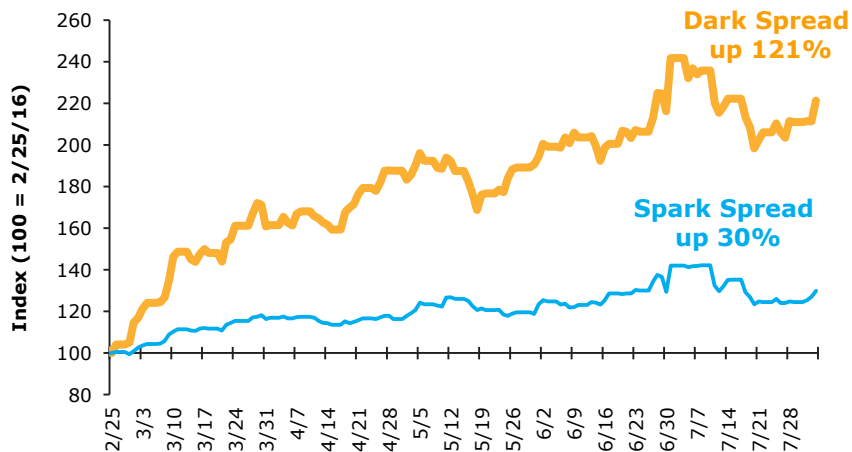
<sup>1</sup> As of 6/30/16, Economic gross margin is defined as the sum of energy revenue, capacity revenue and other revenue, less cost of fuels and other cost of sales. The economic gross margin does not include mark-to-market gains or losses on economic hedging activities, contract amortization, emission credit amortization, or other operating costs; <sup>2</sup> Genscape May 2016 E&P Capex & Production Guidance; <sup>3</sup> Haynes and Boone, LLP June 2016 Bankruptcy Monitor; <sup>4</sup> Energy Velocity



# Power Market Update

## ERCOT: Market Recovery from Recent Lows Better Reflecting Fundamentals

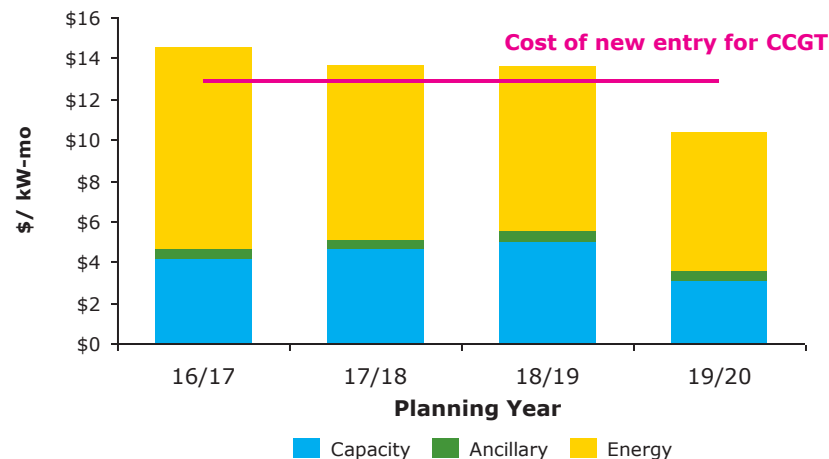
**ERCOT Cal17 Spark and Dark Spreads<sup>1</sup>**



- ❖ Slow start to summer: lack of scarcity pricing despite strong load due to wind over-performance in July and healthy grid
- ❖ Continued environmental uncertainty slows retirements
- ❖ Price formation improvements expected next year (ORDC revisions)

## PJM: Margins Below CONE Signaling Slowdown in New Builds

**PJM West Energy and RTO Capacity v. Gross CONE<sup>2</sup>**



- ❖ Energy margins under pressure given massive resource turnover from coal to gas (~30 GW in PJM 2010-2019)
- ❖ Downward load revisions and new builds drove down 19/20 RTO pricing but 100% Capacity Performance required in 20/21
- ❖ FERC action supports competitive markets and mitigates state interference

## ERCOT Market Seeing Fundamental Recovery; PJM Market Falls Below Cost of New Entry

<sup>1</sup> Dark spread at 10 heat rate, spark spread at 7 heat rate; ERCOT spark spreads use On-Peak Houston Hub power prices and HSC natural gas; ERCOT dark spreads use ATC Houston Hub power prices, PRB8800 coal prices, \$25/ton transport, and heat content of 8800 Btu/lb; <sup>2</sup> Cost of new entry for CCGT is calculated based on overnight capital cost of \$960/kW. Capacity revenue is based on RTO Capacity Performance prices. Energy margin based on PJM West Day-Ahead and M3 hub forward values as of the respective auction result date



# GenOn: Situational Analysis

GenOn's Corporate Leverage Ratio Excessive in Current Market...

...But GenOn is Working Toward a Resolution...

### Financial Overview

	As of 6/30/16		12/31/16E
	GenOn <sup>1</sup>	NRG Corp <sup>2</sup>	NRG Corp <sup>2</sup>
2016E Corp Debt	\$2,580	\$8,244	\$7,800
2016E Corp EBITDA	\$335	\$1,950	\$1,950
<b>Corporate Leverage Ratio</b>	<b>7.7x</b>	<b>4.2x</b>	<b>4.0x</b>

### GenOn Taking Steps Toward Resolving Corporate and Capital Structure:

- Appointed independent board members
- Hired restructuring advisor
- Increased capital flexibility through asset sales

### Three Core Principles:

1. Simplify the organization
2. Maximize value
3. Maintain strength of NRG balance sheet and corporate leverage ratio

...While Adhering to Core Principles

<sup>1</sup> Refer to slides 35 and 48 for GenOn underlying assumptions; <sup>2</sup> Refer to slide 11 for NRG underlying assumptions



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# Financial Update

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# Financial Summary

(\$ millions)	June 30, 2016		2016
	Three Months Ended	Six Months Ended	Guidance Reaffirmed
Generation & Renewables <sup>1</sup>	\$326	\$801	\$1,545-1,670
Retail Mass	213	363	650-725
NRG Yield	240	428	805
<b>Adjusted EBITDA</b>	<b>\$779</b>	<b>\$1,592</b>	<b>\$3,000-3,200</b>
<b>Consolidated Free Cash Flow before Growth (FCFbG)</b>	<b>(\$29)</b>	<b>\$220</b>	<b>\$1,000-1,200</b>

- ✦ Significant progress on both corporate debt reduction and maturity extensions:
  - Reduced corporate debt by \$642 MM<sup>2</sup> since 3Q'15 and \$337 MM year-to-date
  - \$2.25 Bn<sup>3</sup> in nearer term, higher coupon debt extended to 2026, 2027 @ 6.9% average coupon
  - Annual interest savings of \$50 MM
  - 2018-2020 maturities reduced from \$6.67 Bn to \$876 MM
- ✦ Redeemed \$345 MM convertible preferred stock for cash of \$226 MM; \$10 MM in annual dividend savings
- ✦ Closed new non-recourse debt and reached agreement on CVSR Drop Down: \$180 MM cash consideration<sup>4</sup>

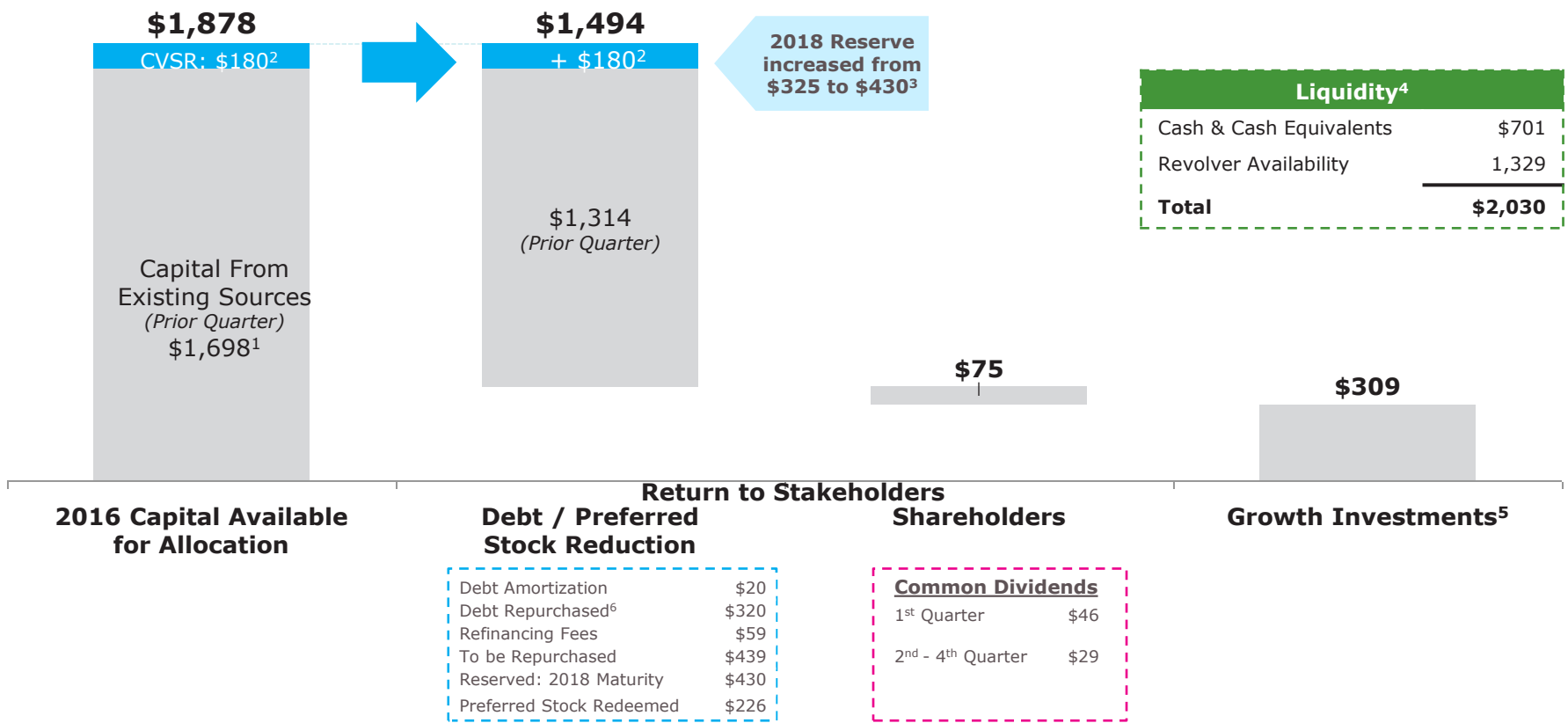
<sup>1</sup> Includes Corporate Segment; <sup>2</sup> Comprised of 2015 corporate debt reduction of \$246 MM (cash cost of \$226 MM), YTD June 2016 of \$337 MM (cash cost of \$375 MM), and \$59 MM of 2020 Senior Notes to be retired in excess of net proceeds from recent 2027 Senior Notes issuance (proceeds used to call balance of 2020 Senior Notes and \$490 MM of 2021 Senior Notes); <sup>3</sup> Comprised of \$1.0 Bn of 2026 Senior Notes issued in May'16 and \$1.25 Bn of 2027 Senior Notes issued in July'16; <sup>4</sup> Comprised of NRG portion of project-level net financing proceeds of \$101.5 MM (closed July'16) and NYLD cash proceeds from Drop Down of \$78.5 MM (expected to close in 3Q16)



# 2016 NRG-Level Capital Allocation

(\$ millions)

**\$1,878 MM 2016 Capital Allocation**



Focus on Debt Reduction Continues Through 2016; 2018 Reserve Increased to \$430 MM vs \$587 MM 2018 Notes Outstanding

