NRG: Texas Integrated Premium Business Model

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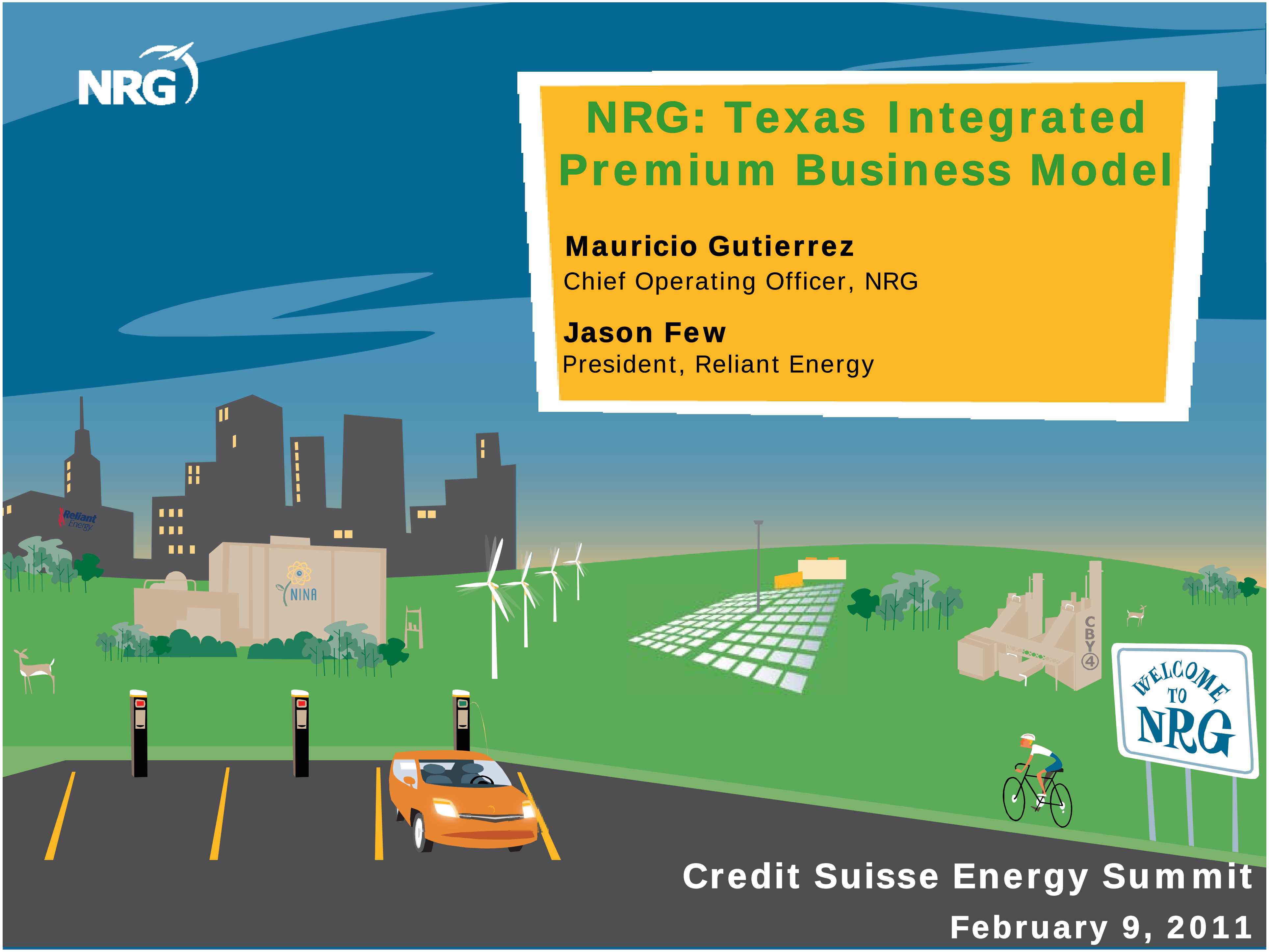

Credit Suisse Energy Summit

February 9, 2011

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Agenda

- **NRG Strategy and Portfolio Overview- Texas Integrated Model** — *Mauricio Gutierrez*
- **Wholesale and Retail- Supply-Side Synergies** — *Mauricio Gutierrez*
- **Reliant Retail's Franchise- Retail Margins & Growth** — *Jason Few*

Power Supply Chain and Industry Characteristics

		NRG			Reliant & Green Mountain Retail
Fuel Supply	Fuel Transportation	Power Generation	Transmission	Distribution	Retail (Customer)
• Oil, gas, coal companies	• Common carriers: Pipelines, Trains, Ships	• Investor and Government Owned Utilities • Merchant Generator (NRG, etc.)	• From Generator to Distribution substation	• From Distribution substation to home or business	• Residential, commercial, and industrial

Fundamental Truths	Strategic Consequences
✓ Capital intensive commodity cyclical business/not labor intensive	• Competitive generators cannot rely only on “cost minimization” practices but primarily need to increase margins • Balance sheet management and continuous access to capital are critical
✓ Assets relatively illiquid and totally immovable	• Generators need to optimize and enhance current plant fleet • Maintaining capacity around chronic transmission constraints gives locational value translating to better margin benefits/spreads
✓ Electricity is a uniquely volatile commodity because it can not be stored	• Commercially advantages the supplier that is asset backed as it has better information to optimize portfolio and should also be paid better for that capacity
✓ Electricity prices are locally impacted by supply\demand dynamics	• The more scale and diverse supply sources you have locally, the more flexibility you have to optimize your portfolio and increase margins • Regional diversity critical since supply dynamics in various markets are not correlated
✓ Electricity prices, in our core markets, are fundamentally driven by the underlying fuel price	• The “single-price auction system” means that gas, the marginal fuel, has primacy in setting electricity prices in our core markets

NRG Energy: The center of the power industry value chain

NRG: A Mutually Reinforcing Dual Strategy

GREENER

Continue to Build and Operate Best-in-Class Conventional Fleet

Priorities:

- **Focus on operational excellence in wholesale and in retail**
- **Optimize wholesale & retail hedging and margins through all commodity cycles**
- Pursue repowering of conventional projects on existing sites, with investment returns in excess of WACC
- Drive appropriate capital allocation
- Explore cash accretive acquisition opportunities in our core markets at discounts to replacement cost

Transforming to a post-carbon provider of green energy solutions

Priorities:

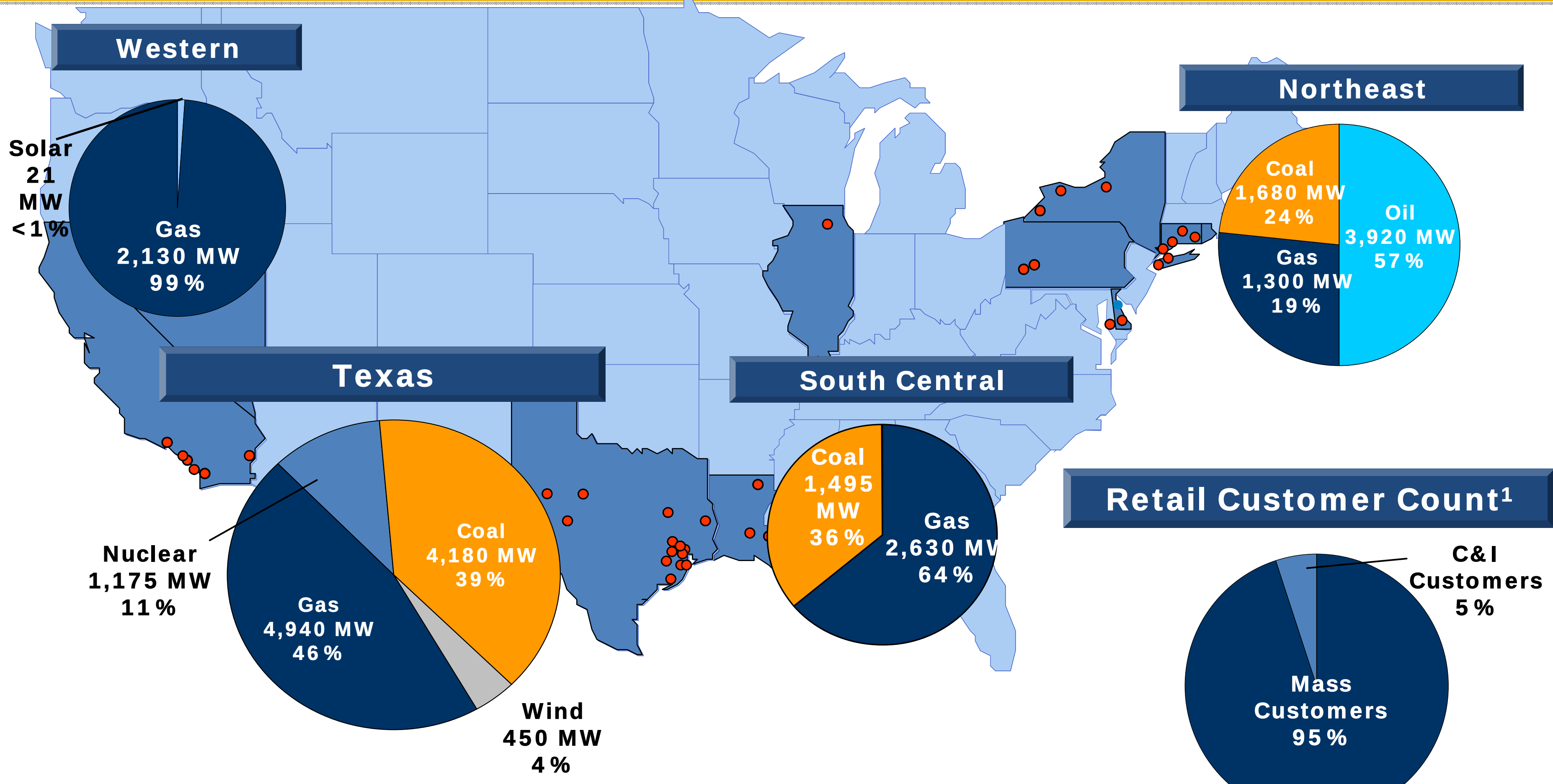
- Renewable Generation…with a concentration in solar
- Green Retail in Competitive Markets
- Low Carbon Baseload including CCS/EOR
- Electric Vehicle Ecosystems
- Smart grid and other sustainable energy services

GREENEST

Consumer Driven

Our Goal: To deliver exemplary results while transforming the business model to capture high growth/high return opportunities

NRG: Wholesale / Retail Merchant Portfolio with Scale and Diversity



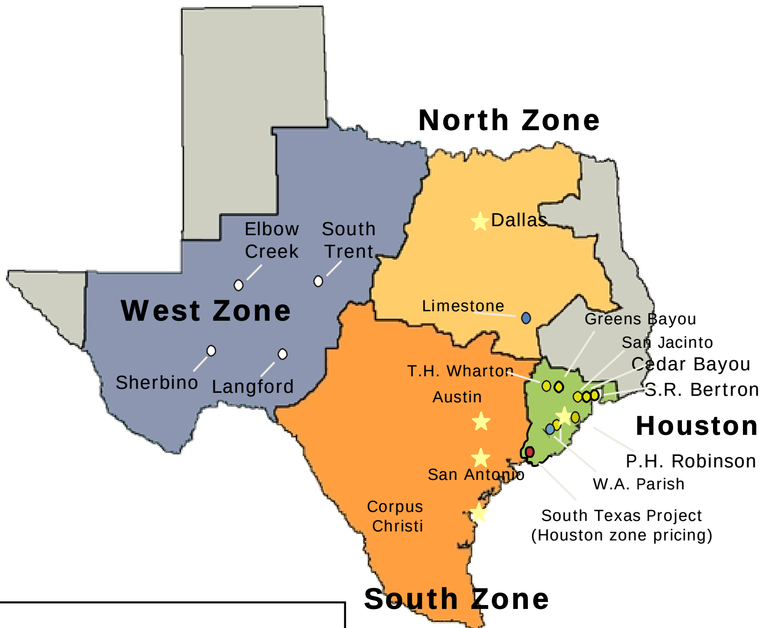
Note: Includes 116 MW as part of NRG's Thermal assets. For combined scale, approximately 2,192 MW is dual-fuel capable. Reflects proforma domestic generation capacity as of December 31, 2010, including the asset acquired from Kelson (SC region)

[1]Includes customer count data for Reliant retail (as of 12/31/2009) and Green Mountain Energy totaling ~1,900,000 customers

Asset scale and diversity of fuel and location provide value creation opportunities

NRG Texas Portfolio Overview

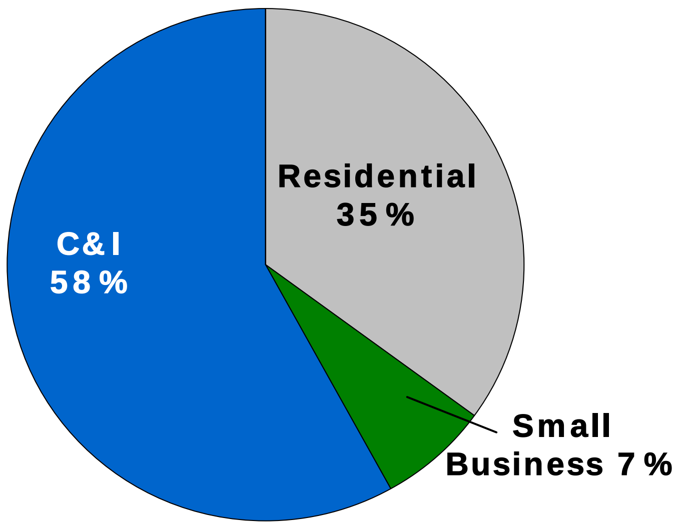
Wholesale: 2nd largest generator in Texas with multi-fuel, multi-dispatch capability[1]