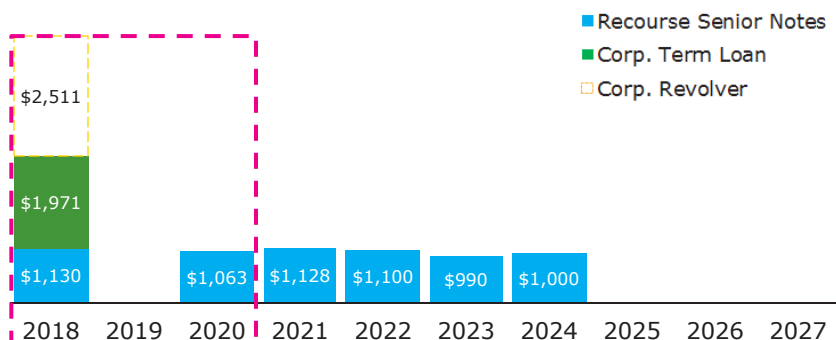
<sup>1</sup> Refer to slide 11 of 1Q16 earnings call presentation. Capital from Existing Sources includes: 2015 remaining capital of \$513 MM plus \$850 MM representing mid-point of 2016 NRG Level FCFbG guidance, expected NYLD Resi Solar & DG Drop Down proceeds of \$125 MM and \$253 MM of proceeds raised in April 2016 from the monetization of certain capacity revenues through 2019 at MidWest Generation (MWG), less the impact of 2016 capacity revenue sold of \$43 MM; <sup>2</sup> Comprised of NRG portion of project-level net financing proceeds of \$101.5 MM (closed July'16) and cash proceeds from Drop Down to NYLD of \$78.5 MM (expected to close in 3Q16); <sup>3</sup> \$180 MM cash proceeds from CVSR less \$16 MM used to supplement previous reserve of \$210 MM for total cash cost of \$226 MM to redeem convertible preferred stock and less \$59 MM of refinancing fees; <sup>4</sup> Includes \$250 MM cash held at MWG which can be distributed to NRG Corporate with no restrictions, and pro forma for \$101.5 MM of cash proceeds received from CVSR financing in July'16; revolver availability represents \$2.5 Bn revolving credit facility, less \$1.2 Bn of letters of credit issued as of 06/30/2016; <sup>5</sup> Net of financing; <sup>6</sup> Completed YTD June 2016



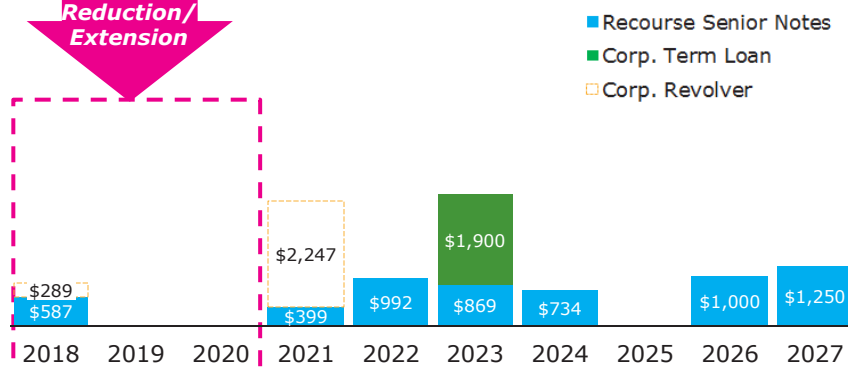
# NRG's Capital Structure & Corporate Credit Metrics

## NRG Corporate Maturity Extension Effect<sup>1</sup>

### Maturity Profile as of 3Q15



### Current Maturity Profile<sup>2</sup>



2016E	
	<b>Post-Capital Allocation</b>
<b>Recourse Debt (06/30/2016)<sup>3</sup></b>	<b>\$8,244</b>
Less: To be Repurchased <sup>4</sup>	(439)
<b>Pro Forma Corporate Debt</b>	<b>~\$7,800</b>
Mid-point 2016 Adjusted EBITDA	\$3,100
Less Adjusted EBITDA:	
GenOn <sup>5</sup>	(335)
NRG Yield	(805)
ROFO / Other <sup>6</sup>	(305)
Add:	
NRG Yield Dividends to NRG <sup>7</sup>	80
ROFO / Other Dividends to NRG <sup>8</sup>	65
Other Adjustments <sup>9</sup>	150
<b>Total Recourse EBITDA</b>	<b>\$1,950</b>
<b>Corporate Debt/Corporate EBITDA</b>	<b>4.00x</b>
<b>Pro forma, including 2018 maturity reserve<sup>10</sup></b>	<b>3.78x</b>

### Interest & Dividend Savings – Increases Recurring FCFbG<sup>14</sup>

	Principal Reduced	Annual Free Cash Flow Impact
Debt reduced <sup>11</sup>	\$642	\$64
Impact of Term Loan Refinancing <sup>12</sup>	-	(14)
Convertible Preferred Stock redeemed <sup>13</sup>	345	10
<b>Total</b>		<b>\$60</b>

## Substantial Progress Toward Debt Reduction at Significantly Extended Maturities

<sup>1</sup> Excludes tax exempt bonds due 2038-2045; <sup>2</sup> Pro forma for pending call of 2020/21 notes; <sup>3</sup> Includes NRG Energy Inc. term loan facility, senior notes and tax exempt bonds; <sup>4</sup> Includes issuance of 2027 Senior Notes and pending call of 2020/21 notes; <sup>5</sup> Net of shared service payment by GenOn to NRG; <sup>6</sup> Includes Aqua Caliente, Ivanpah, CVSR, Midwest Generation, Yield eligible assets, Sherbino, Capistrano, and international assets; <sup>7</sup> Estimate based on NYLD dividends equivalent to \$1.00/share annualized by Q4 2016. Excludes proceeds from potential Drop Down transactions; <sup>8</sup> Distributions from NRG ROFO and other non-recourse project subsidiaries; <sup>9</sup> Reflects non-cash expenses (i.e. nuclear amortization, equity compensation, and bad debt expense) that are included in reported Adjusted EBITDA; <sup>10</sup> Pro forma for deleveraging resulting from the use of \$430 MM in 2016 capital reserved for 2018 maturity; <sup>11</sup> Comprised of 2015 corporate debt reduction of \$246 MM, YTD June 2016 of \$337 MM, and \$59 MM of 2020 Senior Notes to be retired in excess of net proceeds from recent 2027 Senior Notes issuance (proceeds used to call balance of 2020 Senior Notes and \$490 MM of 2021 Senior Notes); <sup>12</sup> Increased interest on refinanced portion of Term loan. Interest savings on repurchased portion of term loan included in debt reduced above; <sup>13</sup> \$345 MM represents liquidation preference of \$1,378 per share on 250,000 shares; <sup>14</sup> Since 3Q15

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## Closing Remarks

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# 2016 Priorities Scorecard

## 1. Simplify the Company and Streamline the Organization

- \$650 MM reduction in capex beginning in 2017
- \$400 MM recurring cost savings on track
- \$563 MM asset sales completed, exceeded \$500 MM target
- Taking steps to address GenOn capital structure and near-term maturities

## 2. Strengthen the Balance Sheet and Create Financial Flexibility to Manage Commodity Cycles

- Unlocked \$145 MM annually by better aligning dividend policy to market
- Reduced 2018-2020 maturity obligation by \$5.8 Bn and extended profile to 2026-2027
- \$1.5 Bn target allocation for corporate deleveraging / convertible preferred
  - \$390 MM increase in 2016 net capital available for allocation through completion of MidWest Generation non-recourse financing and CVSR project financing and Drop Down to NRG Yield
  - \$337 MM NRG corporate debt reduced YTD
  - Redeemed \$345 MM convertible preferred

## 3. Continue to Strengthen the Strategic Partnership with NRG Yield

- Dedicated management team at NRG Yield
- CVSR Drop Down (definitive agreement reached, expected to close Q3'16)
- Continue partnerships with business renewables

## GreenCo Process Brought to Conclusion with No Change to 2016 Guidance

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# Q&A

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# Appendix: Operations

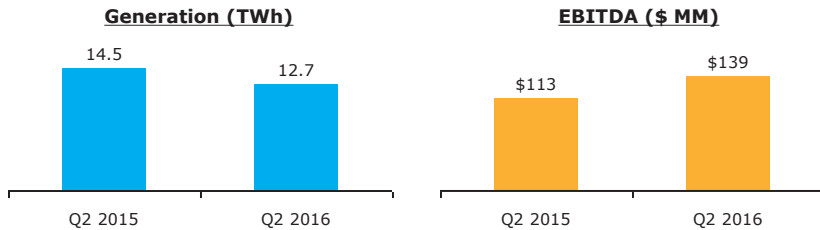
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# Year over Year Performance Drivers

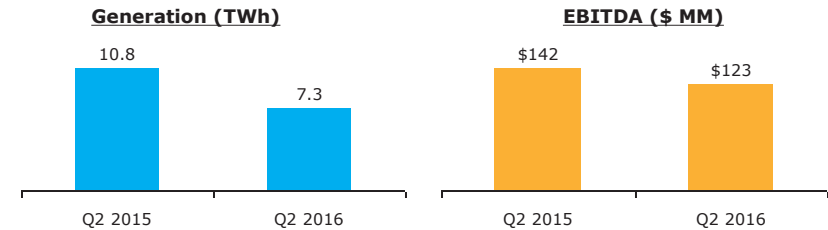
## Gulf Coast



➤ **\$26 MM higher Adjusted EBITDA due to:**

- Higher capacity revenues
- Favorable operating costs driven by reduced outages across the region
- Partially offset by lower energy margins in Texas from declining power prices and milder weather

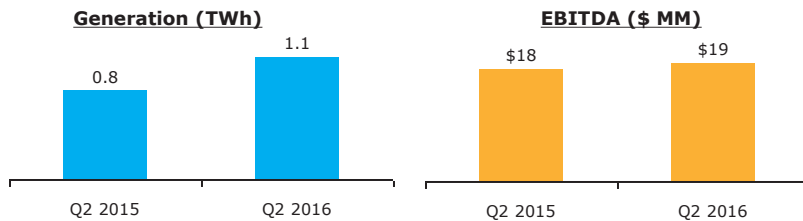
## East



➤ **\$19 MM lower Adjusted EBITDA due to:**

- Declining energy margins from milder weather and declines in natural gas prices
- Lower capacity revenues due to lower pricing, unit sales, and deactivations

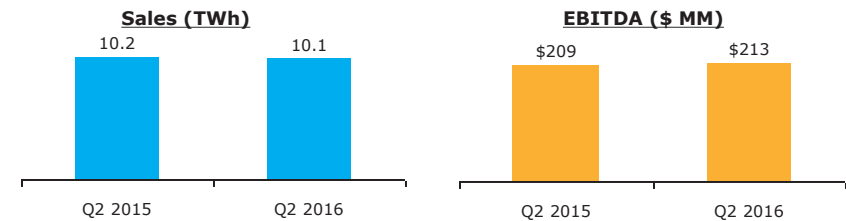
## West



➤ **\$1 MM higher Adjusted EBITDA**

- Stronger spark spreads supporting higher output
- Favorable O&M driven by reduced spend and plant retirements
- Lower capacity revenues due to plant retirement

## Retail



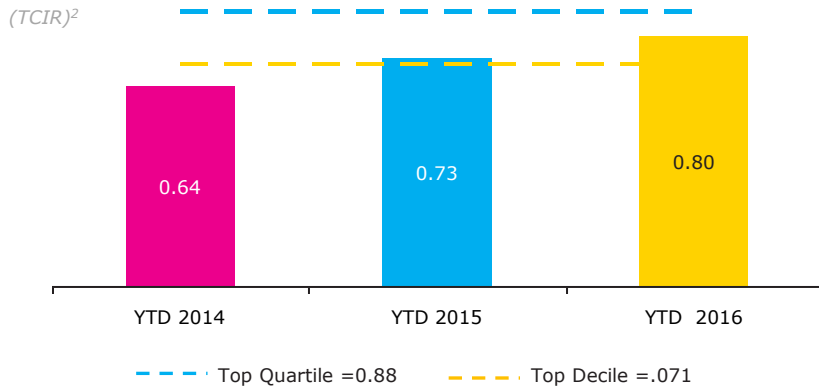
➤ **\$4 MM higher Adjusted EBITDA due to:**

- Lower operating expenses as a result of cost saving measures
- Favorable gross margin as a result of lower supply costs
- Partially offset by the impact of milder weather