- **Coal**: 4,180 MW
- **Nuclear**: 1,175 MW[3]
- **Wind**: 450 MW
- **Gas**: 4,940 MW

[1]As of 12/31/10
[3](44% owned)

Retail: Leading provider in Texas[3]

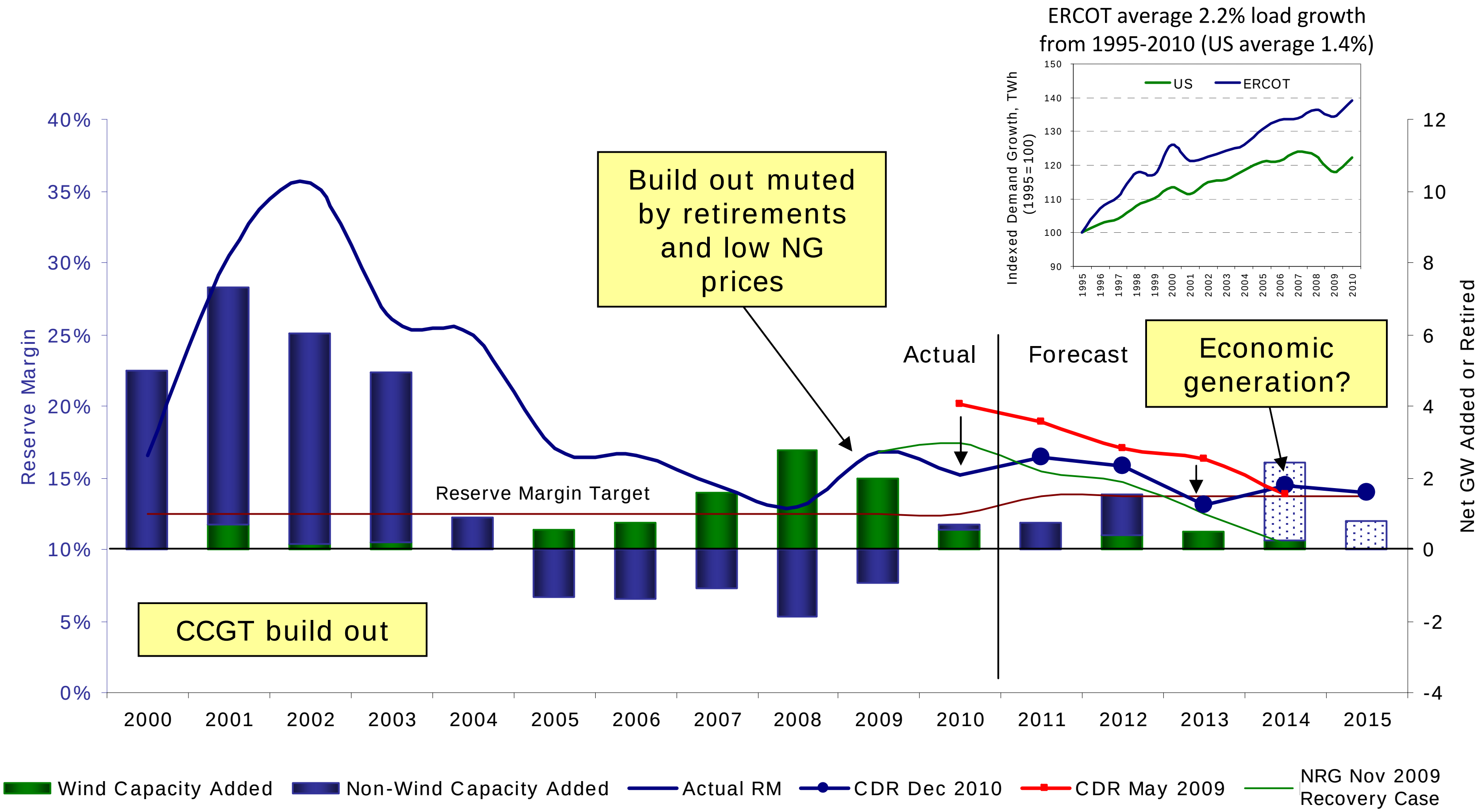


- **#1 C&I provider:** 27% share and top tier service
- **#2 Residential provider:** 24% market share and lowest PUC complaint rate

[3]Reflects Reliant retail share percentages by customer MWh; as of 12/31/2009

Strategically and competitively positioned with complementary and countercyclical retail and wholesale business

ERCOT Supply and Demand Dynamics



Source: ERCOT annual reports, PUCT annual update, NERC 2010 Special Reliability Scenario Assessment: Resource Adequacy Impacts of Potential U.S. Environmental Regulations, EIA and NRG estimates.

Robust load growth and lack of new generation will pressure forward reserve margins and drive heat rate expansion

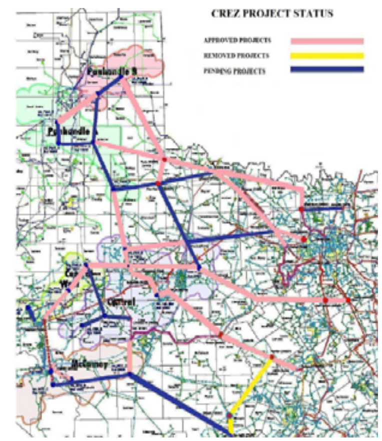
ERCOT Market Update

Nodal Market within Expectations

- ✓ Seamless transition
- ✓ Improved West-North Congestion
- ✓ Prices better reflect congestion
- ✓ Lower regulation capacity costs
- ✓ Hub to node basis for NRG asset within expectation

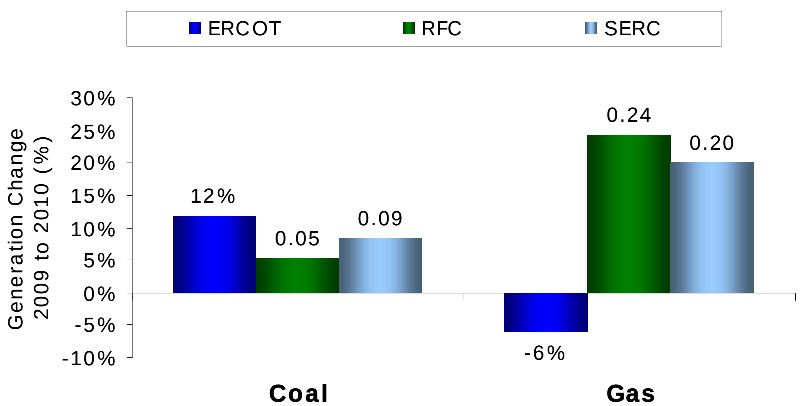
CREZ Transmission on Schedule

- ✓ 3,220 miles of 345 KV lines at a cost of $5B
- ✓ Support 18GW of wind generation in West
- ✓ CREZ on schedule for 2015
- ✓ 22 CCN's approved, 14 pending
- ✓ 10.5 GW of wind by 2014



Source: ERCOT reports

Coal to Gas Switching Negligible in Texas



Source: PIRA and ERCOT D&E

Limited to No Coal Retirements

- ✓ ERCOT coal assets well positioned to face upcoming environmental regulations
  - ✓ Younger assets
  - ✓ Larger assets
  - ✓ More back end controls installed
  - ✓ Lower fuel costs

Region	Avg Age	Avg Size	% Scrubbed	Fuel
ERCOT	26	510	64%	Lignite, PRB
PJM	42	216	58%	NAPP, CAPP

Source: NRG analysis, Energy velocity

NRG's asset dispatch and locational advantages are well positioned to manage ERCOT market dynamics

Managing the Commodity Business Cycle of Wholesale and Retail

Benefits of an Optimal Retail / Wholesale Integrated Business Model

Complementary and countercyclical businesses warrant a premium for integrated model

I. Supply-Side Synergies

- Significantly Reduced Credit Collateral
- Transaction Costs Mitigated from Matching Load And Supply
- Enhanced Earnings from Gas Fleet and Sale of Ancillaries

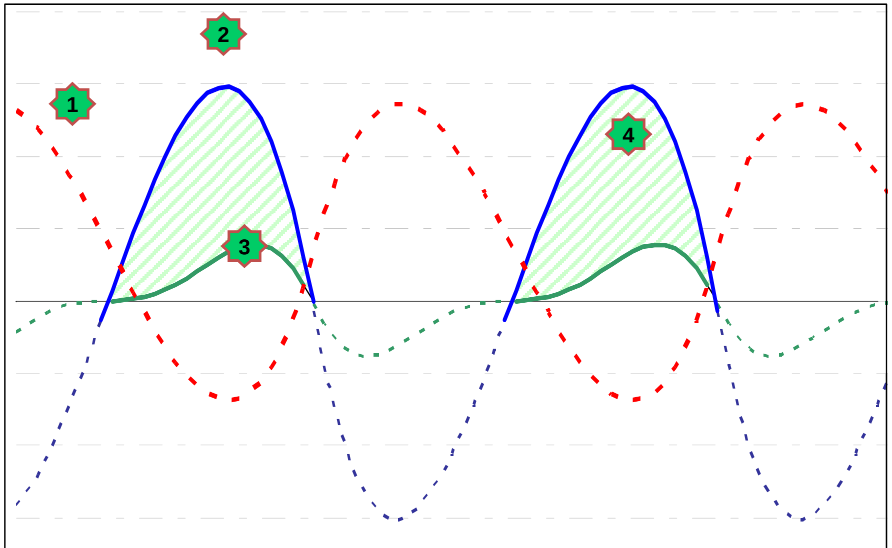
II. Reliant Retail's Franchise

- Leading Position in Growing Texas Market
- Premium Residential Brand and Customer Segmentation
- Competitive Advantages for Broad C&I Product Offerings

NRG's Texas retail and wholesale integrated combination has significant competitive advantages over standalone models

Supply-Side Synergies: Credit Collateral

Collateral Requirements for Standalone vs. Wholesale-Backed Retail Entity



Collateral requirements include payables, marked to market value, static margin and contingent collateral

1 Illustrates natural gas price cycle.

2 Illustrates the collateral requirement of a standalone retail entity with the maximum collateral requirement occurring at the trough of the gas cycle.

3 Illustrates Retail collateral requirements including NRG wholesale synergies.

4 Average of $1 billion savings achieved through leveraging collateral synergies over a commodity gas cycle of $4/mmbtu to $10/mmbtu.

Value of Collateral Competitive Advantage for Wholesale/Retail Integrated Portfolio

% Supply from Market	100%	50%	0%
Contingent Collateral[1] ($MM)	$1,050	$525	$0

EV Benefit of Capital Synergies ($MM) at 50% market supply	$525
Reliant EBITDA Run Rate ($MM)	$400-500
EV/EBITDA Implied Premium Multiple Warranted for Integrated Model vs Standalone	~1.0-1.3x

Capital synergies warrants a premium multiple for an integrated business versus standalone retail or wholesale

[1]Contingent collateral based on a $3/mmbtu price and 350 BCFE of retail natural gas exposure [2]Based on steady-state gas prices

Owning the Texas wholesale portfolio enables NRG to operate a market-leading retail business in a far more favorable collateral manner

Supply Side Synergies: Transaction Costs

Wholesale Supply

50 TWh

- Energy
- Capacity

Bid/Ask: $0.50/MWh[1]

Cost: $25 MM

Market

(Brokers, banks, and other intermediaries)

Retail Load

50 TWh

- Energy
- Shape
- Options
- Ancillary

Bid/ask: $1.50/MWh

Cost: $75 MM

100% Match: Approximately $100 MM Potential Savings

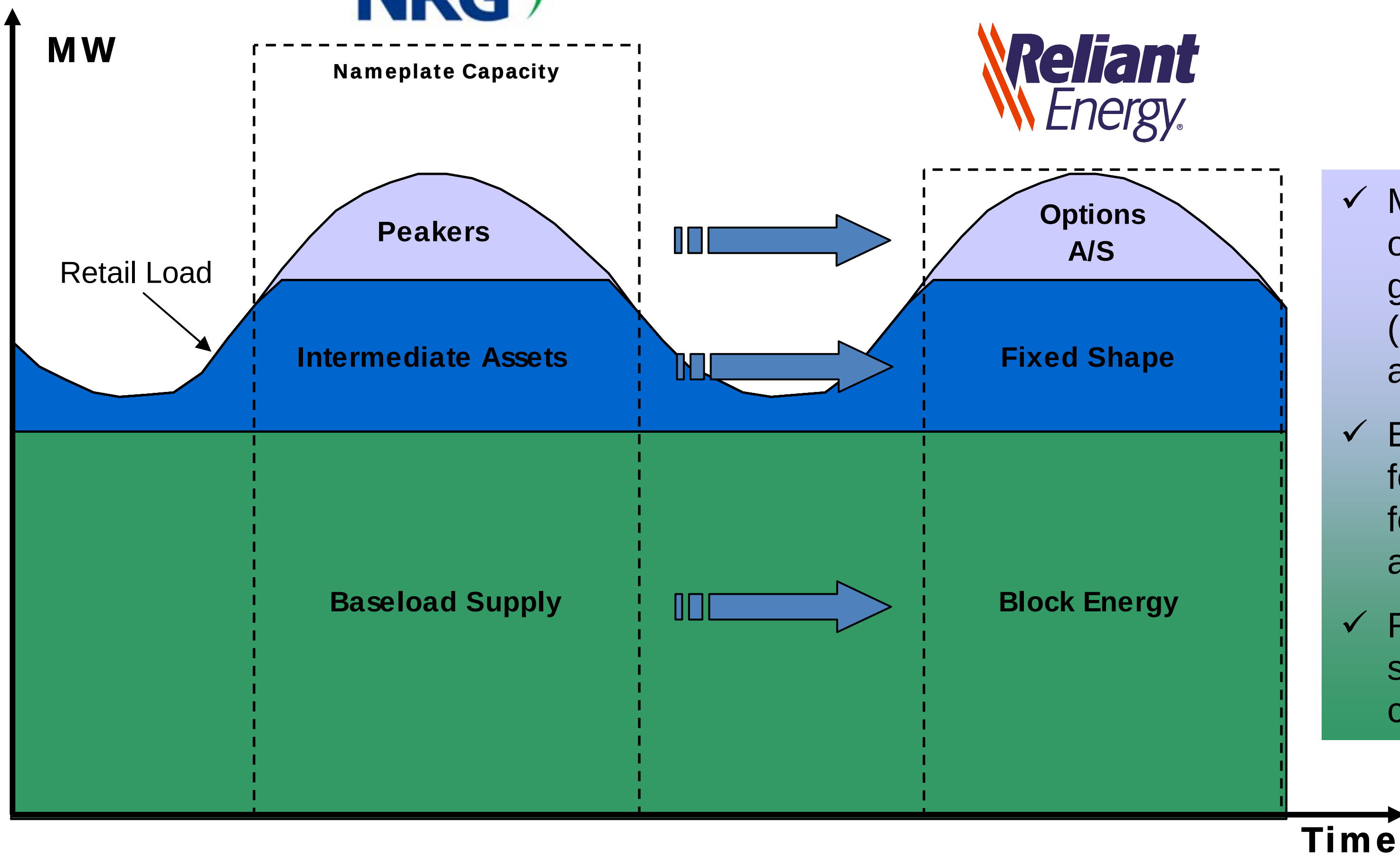
Potential Annual Savings by Level of Generation Matched to Load:

% Matched	**25%**	**50%**	**75%**
Savings ($MM)	$25 MM	$50 MM	$75 MM

[1]Based on $50/MWh RTC wholesale price

Transaction costs can represent $25 to $75 MM of savings for integrated wholesale and retail business

Supply-Side Synergies: Gas & Ancillaries

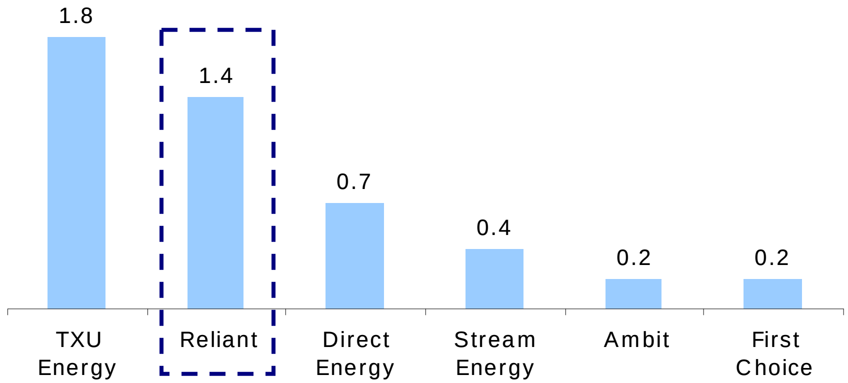


- ✓ Monetize optionality of NRG gas asset portfolio (ancillary services and options)
- ✓ Extract load following premium for intermediate assets
- ✓ Reduces Reliant supply risk and costs

Optimizing combined portfolio synergies drive sustainable and enhanced earnings

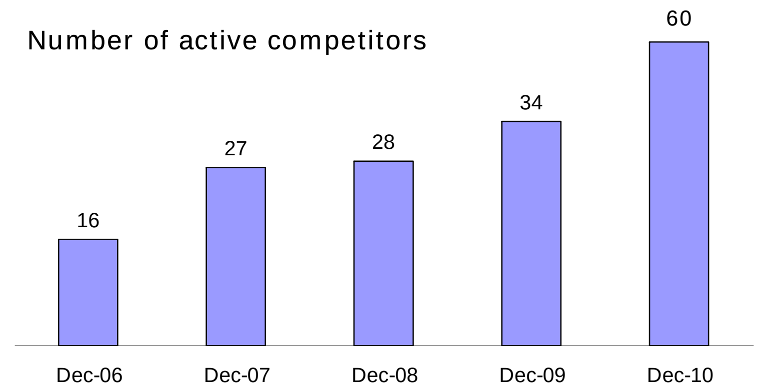
Reliant Retail's Franchise: State of the Texas Competitive Retail Market—an Overview

Reliant is 2nd Largest Residential Provider in Texas



Source: PUCT, company filings. Note: ERCOT total 5.6 MM customer accounts

Texas is the Most Competitive US Retail Market



Source: Vector Report & PUC Data

Limited Meaningful Top Competitors in Residential & C&I

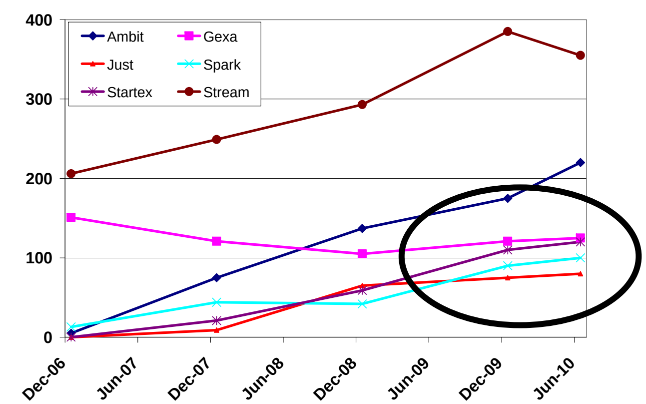
	Primary >300K Customers	Secondary 300K – 100K Customers	Tertiary <100K Customers
RESI	Reliant TXU Direct Stream **Blue= Multi-level Marketer**	Ambit First Choice Green Mountain* Gexa Energy StarTex Power Spark Energy	Just Energy Cirro Champion Dynowatt Amigo dPi Energy Texas Power Bounce