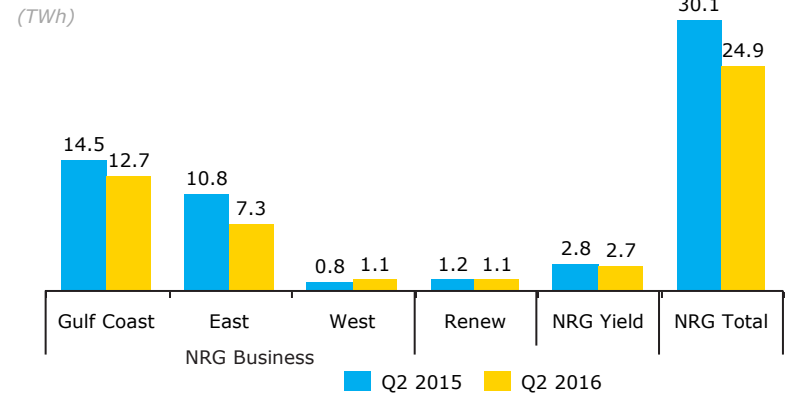


# Generation Segment: Operational Metrics

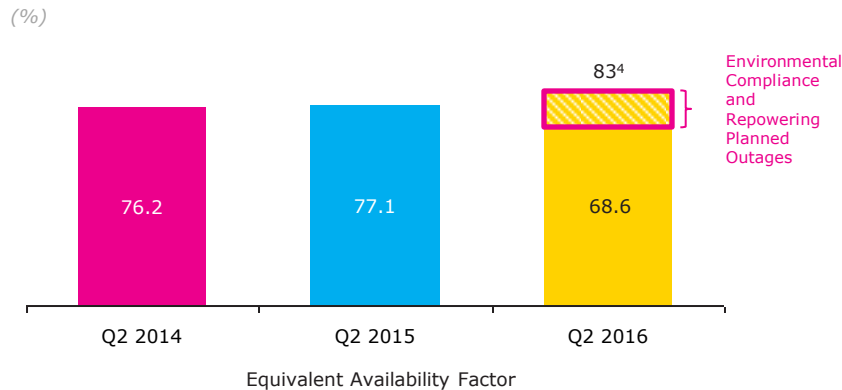
## Safety<sup>1</sup>



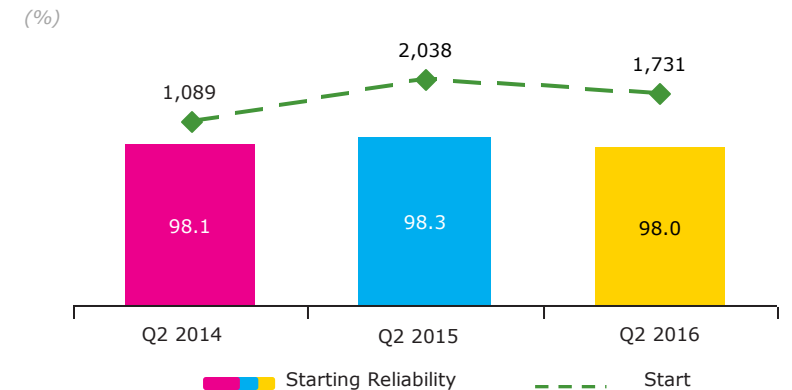
## Production<sup>3</sup>



## Coal and Nuclear Availability



## Gas and Oil Starts and Reliability



### Environmental Compliance and Repowering Planned Outages Resulted in Lower Availability

<sup>1</sup> Excludes Goal Zero, NRG Home Services and NRG Home Solar; Top decile and top quartile based on Edison Electric Institute 2015 Total Company Survey results; <sup>2</sup> TCIR = Total Case Incident Rate; <sup>3</sup> All NRG-owned domestic generation; Excludes line losses, station service, and other items. Generation data presented above consistent with US GAAP <sup>17</sup> accounting. Previous reports are pro forma for acquisitions in prior periods; <sup>4</sup> Assumes normalized operations from prior period, removing only the planned outages associated with Environmental Compliance and Repowering projects in 2016 at Avon Lake, Joliet and New Castle



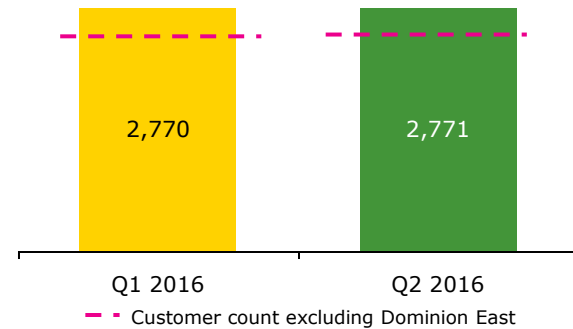
# Retail Mass: Operational Metrics

## 2<sup>nd</sup> Quarter Highlights

- ❖ Delivered record \$213 MM Adjusted EBITDA, the strongest second quarter performance ever for Retail
- ❖ EBITDA delivery driven by favorable supply costs and operating efficiencies
- ❖ Maintained recurring customer count, supported by successful retention efforts in both Texas and the East

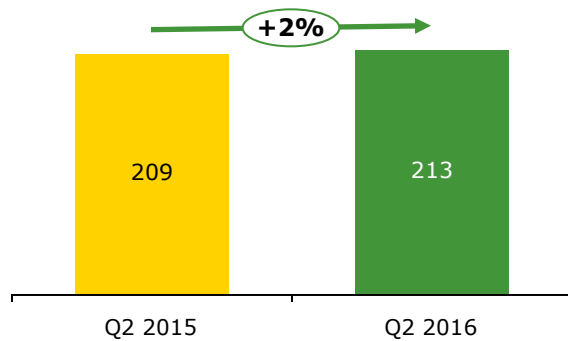
## Maintained Customer Count

Recurring Customers<sup>1</sup> (000s)



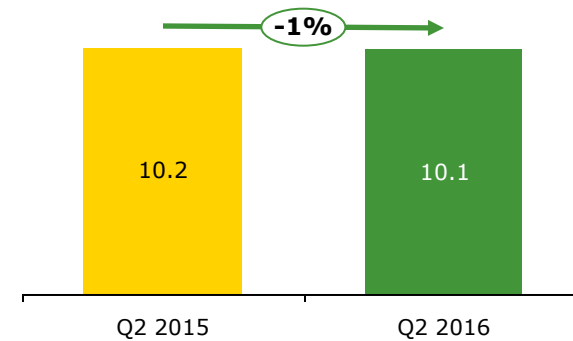
## Surpassed 2015's Record Q2 Results...

Adjusted EBITDA (\$ millions)



## ...At Comparable Volumes

Load (TWh)



Retail Delivers a Record Second Quarter Result, Enabled by Cost Efficiencies and Low Supply Costs

<sup>1</sup> Excludes C&I and NRG Home Solar customers; recurring customer count includes customers that subscribe to one or more recurring services, such as electricity and natural gas



# Modernizing the Portfolio

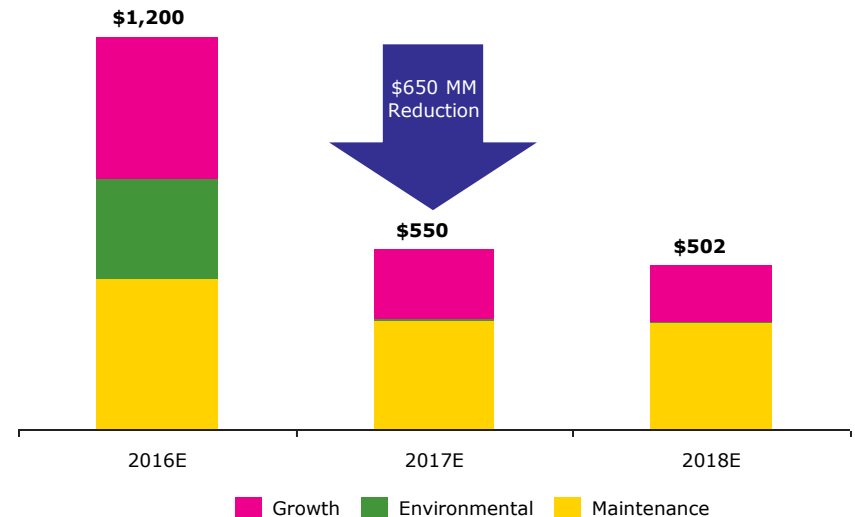
## Continued Execution of Fleet Modernization

		MW	Project Description	Estimated COD
Fuel Conversions	New Castle 3-5 <sup>1</sup>	325	Natural Gas	Completed
	Joliet 6-8 <sup>2,3</sup>	1,326	Natural Gas	Completed
	Shawville 1-4 <sup>1</sup>	597	Natural Gas	Q4 2016
Environmental Compliance	Avon Lake Unit 9	638	ACI/DSI/Fuel Switch	Completed
	Powerton 5 & 6 <sup>3</sup>	1,538	DSI & ESP Upgrade	Q4 2016
Repowering (New Capacity)	Bacliff (formerly Cielo Lindo/Robinson) Peakers	360	New Generation	Q3 2016
	Carlsbad Peakers <sup>4</sup>	527	New Generation	Q2 2018
	Canal Peaker <sup>5</sup>	333	New Generation	Q2 2019
	Puente Peaker <sup>5</sup>	262	New Generation	Q2 2020

## Nearing Completion of Capex Cycle

(\$ millions)

### Total Capital Expenditures



**\$650 MM Step Down in Capex  
Between 2016 and 2017**

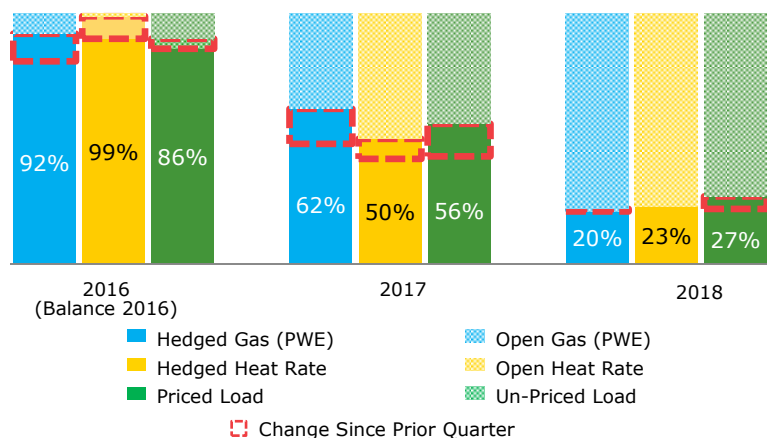
Delivering on Major Capex Program – 6 Projects Concluding in 2016

<sup>1</sup> GenOn Facilities; <sup>2</sup> Joliet 6-8 is categorized as Environmental Compliance in Reporting; <sup>3</sup> Assets owned by Midwest Generation; <sup>4</sup> Carlsbad California appeals court review pending on CPUC approval of PPA with SDG&E; <sup>5</sup> Subject to applicable regulatory approvals and permits

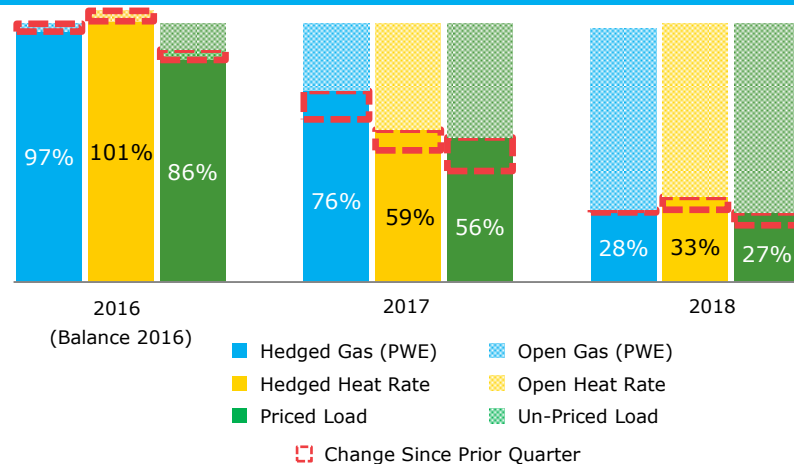


# Managing Commodity Price Risk

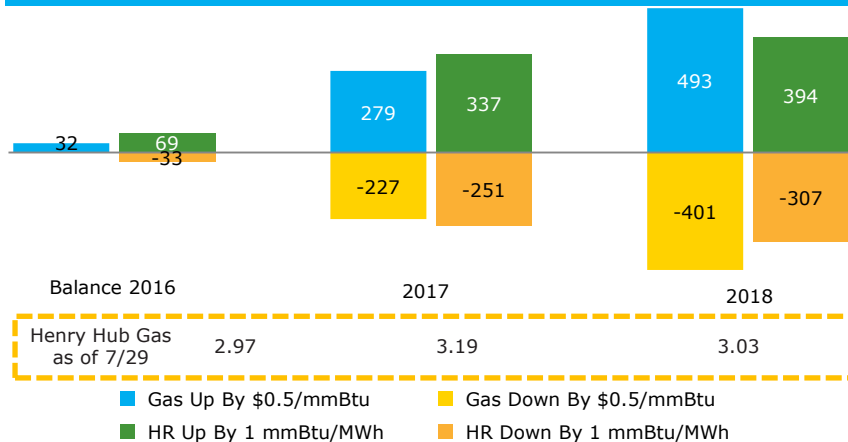
**Total Portfolio Generation and Retail Hedge Position<sup>1,2,5</sup>**



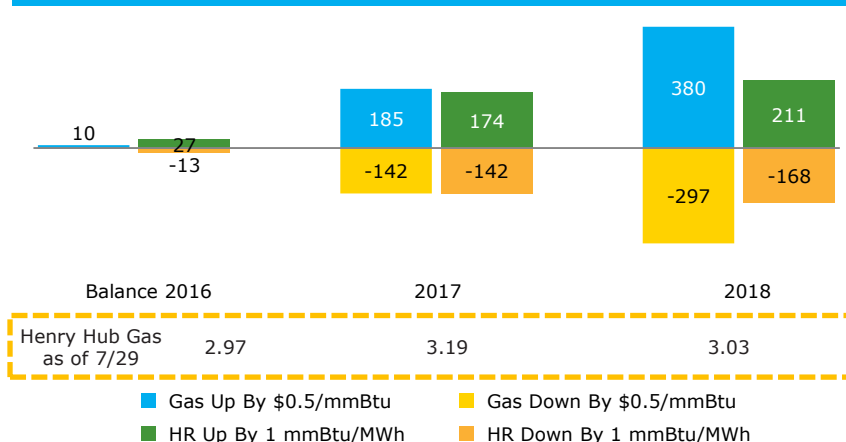
**Coal and Nuclear Generation and Retail Hedge Position<sup>1,2,4</sup>**



**Total Portfolio Sensitivity to Gas Price and Heat Rate<sup>1,3</sup>**



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



<sup>1</sup> Portfolio as of 07/29/2016; <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 hedge ratios are 97%, 44% and 37% for 2016, 2017 and 2018 respectively; <sup>5</sup> Total Portfolio includes wholesale merchant assets and related hedges



# Hedge Disclosure: Coal and Nuclear Operations

## Coal & Nuclear Portfolio <sup>1</sup>

### Texas and South Central

### EAST

### GENON <sup>7</sup>

	Balance 2016	2017	2018	Balance 2016	2017	2018	Balance 2016	2017	2018	
Net Coal and Nuclear Capacity (MW) <sup>2</sup>	6,290	6,290	6,290	7,472	7,472	7,472	4,198	4,198	4,198	
Forecasted Coal and Nuclear Capacity (MW) <sup>3</sup>	5,145	4,685	4,298	4,184	3,917	3,089	2,388	2,151	1,706	
Total Coal and Nuclear Sales (GWh) <sup>4</sup>	18,808	38,693	14,174	14,291	18,729	4,205	6,393	9,251	1,927	
<b>Percentage Coal and Nuclear Capacity Sold Forward<sup>5</sup></b>	100%	94%	38%	93%	55%	16%	73%	49%	13%	
Total Forward Hedged Revenues <sup>6</sup>	\$797	\$1,370	\$585	\$561	\$755	\$144	\$288	\$406	\$69	
<b>Weighted Average Hedged Price</b> (\$ per MWh) <sup>6</sup>	\$42.40	\$35.40	\$41.27	\$39.22	\$40.31	\$34.16	\$45.09	\$43.87	\$36.04	
<b>Average Equivalent Natural Gas Price</b> (\$ per MMBtu) <sup>6</sup>	\$3.81	\$3.48	\$4.03	\$3.70	\$3.53	\$3.22	\$3.95	\$3.69	\$3.44	
Gross Margin Sensitivities	Gas Price Sensitivity Up \$0.50/MMBtu on Coal and Nuclear Units	(\$23)	\$32	\$163	\$32	\$153	\$217	\$31	\$91	\$124
	Gas Price Sensitivity Down \$0.50/MMBtu on Coal and Nuclear Units	\$35	(\$20)	(\$128)	(\$16)	(\$122)	(\$169)	(\$18)	(\$64)	(\$88)
	Heat Rate Sensitivity Up 1 MMBtu/MWh on Coal and Nuclear Units	\$7	\$81	\$95	\$20	\$92	\$115	\$19	\$45	\$58
	Heat Rate Sensitivity Down 1 MMBtu/MWh on Coal and Nuclear Units	(\$2)	(\$67)	(\$76)	(\$12)	(\$75)	(\$93)	(\$12)	(\$33)	(\$42)

<sup>1</sup> Portfolio as of 07/29/2016

<sup>2</sup> Net Coal and Nuclear capacity represents nominal summer net MW capacity of power generated as adjusted for the Company's ownership position excluding capacity from inactive/mothballed units

<sup>3</sup> Forecasted generation dispatch output (MWh) based on forward price curves as of 07/29/2016, which is then divided by number of hours in a given year to arrive at MW capacity; The dispatch takes into account planned and unplanned outage assumptions

<sup>4</sup> Includes amounts under power sales contracts and natural gas hedges; The forward natural gas quantities are reflected in equivalent GWh based on forward market implied heat rate as of 07/29/2016, and then combined with power sales to arrive at equivalent GWh hedged; The Coal and Nuclear Sales include swaps and delta of options sold which is subject to change; Actual value of options will include the impact of non-linear factors; For detailed information on the Company's hedging methodology through use of derivative instruments, see discussion in 2015 10K Item 15 - Note 5, Accounting for Derivative Instruments and Hedging Activities, to the Consolidated Financial Statements; Includes inter-segment sales from the Company's wholesale power generation business to the Retail Business

<sup>5</sup> Percentage hedged is based on Total Coal and Nuclear sales as described above (<sup>4</sup>) divided by the forecasted Coal and Nuclear Capacity (<sup>3</sup>)

<sup>6</sup> Represents all coal and nuclear sales, including energy revenue and demand charges.

<sup>7</sup> GenOn disclosure not additive to other regions



# Commodity Prices

Forward Prices <sup>1</sup>	Bal-2016 <sup>2</sup>	2017	2018	Annual Average for 2016 - 2018
NG Henry Hub	\$2.97	\$3.19	\$3.03	\$3.06
PRB 8800	\$9.99	\$10.87	\$11.71	\$10.86
NAPP MG2938	\$35.50	\$36.75	\$38.75	\$37.00
ERCOT Houston Onpeak	\$36.53	\$39.53	\$37.66	\$37.90
ERCOT Houston Offpeak	\$23.32	\$24.74	\$23.45	\$23.84
PJM West Onpeak	\$36.41	\$39.85	\$38.30	\$38.18
PJM West Offpeak	\$24.76	\$27.36	\$26.32	\$26.15

<sup>1</sup> Prices as of 07/29/2016

<sup>2</sup> Represents August through December months



# Fuel Statistics

Domestic <sup>1</sup>	2Q		1H	
	2016	2015	2016	2015
Coal Consumed (mm Tons)	6.4	9.4	11.9	20.9
<b>PRB Blend</b>	<b>75%</b>	<b>72%</b>	<b>69%</b>	<b>72%</b>
East	62%	59%	58%	61%
Gulf Coast	80%	82%	77%	83%
<b>Bituminous</b>	<b>11%</b>	<b>15%</b>	<b>15%</b>	<b>16%</b>
East	38%	34%	37%	32%
<b>Lignite &amp; Other</b>	<b>14%</b>	<b>13%</b>	<b>16%</b>	<b>12%</b>
East	0%	7%	5%	7%
Gulf Coast	20%	18%	23%	17%
<b>Cost of Coal (\$/Ton)</b>	<b>\$ 36.63</b>	<b>\$ 40.20</b>	<b>\$ 39.32</b>	<b>\$ 41.77</b>
<b>Cost of Coal (\$/mmBtu)</b>	<b>\$ 2.10</b>	<b>\$ 2.28</b>	<b>\$ 2.21</b>	<b>\$ 2.35</b>
<b>Cost of Gas (\$/mmBtu)</b>	<b>\$ 1.95</b>	<b>\$ 2.50</b>	<b>\$ 2.06</b>	<b>\$ 3.30</b>

<sup>1</sup> NRG's interests in Keystone and Conemaugh (jointly owned plants) are excluded from the fuel statistics schedule





# 2Q 2016 Generation & Operational Performance Metrics

<i>(MWh 000's)</i>	2016		2015		2016		2015	
	Generation <sup>1</sup>	Generation <sup>1</sup>	MWh Change	% Change	EAF <sup>2</sup>	NCF <sup>3</sup>	EAF <sup>2</sup>	NCF <sup>3</sup>
Gulf Coast – Texas	10,232	11,100	(868)	(8%)	94%	44%	90%	48%
Gulf Coast – South Central	2,443	3,447	(1,004)	(29%)	71%	27%	65%	38%
East	7,328	10,823	(3,496)	(32%)	80%	15%	75%	20%
West	1,077	804	273	34%	91%	8%	89%	6%
Renewables	1,123	1,209	(85)	(7%)	89%	42%	97%	38%
NRG Yield <sup>4</sup>	2,676	2,757	(81)	(3%)	97%	23%	97%	24%
<b>Total</b>	<b>24,878</b>	<b>30,139</b>	<b>(5,261)</b>	<b>(17%)</b>	<b>85%</b>	<b>23%</b>	<b>81%</b>	<b>26%</b>
Gulf Coast – Texas Nuclear	2,452	1,968	484	25%	97%	95%	79%	77%
Gulf Coast – Texas Coal	6,001	6,935	(934)	(13%)	93%	66%	92%	76%
Gulf Coast – South Central Coal	725	1,220	(496)	(41%)	68%	36%	49%	43%
East Coal	4,427	8,386	(3,959)	(47%)	54%	23%	74%	36%
<b>Baseload</b>	<b>13,605</b>	<b>18,510</b>	<b>(4,904)</b>	<b>(26%)</b>	<b>69%</b>	<b>41%</b>	<b>77%</b>	<b>49%</b>
Renewables Solar	652	656	(4)	(1%)	80%	43%	98%	44%
Renewables Wind	472	553	(81)	(15%)	97%	40%	96%	34%
NRG Yield Solar	165	165	0	0%	99%	31%	99%	31%
NRG Yield Wind	1,655	1,533	122	8%	97%	37%	97%	34%
<b>Intermittent</b>	<b>2,943</b>	<b>2,907</b>	<b>36</b>	<b>1%</b>	<b>94%</b>	<b>38%</b>	<b>97%</b>	<b>36%</b>
East Oil	300	401	(101)	(25%)	87%	2%	79%	3%
Gulf Coast – Texas Gas	1,779	2,197	(418)	(19%)	95%	15%	90%	19%
Gulf Coast – South Central Gas	1,718	2,226	(508)	(23%)	83%	24%	68%	33%
East Gas	2,600	2,035	564	28%	74%	16%	72%	14%
West Gas	1,077	804	273	34%	91%	8%	89%	6%
NRG Yield Conventional	376	541	(165)	(31%)	98%	9%	96%	13%
NRG Yield Thermal <sup>4</sup>	480	518	(38)	(7%)	79%	9%	91%	30%
<b>Intermediate / Peaking</b>	<b>8,330</b>	<b>8,723</b>	<b>(393)</b>	<b>(5%)</b>	<b>86%</b>	<b>12%</b>	<b>81%</b>	<b>13%</b>

<sup>1</sup> Excludes line losses, station service and other items; <sup>2</sup> EAF – Equivalent Availability Factor; <sup>3</sup> NCF – Net Capacity Factor; <sup>4</sup> Includes MWh (thermal heating & chilled water generation); NCF not inclusive of MWh