C & I	Reliant Suez TXU Constellation EDF Direct

Source: KEMA

* An NRG company

Many Competitors Hit A Count Plateau

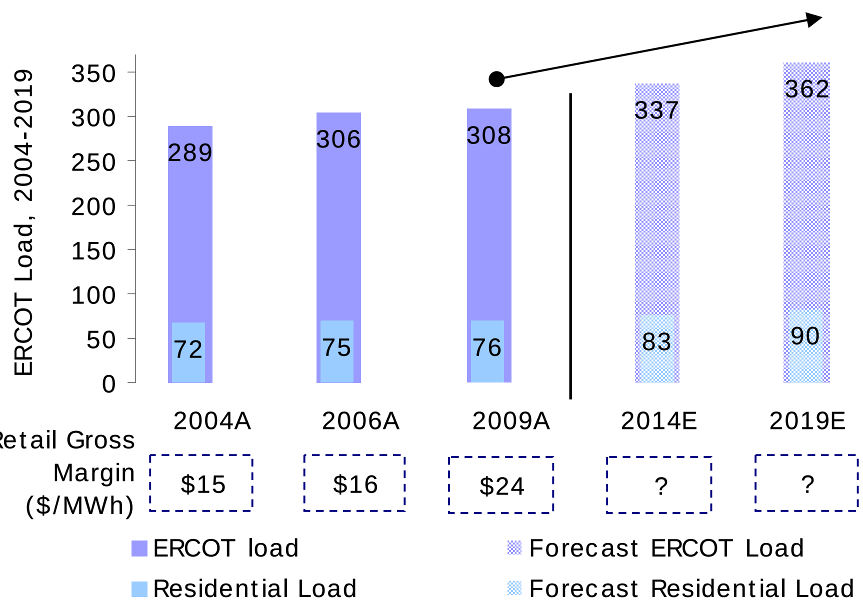


Source: KEMA

Amid increased competition and commodity volatility, Reliant has balanced customer count with margin goals to retain leading position and drive strong results

Reliant Retail's Franchise: State of the Texas Competitive Retail Market—Demand Growth Outlook

ERCOT Demand Growth Forecast



- 2000-2010: 4.2 MM new residents (1st in US)
- Low cost of living (2nd lowest in US) and low cost of doing business
- 2019 demand anticipated to be approximately 17% higher than 2009 demand

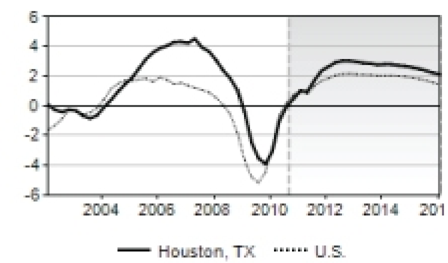
Source: ERCOT, NRG. Residential share of total demand held at 2009 levels through end of forecast period. Residential totals only include competitive ERCOT load

Outlook for Houston & Dallas

- Both DFW and HOU area populations expected to grow 2.3% and 2.0% per annum, respectively, over next 5 years
- In recession, Texas lost 431,000 jobs; over half of those jobs have been replaced with full job recovery anticipated by mid 2012

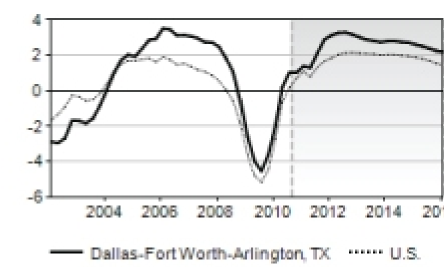
Houston

- Since 2005, Houston leads every other US city in population growth and 1st for job growth in last 5 years; job growth forecast to accelerate through 2012



Dallas

- Job growth to accelerate in 2011 and continue momentum through 2012
- Low cost of doing business & affordable living and tax environment will continue to attract new businesses

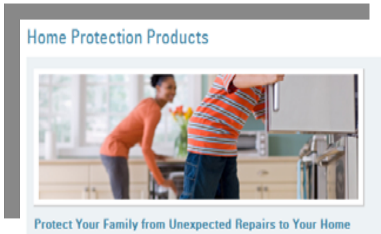


Source: Global Insight Regional Report January 2011

Robust job market, low cost of living, diversified economy support continued future demand expansion providing growth opportunities for Reliant

Reliant Retail's Franchise: Residential Market Strategy

Strategy for Acquisition, Retention and Margin Optimization



Current Established Programs

- 24/7 Customer Service – phone, online & 24/7 online chat (Reliant only): lowest complaint rates to PUC
- D2D – YOY sales in D2D grown by 47% meeting customers via new reach techniques
- Comcast Relationship – transfer of sales traffic and value added "perception" to customers

Supplemental Programs

Short Term

- Cap and Save – NUD's – higher margin
- Smart Energy Products – 20% higher retention
- VAS Filters & Surge – 50% retention margin up-side

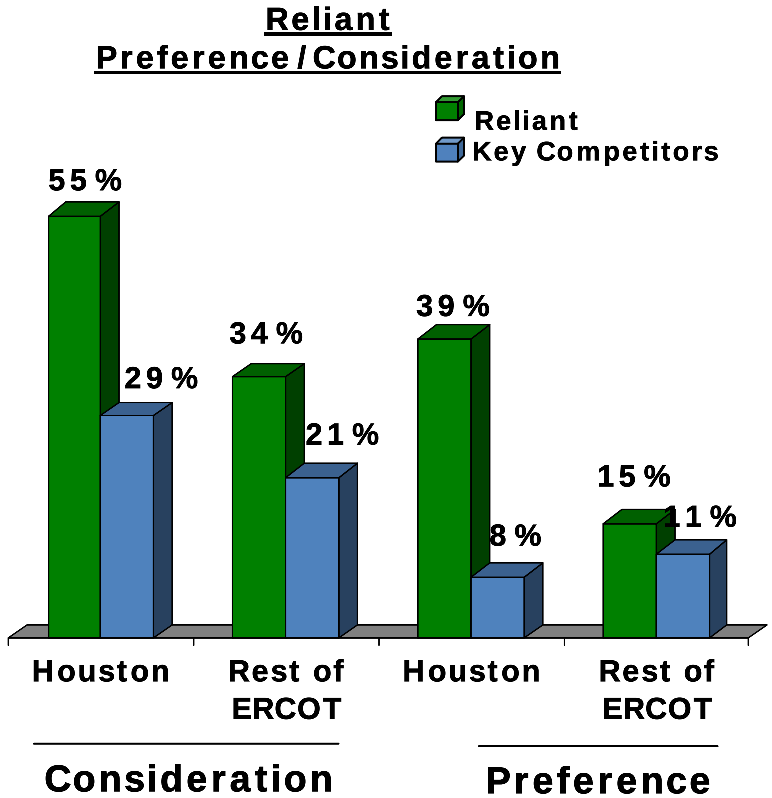
Long Term

- Reliant Renewables Products – flat fee for carbon offsets across ALL products
- EV Owners Plan – 1st in Texas
- Solar Leasing – 1st in Texas