# PJM Capacity Clears: Merchant Wholesale Generation

PJM Region	Planning Year	Average Price (\$/MW-day)	MWs Cleared	Average Price (\$/MW-day)	MWs Cleared	PJM Capacity Revenue by Delivery Year			
						NRG	GenOn	Total	
ComEd	2016-2017	\$59.08	443	\$134.00	3,006	16/17	\$205	\$356	\$561
	2017-2018	\$120.00	753	\$151.50	3,227				
	2018-2019	NA	NA	\$215.00	3,509	17/18	\$291	\$450	\$742
	2019-2020	\$182.77	65	\$202.77	3,738				
MAAC	2016-2017	\$118.26	1,877	NA	NA	18/19	\$363	\$489	\$852
	2017-2018	\$144.90	588	\$151.50	1,753				
	2018-2019	\$149.98	10	\$164.77	2,229	19/20	\$309	\$260	\$569
	2019-2020	\$80.00	10	\$100.00	2,093				
EMAAC	2016-2017	\$119.06	497	NA	NA				
	2017-2018	\$119.99	287	\$151.50	204				
	2018-2019	\$210.63	91	\$225.42	424				
	2019-2020	\$99.77	103	\$119.77	414				
DPL	2016-2017	\$124.75	516	NA	NA				
	2017-2018	\$120.00	177	\$151.50	358				
	2018-2019	\$210.63	98	\$225.42	459				
	2019-2020	NA	NA	\$119.77	481				
PEPCO	2016-2017	\$120.19	4,313	NA	NA				
	2017-2018	\$121.43	1,847	\$151.50	2,501				
	2018-2019	\$149.98	58	\$164.77	3,870				
	2019-2020	NA	NA	\$100.00	3,879				
ATSI	2016-2017	\$115.90	901	NA	NA				
	2017-2018	\$128.74	305	\$151.50	647				
	2018-2019	\$149.98	57	\$164.77	681				
	2019-2020	\$80.00	2	\$100.00	550				
RTO	2016-2017	\$80.83	926	\$134.00	493				
	2017-2018	\$122.31	1,246	\$151.50	449				
	2018-2019	\$149.98	249	\$164.77	1,020				
	2019-2020	\$80.00	191	NA	NA				
Net Total	2016-2017	\$112.89	9,473	\$134.00	3,499				
	2017-2018	\$124.38	5,200	\$151.50	9,140				
	2018-2019	\$170.35	563	\$183.62	12,191				
	2019-2020	\$103.42	370	\$136.02	11,155				

**Assumptions:**

- ❖ Data as of 6/30/16
- ❖ Includes imports
- ❖ Excludes NRG Demand Response and Energy Efficiency
- ❖ Excludes Aurora and Rockford
- ❖ Excludes NRG Yield Assets

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# Appendix: Finance

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# NRG's Capital Structure & Corporate Credit Metrics

(\$ millions)

Debt and Cash Balances As of 06/30/16

NRG Energy, Inc.		
	Consolidated	Recourse
<b>Total Debt:</b>	\$19,171	\$8,244 <sup>1</sup>
<b>Total Cash:</b>	\$1,389	\$600 <sup>2</sup>

Dividends & Distributions		
Project Company Management Service Payments		
GenOn	NRG Yield	ROFO / Other
Total Debt: \$2,580	Total Debt: \$4,802	Total Debt: \$3,545
~ \$11 Bn		

LEGEND
Recourse Debt
Non-Recourse Debt (Excluded Project Sub)

2016E	
	Post-Capital Allocation
<b>Recourse Debt (06/30/2016)<sup>1</sup></b>	<b>\$8,244</b>
Less: To be Repurchased <sup>3</sup>	(439)
<b>Pro Forma Corporate Debt</b>	<b>~\$7,800</b>
Mid-point 2016 Adjusted EBITDA	\$3,100
Less Adjusted EBITDA:	
GenOn <sup>4</sup>	(335)
NRG Yield	(805)
ROFO / Other <sup>5</sup>	(305)
Add:	
NRG Yield Dividends to NRG <sup>6</sup>	80
ROFO / Other Dividends to NRG <sup>7</sup>	65
Other Adjustments <sup>8</sup>	150
<b>Total Recourse EBITDA</b>	<b>\$1,950</b>
<b>Corporate Debt/Corporate EBITDA</b>	<b>4.00x</b>
<b>Pro forma, including 2018 maturity reserve<sup>9</sup></b>	<b>3.78x</b>

On Plan with Prudent Balance Sheet Management Targets

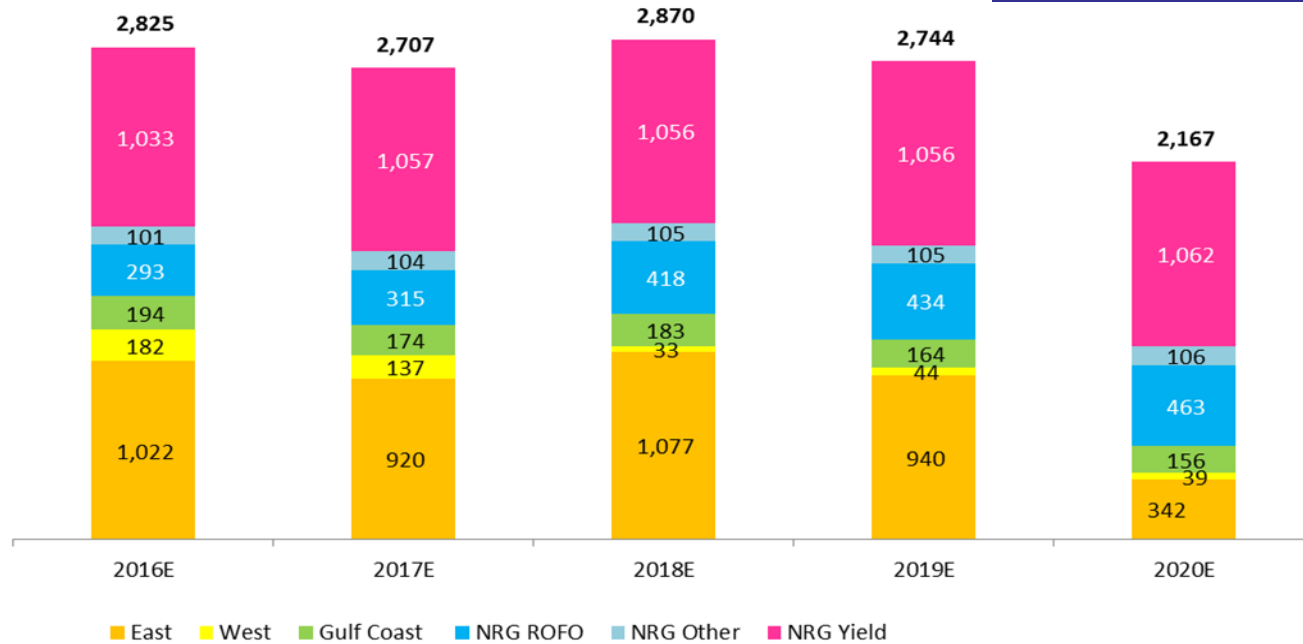
<sup>1</sup> Includes NRG Energy Inc. term loan facility, senior notes and tax exempt bonds; <sup>2</sup> As of 06/30/2016; includes \$250 MM cash held at MWG; <sup>3</sup> Additional debt reduction based on slide 10; <sup>4</sup> Net of shared service payment by GenOn to NRG; <sup>5</sup> Includes Aqua Caliente, Ivanpah, CVSR, Midwest Generation, Yield Eligible assets, Sherbino, Capistrano, and international assets; <sup>6</sup> Estimate based on NYLD dividends equivalent to \$1.00/share annualized by Q4 2016. Excludes proceeds from potential Drop Down transactions; <sup>7</sup> Distributions from NRG ROFO and other non-recourse project subsidiaries; <sup>8</sup> Reflects non-cash expenses (i.e. nuclear amortization, equity compensation, and bad debt expense) that are included in reported Adjusted EBITDA; <sup>9</sup> Pro forma for deleveraging resulting from the use of \$430 MM in 2016 capital reserved for 2018 maturity



# Fixed Contracted and Capacity Revenue

(\$ millions)

NYISO capacity payments (post 2016)  
 PJM capacity payments (post 19/20 BRA)  
 ISO-NE capacity payments (post 19/20 FCA10)



**Notes:**

- ✦ East includes cleared capacity auction for PJM through May 2020, New England ISO through Forward Capacity Auction 10(FCA10) through May 2020; NY on rolling forward basis
- ✦ West includes committed Resource Adequacy contracts & tolling agreements
- ✦ Gulf Coast region includes South Central capacity sold into PJM/MISO auctions and Co-Op contracted revenues. Co-Op contracted revenues are also incorporated in the hedge table
- ✦ NRG ROFO includes all wind, solar and conventional assets which are part of ROFO agreement including projects under construction (Carlsbad and Puente)
- ✦ NRG Other includes renewable assets which are not part of ROFO
- ✦ NRG Yield includes contracted capacity, contracted energy and contracted steam revenues



# YTD 2Q 2016 Capital Expenditures and Growth Investments

(\$ millions)

	Maintenance	Environmental	Growth Investments	Total
<b>Capital Expenditures</b>				
Generation				
Gulf Coast	\$ 71	5	2	\$ 78
East	85	184	77	346
West	1	-	13	14
Business Solutions	4	-	1	5
Retail Mass	7	-	-	7
Renewables	11	-	76	87
NRG Yield	9	-	2	11
Corporate	16	-	58	74
<b>Total Cash Capital Expenditures</b>	<b>\$ 204</b>	<b>\$ 189</b>	<b>\$ 229</b>	<b>\$ 622</b>
Other Investments <sup>1</sup>	-	-	47	47
Project Funding, net of fees <sup>2</sup>	(5)	-	(99)	(104)
<b>Total Capital Expenditures and Growth Investments, net</b>	<b>\$ 199</b>	<b>\$ 189</b>	<b>\$ 177</b>	<b>\$ 565</b>

<sup>1</sup> Includes investments, restricted cash; <sup>2</sup> Includes net debt proceeds, cash grants, third-party contributions, and insurance proceeds



# Projected Capex, Net of Financing

(\$ millions)

		2016	2017	2018
<b>NRG Level</b>	<b>Growth<sup>1</sup></b>	309	205	165
	<b>Environmental</b>	242	6	9
	<b>Maintenance</b>	275	198	215
<b>GenOn</b>	<b>Growth Investments and Conversions</b>	120	6	4
	<b>Environmental</b>	62	-	-
	<b>Maintenance</b>	152	94	82
<b>Other<sup>2</sup></b>	<b>Growth</b>	7	2	-
	<b>Environmental</b>	-	-	-
	<b>Maintenance</b>	33	39	27
<b>Total Capex:</b>		<b>\$1,200</b>	<b>\$550</b>	<b>\$502</b>

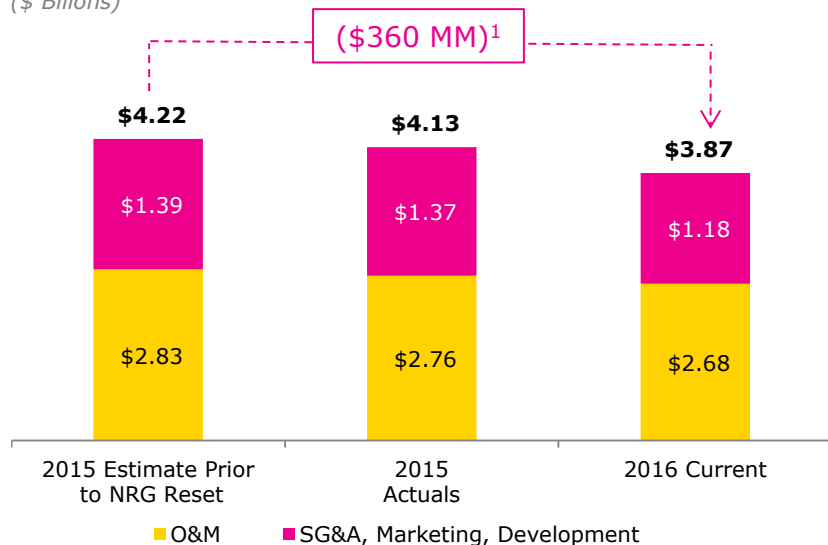
<sup>1</sup> Excludes Canal 3; <sup>2</sup> Other includes NYLD and Ivanpah, CVSR and Agua Caliente



# Tracking Streamlining Initiatives

## Streamlining Efforts On track to Achieve \$360 MM 2016

(\$ Billions)



\$ Billions	2015A
Operations and Maintenance	\$2.31
Other Cost of Operations	.47
Total Operations & Maintenance	2.78
LESS: Plant sales	(0.02)
<b>Adjusted Operations &amp; Maintenance</b>	<b>\$2.76</b>
Selling, general and administrative expense	\$1.22
Development costs	0.15
<b>Total SG&amp;A and Development</b>	<b>\$1.37</b>

Source: NRG 2015 10K, page 66

- ☑ **On Track:** \$150 MM recurring SG&A and Development Savings<sup>2</sup>
- ☑ **On Track:** \$100 MM recurring O&M Savings<sup>3</sup>
- ☑ **On Track:** \$150 MM of recurring **for** EBITDA-accretive savings executed over 2016-2017

<sup>1</sup> Includes fixed and variable O&M, excludes plant sales; <sup>2</sup>As identified on the Sept 2015 NRG Reset Call; formerly referred to as 'overhead savings'; <sup>3</sup> \$100 MM O&M savings per 3Q15 call





# Generation Organizational Structure

## NRG Energy, Inc. (47,776<sup>1</sup> MW)

### Renewables (1,252 MW)

- |   |       |
|---|-------|
| <ul style="list-style-type: none"> <li>❖ Agua Caliente</li> <li>❖ Community Solar</li> <li>❖ CVSR<sup>2</sup></li> <li>❖ Distributed Solar</li> <li>❖ Georgia Solar</li> <li>❖ Guam</li> <li>❖ Ivanpah</li> <li>❖ Spanish Town</li> </ul>   | Solar |
| <ul style="list-style-type: none"> <li>❖ Bingham Lake</li> <li>❖ Broken Bow</li> <li>❖ Cedro Hill</li> <li>❖ <u>Community Wind</u></li> <li>❖ Crofton Bluffs</li> <li>❖ Eastridge</li> <li>❖ Jeffers</li> <li>❖ Langford</li> <li>❖ Mountain Wind I&amp;II</li> <li>❖ <u>Sherbino</u></li> <li>❖ Westridge</li> </ul> | Wind  |

### NRG Yield (2,511 MW)

- ❖ Alta Wind
- ❖ Alpine
- ❖ Avenal
- ❖ Avra Valley
- ❖ Blythe
- ❖ Borrego
- ❖ Buffalo Bear
- ❖ CVSR<sup>2</sup>
- ❖ Desert Sunlight
- ❖ Distributed Solar
- ❖ Dover
- ❖ El Segundo
- ❖ GenConn Devon
- ❖ GenConn Middletown
- ❖ High Desert
- ❖ Kansas South
- ❖ Laredo Ridge
- ❖ Marsh Landing
- ❖ Paxton Creek
- ❖ Pinnacle
- ❖ Princeton
- ❖ Roadrunner
- ❖ South Trent
- ❖ Spring Canyon II & III
- ❖ Taloga
- ❖ Tucson
- ❖ Univ. of Bridgeport
- ❖ Walnut Creek
- ❖ Elkhorn Ridge
- ❖ San Juan Mesa
- ❖ Wildorado
- ❖ Crosswinds
- ❖ Forward
- ❖ Hardin
- ❖ Odin
- ❖ Sleeping Bear
- ❖ Spanish Fork
- ❖ Lookout
- ❖ Goat Wind
- ❖ Elbow Creek

### Gulf Coast (14,941 MW)

- ❖ Bayou Cove
- ❖ Big Cajun I<sup>4</sup>
- ❖ Big Cajun II
- ❖ Cedar Bayou
- ❖ Cedar Bayou<sup>4</sup>
- ❖ Choctaw
- ❖ Cottonwood
- ❖ Greens Bayou
- ❖ Gregory
- ❖ Limestone
- ❖ San Jacinto
- ❖ South Texas Project
- ❖ Sterlington<sup>4</sup>
- ❖ TH Wharton
- ❖ WA Parish

### West (6,085 MW)

- ❖ Ellwood
- ❖ Encina
- ❖ Etiwanda
- ❖ Long Beach
- ❖ Mandalay
- ❖ Midway Sunset
- ❖ Ormond Beach
- ❖ Saguaro
- ❖ San Diego Jet
- ❖ Sunrise
- ❖ Watson

### East (22,124 MW)

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>❖ Arthur Kill</li> <li>❖ Astoria</li> <li>❖ Aurora<sup>6</sup></li> <li>❖ Avon Lake</li> <li>❖ Brunot Island</li> <li>❖ Cheswick</li> <li>❖ Conemaugh<sup>3</sup></li> <li>❖ Connecticut Jets</li> <li>❖ Devon</li> <li>❖ Fisk</li> <li>❖ Hunterstown CC</li> <li>❖ Huntley</li> </ul> | <ul style="list-style-type: none"> <li>❖ Indian River</li> <li>❖ Joliet</li> <li>❖ Keystone<sup>3</sup></li> <li>❖ Middletown</li> <li>❖ Montville</li> <li>❖ New Castle</li> <li>❖ Niles</li> <li>❖ Oswego</li> <li>❖ Powerton</li> <li>❖ Rockford<sup>4,6</sup></li> <li>❖ Vienna</li> <li>❖ Waukegan</li> <li>❖ Will County</li> </ul> |
|---|---|

### GenOn Americas Generation (7,907 MW)

- ❖ Pittsburg

### Residential Solar (114 MW)

- ❖ Bowline
- ❖ Canal
- ❖ Martha's Vineyard

### Other (749 MW)

- ❖ Doga
- ❖ Gladstone

### GenOn Mid-Atlantic (4,605 MW)

- ❖ Chalk Point
- ❖ Dickerson
- ❖ Morgantown

### REMA (1,702 MW)

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>❖ Blossburg</li> <li>❖ Gilbert</li> <li>❖ Hamilton</li> <li>❖ Hunterstown CT</li> <li>❖ Mountain</li> <li>❖ Orrtana</li> <li>❖ Portland</li> </ul> | <ul style="list-style-type: none"> <li>❖ Sayreville</li> <li>❖ Shawnee</li> <li>❖ Shawville<sup>5</sup></li> <li>❖ Titus</li> <li>❖ Tolna</li> <li>❖ Warren</li> </ul> |
|---|--|

❖ Part of GenOn Energy, Inc. Intercompany Revolver first lien package and subject to covenants of GenOn Unsecured Notes

**LEGEND**

Separate Credit Facility

75% interest sold to NRG Yield on November 3, 2015

Equity Investments

<sup>1</sup> Capacity controlled by NRG as of 06/30/2016; <sup>2</sup> NRG Yield owns 48.95% interest in CVSR; Remaining 51.05% interest is included in Renewables; <sup>3</sup> NRG and GenOn jointly own/lease portions of these plants; GenOn portion is subject to REMA liens; <sup>4</sup> Included as part of Peaker Finance Co; <sup>5</sup> Mothballed on 05/31/15 to add natural gas capabilities, expected to return in Summer 2016; <sup>6</sup> Sold on July 12, 2016 (878 MW)

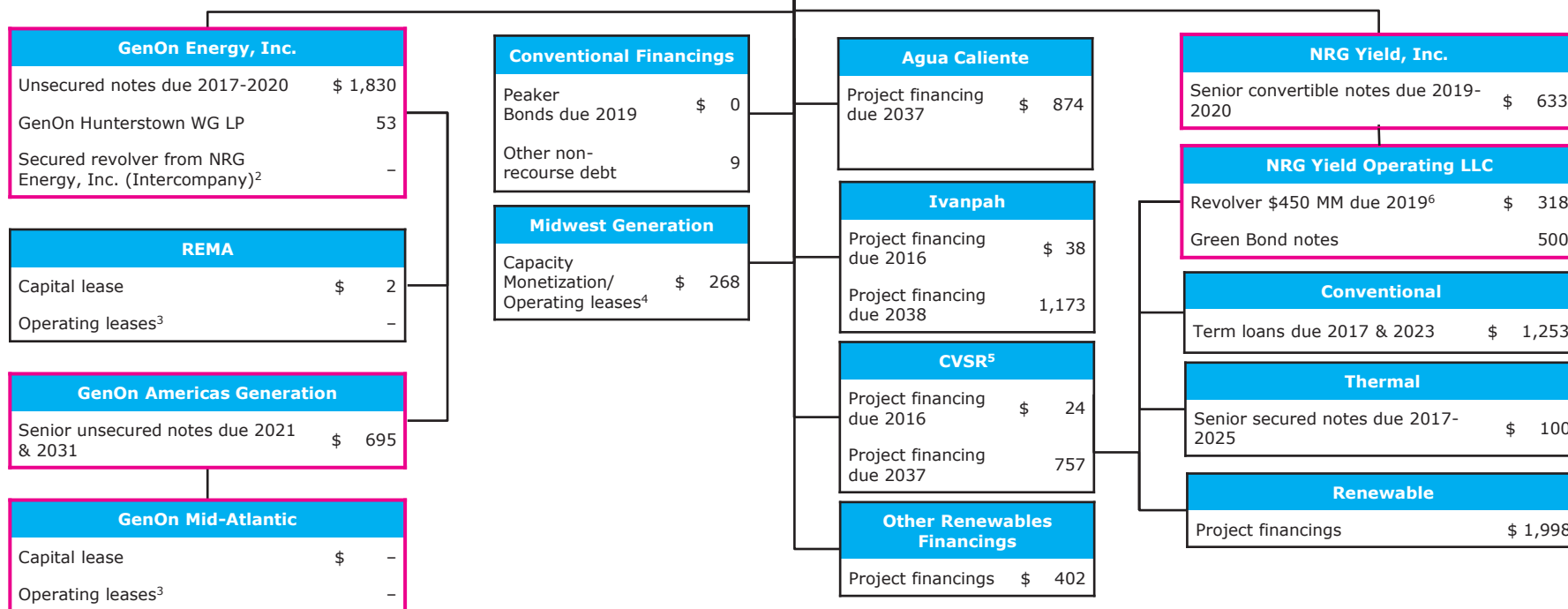


# Consolidated Debt Structure

(\$ millions)  
As of  
06/30/2016

LEGEND	
Recourse Debt	
Non-Recourse Debt	
SEC Filer	

NRG Energy, Inc.	
Revolver \$2.5 BN due 2018/2021 <sup>1</sup>	\$ -
Senior notes due 2018-2026	5,889
Term loan due 2018	1,900
Tax exempt bonds due 2038-2045	455
<b>Total</b>	<b>\$ 8,244</b>



Note: Debt balances exclude discounts and premiums

<sup>1</sup> \$1,174 MM LC's issued and \$1,337 MM Revolver available at NRG

<sup>2</sup> \$276 MM of LC's were issued and \$224 MM of the Intercompany Revolver was available at GenOn

<sup>3</sup> The present value of lease payments (10% discount rate) for GenOn Mid-Atlantic operating lease is \$576 MM, and the present value of lease payments (9.4% discount rate) for REMA operating lease is \$379 MM

<sup>4</sup> The present value of lease payments (9.1% discount rate) for Midwest Generation operating lease is \$84 MM; this lease is guaranteed by NRG Energy, Inc.