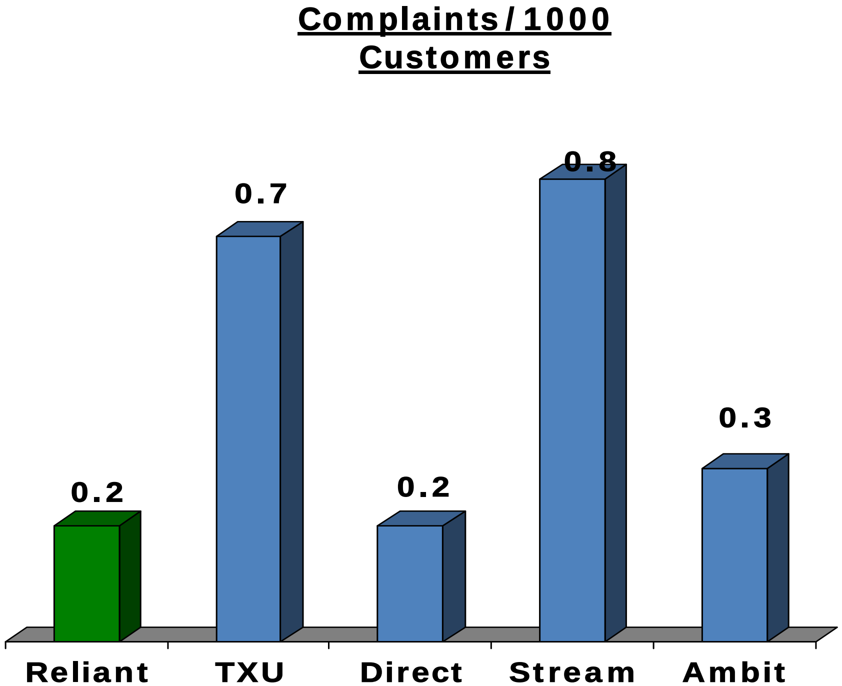
Reliant is a market leader in innovation & market leading products, services, customer service & channel strategies

Reliant Retail's Franchise: Residential Market Brand Advantage

Reliant Brand & Customer Service Perception is Strong



Note: margin of error +/- 6%

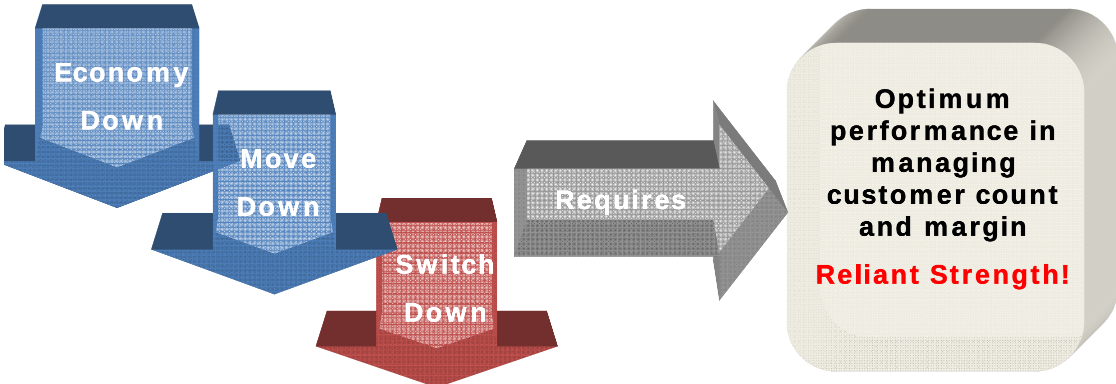


Source: PowertoChoose.org; PUCT; KEMA; 2009 Data

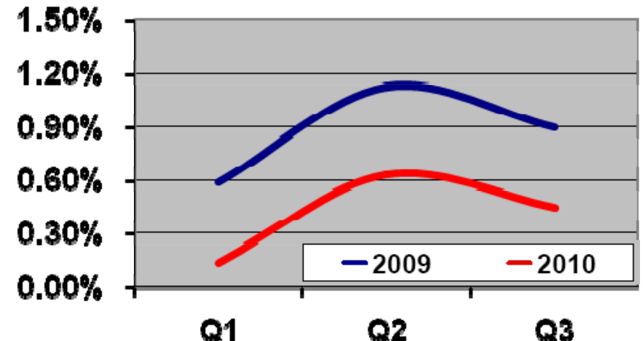
Top of the market brand preference and customer service

Reliant Retail's Franchise: Balanced Portfolio Management

Move & Switch Dynamics Drive Market Activity



Year Over Year Net Attrition Improvement



Customer Mix & Margin Management

Average Customer Life = 3+ Years

Term (~50%)	**Objective:** Renew & Acquire New Customers at Target Margins **Strategy:** Prevent switch – move to attractive term plans & sell value adds as well as acquire new customers at best market price **Tactics:** A range of plans, prices, promotional offers and value added services
MTM (~50%)	**Objective:** Retain & Acquire New Customers at Target Margins **Strategy:** Protect and build relationships, up-sell value added services & acquire new customers **Tactics:** Customer retention programs, value added services and communications

Attract and retain high-value customers with value-added products

Reliant Retail's Franchise: Competitive Advantages across C&I Space

C&I: New Origination/Contract Renewal Activity

- Growing the business back to a sustainable 36 TWh of annualized volume by 2013
  - 70% renewal win rate (MW)
  - 30% new deal win rate (MW)
- With current customers contracted through 2012 and beyond, 2011 contracting focus will be on new opportunities
- Signed term gross margin remains compressed

Customer Segment Mix

Fixed (~30%)	**Average Term:** 36 months **Strategy:** Maximize margin at deal close; blend & extend; early renewals
Index (~70%)	**Average Term:** 35 months **Strategy:** Leverage superior post-close customer transaction capabilities

Outside Texas Expansion

- ~1,500MW of ERCOT load has a national footprint, allowing Reliant to defend and strengthen its TX position by expanding to the PJM market
- 12 out of the Top 15 non-residential players serve multiple states
- Northeast Non-Residential market is seen growing from 161TWh in 2009 to 242TWh in 2014 (~50% growth) providing significant opportunity
- Reliant has filed for Retail license in all PJM states and will consider future profitable and competitive markets along core NRG regions

Why We Win in C&I

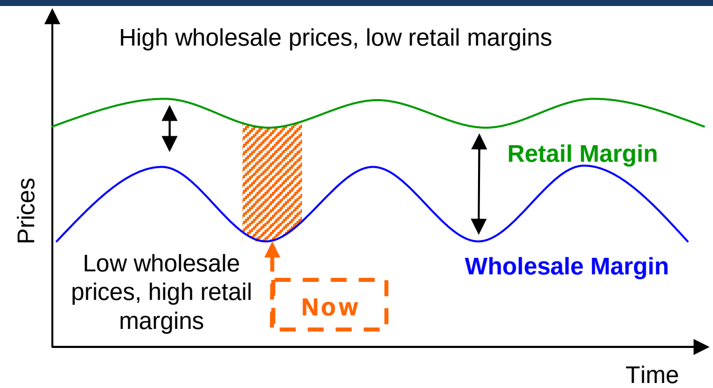
Back-Up Generation Products

- #1 C&I market position in Texas
- Growing product suite leveraging NRG's capabilities
- Enhanced Customer Transaction Desk
- Applying ERCOT and PJM expertise in both sales and generation
- Experienced national team

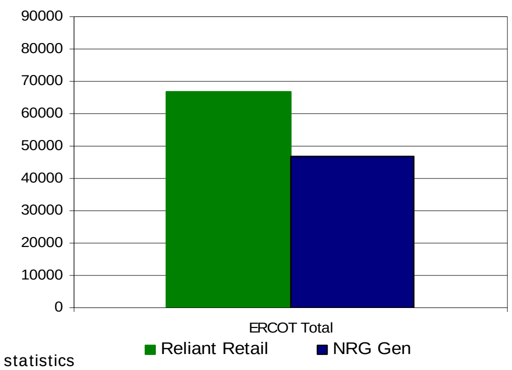
Successful origination, growing product suite, expanding footprint lead to enhanced C&I positioning and competitiveness