<sup>5</sup> NRG Yield owns 48.95% of CVSR

<sup>6</sup> \$60 MM of LC's were issued and \$119 MM of the Revolver was available at NYLD



# GenOn: Organizational Structure

(\$ millions)  
MWs and Balances as of 06.30.16

Subject to restricted payments

GenOn Energy, Inc. (16,704 MW)	
7.875% Unsecured Notes, due 2017	\$691
9.500% Unsecured Notes, due 2018	\$650
9.875% Unsecured Notes, due 2020	\$489
Secured Revolver from NRG Energy, Inc. (Intercompany) <sup>1</sup>	-
<b>Total Debt<sup>2</sup></b>	<b>\$1,830</b>
<b>Consolidated Cash Balance<sup>3</sup></b>	<b>\$168</b>

## GenOn Energy Holdings

REMA (1,702 MW)	
Capital Leases	\$2
Operating Leases <sup>4</sup>	\$379
<b>Consolidated Cash Balance</b>	<b>\$149</b>

Asset	MW	ISO	Asset	MW	ISO
❖ Blossburg	19	PJM	❖ Portland	169	PJM
❖ Conemaugh <sup>3</sup>	282	PJM	❖ Sayreville	217	PJM
❖ Gilbert	438	PJM	❖ Shawnee	20	PJM
❖ Hamilton	20	PJM	❖ Shawville <sup>8</sup>	6	PJM
❖ Hunterstown CT	60	PJM	❖ Titus	31	PJM
❖ Keystone <sup>3</sup>	285	PJM	❖ Toina	39	PJM
❖ Mountain	40	PJM	❖ Warren	57	PJM
❖ Orrtanna	20	PJM			

GenOn Americas Generation (7,907 MW) (formerly "MAGI")	
8.500% Senior Unsecured Notes, due 2021	\$366
9.125% Senior Unsecured Notes, due 2031	\$329
<b>Total Debt<sup>5</sup></b>	<b>\$695</b>
<b>Consolidated Cash Balance</b>	<b>\$281</b>

GenOn Mid-Atlantic (4,605 MW) ("MIRMA")	
Operating Leases <sup>4</sup>	\$576
<b>Consolidated Cash Balance</b>	<b>\$324</b>

Asset	MW	ISO
❖ Chalk Point	2,279	PJM
❖ Dickerson	849	PJM
❖ Morgantown	1,477	PJM

Rest of GenOn Americas (3,302 MW)	
No Debt	

Asset	MW	ISO
❖ Bowline	1,147	NYISO
❖ Canal Units 1-2	1,112	ISONE
❖ Martha's Vineyard	14	ISONE
❖ Pittsburg	1,029	CAISO

Rest of GenOn Inc (7,094 MW)					
Vendor Financing (Hunterstown) <sup>6</sup>					\$53

Asset	MW	ISO	Asset	MW	ISO
❖ Aurora <sup>7</sup>	878	PJM	❖ Etiwanda	640	CAISO
❖ Avon Lake	659	PJM	❖ Hunterstown CCGT	810	PJM
❖ Brunot Island	259	PJM	❖ Mandalay	560	CAISO
❖ Cheswick	565	PJM	❖ New Castle	328	PJM
❖ Choctaw	800	SERC	❖ Niles	25	PJM
❖ Ellwood	54	CAISO	❖ Ormond Beach	1,516	CAISO

<sup>1</sup>\$281MM of LC's were issued and \$219MM of the Intercompany Revolver was available; <sup>2</sup>Excludes premium of \$104MM on GenOn debt; <sup>3</sup>REMA jointly leases portions of these plants; GenOn portion is subject to REMA liens; <sup>4</sup>The present value of the lease payments (10% discount rate at GenMA; 9.4% at REMA); <sup>5</sup>Excludes premiums of \$53MM; <sup>6</sup> GAAP classification for portion of LTSA payments; <sup>7</sup>Sold on July 12, 2016 (878 MW); <sup>8</sup>Mothballed in May 2015, Shawville units 1, 2, 3 & 4 (597MW) expected to return to service no later than Q42016



# Schedule of Debt Maturities

\$ in millions as of June 30, 2016					
Issuance	Maturity Year	NRG		Nonrecourse to NRG	
		Recourse		GenOn	Yield
7.875% GenOn Senior Notes	2017	\$ -		\$ 691	\$ -
7.625% NRG Senior Notes	2018	587		-	-
9.50% GenOn Senior Notes	2018	-		650	-
	<b>2018 Total</b>	<b>587</b>		<b>650</b>	<b>-</b>
3.5% NRG Yield, Inc. Convertible Notes	2019	-		-	345
8.25% NRG Senior Notes	2020	818		-	-
9.875% GenOn Senior Notes	2020	-		489	-
3.25% NRG Yield, Inc. Convertible Notes	2020	-		-	288
	<b>2020 Total</b>	<b>818</b>		<b>489</b>	<b>288</b>
7.875% NRG Senior Notes	2021	889		-	-
8.50% GenOn Americas Generation Senior Notes	2021	-		366	-
	<b>2021 Total</b>	<b>889</b>		<b>366</b>	<b>-</b>
4.750% Tax Exempt Bonds due 2022	2022	54		-	-
6.25% NRG Senior Notes	2022	992		-	-
	<b>2022 Total</b>	<b>1,046</b>		<b>-</b>	<b>-</b>
NRG Term Loan	2023	1,900		-	-
6.625% NRG Senior Notes	2023	869		-	-
	<b>2023 Total</b>	<b>2,769</b>		<b>-</b>	<b>-</b>
6.25% NRG Senior Notes	2024	734		-	-
5.375% Yield Operating LLC Senior Notes	2024	-		-	500
	<b>2024 Total</b>	<b>734</b>		<b>-</b>	<b>500</b>
7.25% NRG Senior Notes	2026	1,000		-	-
9.125% GenOn Americas Generation Senior Notes	2031	-		329	-
6.0% Tax Exempt Bonds	2040	57		-	-
4.750% Tax Exempt Bonds	2042	22		-	-
4.750% Tax Exempt Bonds	2042	73		-	-
5.875% Tax Exempt Bonds	2042	59		-	-
	<b>2042 Total</b>	<b>154</b>		<b>-</b>	<b>-</b>
5.375% Tax Exempt Bonds	2045	190		-	-
Yield Operating LLC Revolver	Various	-		-	318
	<b>Subtotal</b>	<b>8,244</b>		<b>2,525</b>	<b>1,451</b>
Non-Recourse Project Debt and Capital Leases <sup>1</sup>	Various	-		55	3,351
	<b>Total Debt</b>			<b>\$ 2,580</b>	<b>\$ 4,802</b>

Note: Debt balances exclude discounts and premiums

<sup>1</sup> Includes project-level debt and capital leases that are non-recourse to NRG, GenOn and Yield



# Recourse / Non-Recourse Debt

(\$ millions)	06/30/2016	03/31/2016	12/31/2015	09/30/2015
<b>Recourse Debt</b>				
Term Loan Facility	\$ 1,900	\$ 1,961	\$ 1,966	\$ 1,971
Senior Notes	5,889	5,962	6,165	6,411
Tax Exempt Bonds	455	455	455	451
<b>Recourse Debt Subtotal</b>	<b>\$ 8,244</b>	<b>\$ 8,378</b>	<b>\$ 8,586</b>	<b>\$ 8,833</b>
<b>Non-Recourse Debt</b>				
Total NRG Yield <sup>1</sup>	\$ 4,802	\$ 4,854	\$ 4,898	\$ 4,547
GenOn Senior Notes	1,830	1,830	1,830	1,949
GenOn Americas Generation Notes	695	695	695	850
GenOn Other (including Capital Leases)	55	58	59	60
Renewables <sup>2</sup>	3,268	3,275	3,343	3,525
Conventional	277	85	85	116
<b>Non-Recourse Debt and Capital Lease Subtotal</b>	<b>\$ 10,927</b>	<b>\$ 10,797</b>	<b>\$ 10,910</b>	<b>\$ 11,047</b>
<b>Total Debt</b>	<b>\$ 19,171</b>	<b>\$ 19,175</b>	<b>\$ 19,496</b>	<b>\$ 19,880</b>

Note: Debt balances exclude discounts and premiums

<sup>1</sup> Includes convertible notes and project financings, including \$189 MM related to Viento - NRG owns 25% of the project; excludes proportionate CVSR debt

<sup>2</sup> Includes 100% of CVSR project debt in Solar (Non-NRG Yield); NRG Yield owns 48.95% of the project



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# Appendix: Reg. G Schedules



# Reg. G: QTD and YTD 2Q 2016 Free Cash Flow before Growth

(\$ millions)	3 months ended		6 months ended	
	6/30/2016		6/30/2016	
<b>Adjusted EBITDAR</b>	\$	<b>812</b>	\$	<b>1,659</b>
Less: GenOn & EME operating lease expense		(33)		(67)
<b>Adjusted EBITDA</b>	\$	<b>779</b>	\$	<b>1,592</b>
Interest payments		(333)		(576)
Debt Extinguishment Cash Costs		(55)		(55)
Income tax		(10)		(10)
Collateral / working capital / other		(62)		(78)
<b>Cash Flow from Operations</b>	\$	<b>319</b>	\$	<b>873</b>
Reclassifying of net receipts (payments) for settlement of acquired derivatives that include financing elements		64		103
Merger, integration and cost-to-achieve expenses <sup>1</sup>		6		25
Return of capital from equity investments <sup>2</sup>		6		11
Collateral		(194)		(350)
<b>Adjusted Cash Flow from Operations</b>	\$	<b>201</b>	\$	<b>662</b>
Maintenance capital expenditures, net <sup>3</sup>		(78)		(169)
Environmental capital expenditures, net		(112)		(189)
Preferred dividends		---		(2)
Distributions to non-controlling interests		(40)		(82)
<b>Consolidated Free Cash Flow before Growth</b>	\$	<b>(29)</b>	\$	<b>220</b>
Less: FCFbG at Non-Guarantor Subsidiaries <sup>4</sup>		135		(98)
<b>NRG-Level Free Cash Flow before Growth</b>	\$	<b>106</b>	\$	<b>122</b>

<sup>1</sup> Cost-to-achieve expenses associated with the \$150MM savings announced on September 2015 call <sup>2</sup> Represents cash distributions to NRG from equity investments <sup>3</sup> Includes insurance proceeds of \$30MM <sup>4</sup> Reflects impact from GenOn, NRG Yield, and other excluded project subsidiaries



# Reg. G: 2016 Guidance

## Appendix Table A-1: 2016 Guidance

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Adjusted EBITDA

	2016 Guidance
(\$ millions)	
Generation and Renewables	\$1,545 - \$1,670
Retail Mass	650 - 725
NRG Yield	805
<b>Adjusted EBITDA</b>	<b>\$3,000 - \$3,200</b>
Interest payments	(1,090)
Debt Extinguishment Cash Cost	(100)
Income tax	(40)
Working capital / other <sup>1</sup>	75
<b>Adjusted Cash Flow from Operations</b>	<b>\$1,845 - \$2,045</b>
Maintenance capital expenditures, net	(435) - (465)
Environmental capital expenditures, net	(285) - (315)
Preferred dividends	(2)
Distributions to non-controlling interests <sup>2</sup>	(170) - (180)
<b>Consolidated Free Cash Flow before Growth</b>	<b>\$1,000 - \$1,200</b>
Less: FCFbG at Non-Guarantor Subsidiaries <sup>3</sup>	(250)
<b>NRG-Level Free Cash Flow before Growth</b>	<b>\$750 - \$950</b>

<sup>1</sup> Primary drivers include tax receipts associated with Capistrano of \$45 MM and reduction in fuel inventory of \$30 MM

<sup>2</sup> Includes estimated Yield distributions to public shareholders of \$93 MM, Capistrano and Solar distributions to non-controlling interests of \$70 MM and \$35 MM, respectively, and preferred dividends of \$10 MM

<sup>3</sup> Reflects impact from GenOn, NRG Yield, and other excluded project subsidiaries





**Appendix Table A-2: Second Quarter 2016 Adjusted EBITDA Reconciliation by Operating Segment**

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

<i>(\$ millions)</i>	Retail Mass	Generation	Renewables	NRG Yield	Corporate	Total
<b>Net income/(loss)</b>	496	(371)	(58)	58	(401)	(276)
Plus:						
Interest expense, net	-	32	30	62	152	276
Income tax	-	-	(5)	12	18	25
Loss on debt extinguishment	-	-	-	-	80	80
Depreciation, amortization, and ARO expense	27	153	55	67	17	319
Amortization of contracts	2	(20)	-	17	(2)	(3)
<b>EBITDA</b>	<b>525</b>	<b>(206)</b>	<b>22</b>	<b>216</b>	<b>(136)</b>	<b>421</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	8	(1)	21	4	32
Acquisition-related transaction & integration costs	-	-	-	-	5	5
Reorganization costs	-	-	1	-	9	10
Deactivation costs	-	6	-	-	-	6
Loss on sale of business	-	-	-	-	83	83
Other non recurring charges	-	8	6	3	(8)	9
Impairments	-	78	27	-	10	115
Mark to Market (MtM) (gains)/losses on economic hedges	(312)	408	2	-	-	98
<b>Adjusted EBITDA</b>	<b>213</b>	<b>302</b>	<b>57</b>	<b>240</b>	<b>(33)</b>	<b>779</b>