Reliant Retail's Franchise: Brand, Product and Supply Management Optimizes Earnings Through All Cycles

Countercyclical Businesses



Portfolio Well-Balanced Across ERCOT



Note: Based on 2008 statistics

Retail Performance Across the Commodity Cycle

	Rapid increase in gas (example: 2008)	Steady Gas (example: 2009-11)	Rapid drop in gas (example: late 2008-09)
Market Behavior	Retail rates increase to follow rise in wholesale prices	Declining retail rates as new contracts signed – eventual return to steady state margins	Retail contract rates held while wholesale prices drop
Margin Drivers (pricing, attrition)	Maintain flat book (same-tenure wholesale hedges against contracted load)	Manage transition to lower retail pricing; rely on premium brand, price differentiation	Capture market opportunities to serve shorter-tenure load at market price
Supply (Benefit of asset-backed portfolio)	Match generation to load to avoid collateral posting for out of money positions as wholesale prices increase	Total wholesale length available as a hedge against price spikes	Transaction cost savings from matching generation and load
Expected EBITDA[1]	**$300-400 MM**	**$400-500 MM**	**$500-$700 MM**

Sensitivities Outside the Commodity Cycle

Volume (customer behavior and weather):
+/- 1,000,000 MWh (5% mass volume) **= +/- $20-30 MM**

Weather driven margin impacts:
+/- $1.00/mmbtu gas on 5% volume **= +/- $8-12 MM**

Competitive marketing and prices:
+/- 1% change in price **= +/- $50-55 MM**

[1] Assuming normal weather- The above adjusted EBITDA scenarios for Reliant Energy are provided across a range of commodity prices and price volatility during unspecified time periods. Therefore, a projection of the associated GAAP measures such as Net Income or Cash from Operations is not available. A GAAP reconciliation of the projected annual 2010 and 2011 adjusted EBITDA to Consolidated Cash from Operations is provided in the Regulation G schedules supplied in the Appendix. In addition, the Appendix also includes a reconciliation of Reliant Energy adjusted EBITDA to Net Income for the nine month period ending September 30, 2010.

Retail outperforming expectations and demonstrably countercyclical to natural gas

Summary:
NRG's Texas Premium Business Model

NRG Texas's merchant generation position with a leading retail franchise business is a winning combination with an objective of positioning NRG as the top energy provider in Texas that will drive our continued growth platform

- Growth through increasing customer count with an enduring brand name and outstanding customer operations
- Growth through continued optimization of business model for risk management and commercial synergies and originations
- Growth through Repowering, Renewables and Emergent Service-oriented business initiatives

Appendix:
Reg. G Schedules

Reg G.: 2010 Guidance

$ in millions	11/4/2010 Guidance	8/2/2010 Guidance
Wholesale	$1,825-1,850	$1,800-1,850
Retail	675-700	650-700
Consolidated adjusted EBITDA	**$2,500-$2,550**	**$2,450-$2,550**
Interest Payments	(648)	(647)
Income Tax	(25)	(75)
Collateral Payments/working capital/other	(297)	(187)
Cash from flow operations	**$1,530-$1,580**	**$1,541-$1,641**
Maintenance CapEx	(228)	(246)
Environmental CapEx, net	(95)	(188)
Preferred Dividends	(9)	(9)
Free cash flow - before growth investments	**$1,198-$1,248**	**$1,098-$1,198**
Growth investments	(321)	(96)
NINA capital calls	(178)	(178)
Free cash flow	**$699-$749**	**$824-$924**

$86 MM increase in collateral during the 3rd quarter

$92 MM Indian River tax exempt funding

Solar - $170 MM

*Repowering*NRG:

El Segundo - $42 MM

Other - $13 MM

Note: original August 2nd FCF guidance of $816-$916 million was adjusted upward by $8 million to reflect actual NRG capital calls from NINA

Reg G.: 2011 Guidance

$ in millions	11/4/2010 Guidance
Wholesale	$1,350-1,450
Retail	480-570
Green Mountain	70-80
Consolidated adjusted EBITDA	**$1,900-$2,100**
Interest Payments	(692)
Income Tax	(50)
Collateral Payments/working capital/other	154
Cash from flow operations	**$1,300-$1,500**
Maintenance CapEx	(246)
Environmental CapEx, net	(111)
Preferred Dividends	(9)
Free cash flow - before growth investments	**$950-$1,150**
Growth investments	(343)
NINA capital calls	(50)
Free cash flow	**$550-$750**

Includes Cottonwood and Dynegy asset acquisitions

Includes $76 MM Indian River tax exempt funding

Solar - $177 MM
Texas Reliability - $30 MM
Electric Vehicle - $13 MM
Other - $14 MM

*Repowering*NRG:
GenConn - $60 MM
El Segundo - $49 MM

Appendix Table A-3: YTD 2010 Regional Adjusted EBITDA Reconciliation

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

($ in millions)	Reliant Energy	Texas	Northeast	South Central	West	International	Thermal	Corporate	Total
Net Income / (Loss)	$ 69	$ 971	$ 73	$ 8	$ 34	$ 36	$ 5	$ (705)	$ 491
Plus:									
Net (Gain)/Loss Attributable to Non-Controlling Interest	-	1	-	-	-	-	-	-	1
Income Tax	-	-	-	-	-	15	-	256	271
Interest Expense	4	(47)	41	30	2	5	5	406	446
Amortization of Finance Costs	-	-	-	-	-	-	-	18	18
Amortization of Debt (Discount)/Premium	-	-	-	4	-	-	-	1	5
Depreciation Expense	91	365	92	49	8	-	8	7	620
ARO Accretion Expense	-	2	(3)	-	2	-	-	-	1
Amortization of Power Contracts	159	(6)	-	(16)	-	-	-	-	137
Amortization of Fuel Contracts	(27)	(4)	-	-	-	-	-	-	(31)
Amortization of Emission Allowances	-	39	-	-	-	-	-	-	39
EBITDA	$ 296	$ 1,321	$ 203	$ 75	$ 46	$ 56	$ 18	$ (17)	$ 1,998
Dynegy/Cottonwood Acquisition and Integration Costs	-	-	-	-	-	-	-	3	3
Less: MTM Forward Position Accruals	(402)	320	(6)	(24)	1	-	-	-	(111)
Add: Prior Period MtM Reversals	(104)	3	72	(14)	-	-	2	-	(41)
Less: Hedge Ineffectiveness	-	-	-	-	-	-	-	-	-
Adjusted EBITDA, excluding MtM	$ 594	$ 1,004	$ 281	$ 85	$ 45	$ 56	$ 20	$ (14)	$ 2,071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