**Appendix Table A-3: Second Quarter 2015 Adjusted EBITDA Reconciliation by Operating Segment**

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

(\$ millions)	Retail Mass	Generation	Renewables	NRG Yield	Corporate	Total
<b>Net income/(loss)</b>	217	3	(6)	38	(261)	(9)
Plus:						
Interest expense, net	-	17	22	45	176	260
Income tax	-	1	(3)	4	(19)	(17)
Loss on debt extinguishment	-	-	-	7	-	7
Depreciation, amortization, and ARO expense	33	236	53	70	13	405
Amortization of contracts	1	(18)	(1)	15	2	(1)
<b>EBITDA</b>	<b>251</b>	<b>239</b>	<b>65</b>	<b>179</b>	<b>(89)</b>	<b>645</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	4	(1)	15	1	19
Acquisition-related transaction & integration costs	-	-	-	1	2	3
Deactivation costs	-	3	-	-	-	3
Other non recurring charges	-	8	-	-	-	8
Mark to Market (MtM) (gains)/losses on economic hedges	(42)	39	2	4	-	3
<b>Adjusted EBITDA</b>	<b>209</b>	<b>293</b>	<b>66</b>	<b>199</b>	<b>(86)</b>	<b>681</b>



**Appendix Table A-4: YTD Second Quarter 2016 Adjusted EBITDA Reconciliation by Operating Segment**

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

<i>(\$ millions)</i>	Retail Mass	Generation	Renewables	NRG Yield	Corporate	Total
<b>Net income /(loss)</b>	642	(212)	(103)	60	(616)	(229)
Plus:						
Interest expense, net	-	42	62	130	322	556
Income tax	-	1	(11)	12	44	46
Loss on debt extinguishment	-	-	-	-	69	69
Depreciation, amortization, and ARO expense	56	308	111	134	34	643
Amortization of contracts	1	(32)	1	40	(4)	6
<b>EBITDA</b>	<b>699</b>	<b>107</b>	<b>60</b>	<b>376</b>	<b>(151)</b>	<b>1,091</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	16	(5)	49	5	65
Acquisition-related transaction & integration costs	-	-	-	-	7	7
Reorganization costs	5	1	3	-	11	20
Deactivation costs	-	13	-	-	-	13
(Gain)/loss on sale of business	-	(29)	-	-	83	54
Other non recurring charges	-	11	10	3	1	25
Impairments	-	213	26	-	15	254
Mark to Market (MtM) (gains)/losses on economic hedges	(341)	403	1	-	-	63
<b>Adjusted EBITDA</b>	<b>363</b>	<b>735</b>	<b>95</b>	<b>428</b>	<b>(29)</b>	<b>1,592</b>



**Appendix Table A-5: YTD Second Quarter 2015 Adjusted EBITDA Reconciliation by Operating Segment**

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

<i>(\$ millions)</i>	Retail Mass	Generation	Renewables	NRG Yield	Corporate	Total
<b>Net income/(loss)</b>	321	32	(57)	18	(459)	(145)
Plus:						
Interest expense, net	-	35	51	118	354	558
Income tax	-	1	(9)	-	(82)	(90)
Loss on debt extinguishment	-	-	-	7	-	7
Depreciation, amortization, and ARO expense	63	475	105	137	25	805
Amortization of contracts	1	(30)	-	26	-	(3)
<b>EBITDA</b>	<b>385</b>	<b>513</b>	<b>90</b>	<b>306</b>	<b>(162)</b>	<b>1,132</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	14	(4)	27	3	40
Acquisition-related transaction & integration costs	-	-	-	1	12	13
Deactivation costs	-	6	-	-	-	6
Other non recurring charges	-	9	-	-	1	10
Mark to Market (MtM) (gains)/losses on economic hedges	(10)	292	2	(3)	-	281
<b>Adjusted EBITDA</b>	<b>375</b>	<b>834</b>	<b>88</b>	<b>331</b>	<b>(146)</b>	<b>1,482</b>



## Appendix Table A-6: Second Quarter 2016 Regional Adjusted EBITDA Reconciliation for Generation

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

<i>(\$ millions)</i>	East	Gulf Coast	West	Business Solutions	Total
<b>Net (loss)/income</b>	(139)	(336)	(71)	175	(371)
Plus:					
Interest expense, net	32	-	-	-	32
Depreciation, amortization, and ARO expense	56	76	18	3	153
Amortization of contracts	(18)	1	(4)	1	(20)
<b>EBITDA</b>	<b>(69)</b>	<b>(259)</b>	<b>(57)</b>	<b>179</b>	<b>(206)</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	1	2	5	8
Deactivation costs	6	-	-	-	6
Other non recurring charges	2	6	-	-	8
Impairments	17	2	59	-	78
Mark to Market (MtM) losses/(gains) on economic hedges	167	389	15	(163)	408
<b>Adjusted EBITDA</b>	<b>123</b>	<b>139</b>	<b>19</b>	<b>21</b>	<b>302</b>



## Appendix Table A-7: Second Quarter 2015 Regional Adjusted EBITDA Reconciliation for Generation

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

<i>(\$ millions)</i>	East	Gulf Coast	West	Business Solutions	Total
<b>Net income /(loss)</b>	97	(114)	(12)	32	3
Plus:					
Interest expense, net	17	-	-	-	17
Income tax	-	-	-	1	1
Depreciation, amortization, and ARO expense	75	143	16	2	236
Amortization of contracts	(18)	2	(3)	1	(18)
<b>EBITDA</b>	<b>171</b>	<b>31</b>	<b>1</b>	<b>36</b>	<b>239</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	(2)	2	4	4
Deactivation costs	2	-	1	-	3
Other non recurring charges	-	8	-	-	8
Mark to Market (MtM) (gains)/losses on economic hedges	(31)	76	14	(20)	39
<b>Adjusted EBITDA</b>	<b>142</b>	<b>113</b>	<b>18</b>	<b>20</b>	<b>293</b>



## Appendix Table A-8: YTD Second Quarter 2016 Regional Adjusted EBITDA Reconciliation for Generation

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

<i>(\$ millions)</i>	East	Gulf Coast	West	Business Solutions	Total
<b>Net income/(loss)</b>	106	(462)	(39)	183	(212)
Plus:					
Interest expense, net	42	-	-	-	42
Income tax	-	-	-	1	1
Depreciation, amortization, and ARO expense	113	155	35	5	308
Amortization of contracts	(34)	2	(3)	3	(32)
<b>EBITDA</b>	<b>227</b>	<b>(305)</b>	<b>(7)</b>	<b>192</b>	<b>107</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	5	5	6	16
Reorganization costs	-	1	-	-	1
Deactivation costs	13	-	-	-	13
Gain on sale of assets	(29)	-	-	-	(29)
Other non recurring charges	3	7	1	-	11
Impairments	17	139	57	-	213
Mark to Market (MtM) losses/(gains) on economic hedges	137	415	18	(167)	403
<b>Adjusted EBITDA</b>	<b>368</b>	<b>262</b>	<b>74</b>	<b>31</b>	<b>735</b>



## Appendix Table A-9: YTD Second Quarter 2015 Regional Adjusted EBITDA Reconciliation for Generation

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

<i>(\$ millions)</i>	East	Gulf Coast	West	Business Solutions	Total
<b>Net income /(loss)</b>	186	(81)	(35)	(38)	32
Plus:					
Interest expense, net	35	-	-	-	35
Income tax	-	-	-	1	1
Depreciation, amortization, and ARO expense	152	287	31	5	475
Amortization of contracts	(32)	3	(4)	3	(30)
<b>EBITDA</b>	<b>341</b>	<b>209</b>	<b>(8)</b>	<b>(29)</b>	<b>513</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	1	4	9	14
Deactivation costs	4	-	2	-	6
Other non recurring charges	-	9	-	-	9
Mark to Market (MtM) losses on economic hedges	222	11	13	46	292
<b>Adjusted EBITDA</b>	<b>567</b>	<b>230</b>	<b>11</b>	<b>26</b>	<b>834</b>





## Appendix Table A-10: Expected Full Year 2016 Adjusted EBITDA Reconciliation for GenOn Energy, Inc., ROFO/Other<sup>1</sup> and NRG Yield

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

<i>(\$ millions)</i>	<b>GenOn Energy, Inc.</b>	<b>ROFO/Other</b>	<b>NRG Yield</b>	<b>Total</b>
<b>Net (loss)/income</b>	<b>(117)</b>	<b>(17)</b>	<b>230</b>	
Plus:				
Interest expense, net	178	109	270	
Income tax	-	13	45	
Depreciation, amortization, and ARO expense	219	236	260	
Amortization of contracts	(39)	(8)	-	
<b>EBITDA</b>	<b>241</b>	<b>333</b>	<b>805</b>	
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	(23)	-	
Deactivation costs	5	-	-	
Mark to market (MtM) losses on economic hedges	89	(5)	-	
Plus: Operating lease expense	111	22	-	
<b>Adjusted EBITDAR</b>	<b>446</b>	<b>327</b>	<b>805</b>	
Less: Operating lease expense	(111)	(22)	-	
<b>Adjusted EBITDA</b>	<b>335</b>	<b>305</b>	<b>805</b>	<b>1,445</b>

<sup>1</sup> Includes Aqua Caliente, Ivanpah, CVSR, Midwest Generation, Yield Eligible assets, Sherbino, Capistrano, and international assets



**Appendix Table A-11: Expected Full Year 2016 Free Cash Flow before Growth Reconciliation for GenOn Energy, Inc., ROFO/Other<sup>1</sup> and NRG Yield:** The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Adjusted EBITDA

<i>(\$ millions)</i>	<b>6/30/2016</b>	
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>1,445</b>
Interest payments		(568)
Income tax		-
Collateral / working capital / other		(43)
<b>Cash Flow from Operations</b>	<b>\$</b>	<b>834</b>
Maintenance capital expenditures, net		(185)
Environmental capital expenditures, net		(62)
Preferred dividends		-
Distributions to NRG		(145)
Distributions to NYLD		(17)
Distributions to non-controlling interests		(175)
<b>Free Cash Flow before Growth</b>	<b>\$</b>	<b>250</b>

<sup>1</sup> Includes Aqua Caliente, Ivanpah, CVSR, Midwest Generation, Yield Eligible assets, Sherbino, Capistrano, and international assets



## Reg. G

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. As NRG defines it, Adjusted EBITDA represents EBITDA excluding impairment losses, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from accounting for derivatives, adjustments to exclude the Adjusted EBITDA related to the non-controlling interest, gains or losses on the repurchase, modification or extinguishment of debt, the impact of restructuring and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. 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.

Management believes Adjusted EBITDA is useful to investors and other users of NRG's financial statements in evaluating its operating performance because it provides an additional tool to compare business performance across companies and across periods and adjusts for items that we do not consider indicative of NRG's future operating performance. This measure is widely used by debt-holders to analyze operating performance and debt service capacity and by equity investors to measure our operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations, and for evaluating actual results against such expectations, and in communications with NRG's Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.



# Reg. G

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, integration and related restructuring 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, integration related restructuring 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, preferred stock dividends and distributions to non-controlling interests 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.

Free Cash Flow before Growth Investment is utilized by Management in making decisions regarding the allocation of capital. Free Cash Flow before Growth Investment is presented because the Company believes it is a useful tool for assessing the financial performance in the current period. In addition, NRG's peers evaluate cash available for allocation in a similar manner and accordingly, it is a meaningful indicator for investors to benchmark NRG's performance against its peers. Free Cash Flow before Growth Investment is a performance measure and is not intended to represent net income (loss), cash from operations (the most directly comparable U.S. GAAP measure), or liquidity and is not necessarily comparable to similarly titled measures reported by other companies.